Dear CEO,

As you know, the Financial Conduct Authority (FCA) will officially come into being from April 2013. This is an important time for the regulation of financial services in the UK. As the FCA, we will move to become a more forward-looking regulator that acts earlier to identify and address problems before they cause widespread harm, in order to pursue our objectives of securing an appropriate degree of protection for consumers, protecting and enhancing the integrity of the UK financial system, and promoting effective competition in the interests of consumers.

Since we published the Journey to the FCA document in October last year, we have had the opportunity to meet over 1400 firms at a variety of events across the UK, as well as speaking to some of you to explain our new agenda. I hope you found this useful.

One of the commitments we made in October was to write to all regulated firms before the end of Q1 2013. This letter, enclosed factsheet and frequently asked questions (FAQs on our website) fulfils that pledge and provides you with more information on:

- The FCA’s approach to the supervision of firms;
- The conduct and prudential categories your firm has been assigned to;
- What this means for your firm; and
- Next steps.

All firms have now been assigned one of four conduct classifications (C1-C4). Additionally, where the FCA is your sole regulator or you are a group also regulated by the Prudential Regulation Authority (PRA) with subsidiaries that are prudentially regulated by the FCA, you have also been assigned one of four prudential classifications (P1-P4). Both classifications are based on our view of the potential impact of your firm/group on the FCA’s objectives. You can find more details on each of these on the accompanying factsheet.

I can confirm that you have been assigned a $Cx$ conduct classification. I can also confirm that you have been assigned a $Px$ prudential classification, which applies only to those entities that the FCA prudentially regulates.
We will write again in April to all firms/groups that have a dedicated supervisor to confirm the details of who your supervisor will be or, if you have changed to no longer having a dedicated supervisor, what this means for you in more detail. We will also confirm your programme of work (RMPs) and where applicable, any changes to this. If your firm does not currently have a dedicated supervisor, then you should continue to use the Customer Contact Centre as your first point of contact.

We understand that, during the transition to the new regulatory system, you and your staff may have more detailed questions about how the new regulators will operate and what this means in practice. I hope we have addressed a number of these questions in the factsheet or FAQs (http://www.fsa.gov.uk/doing/regulated/fca-firm-classification) but if you would like more information, please contact your current Supervisor or our Customer Contact Centre on 0845 606 9966.

If you are a dual-regulated group, you will receive a separate letter setting out how the PRA will supervise you.

You do not have to take any action as a result of this letter but I hope you find this information helpful.

Yours sincerely,

Clive Adamson
Director of Supervision

For more information:

- Factsheet (included)
- FAQs (http://www.fsa.gov.uk/doing/regulated/fca-firm-classification)