

26 January 2017

Dear Andrew,

FCA Markets Practitioner Panel response to the FCA's 'Our future Mission' consultation paper

The FCA Markets Practitioner Panel (MPP) welcomes this opportunity to comment on the FCA's future Mission. We support the approach of consulting on the Mission and found the consultation paper helpful in understanding the FCA's approach to regulation. Our comments on the Mission are set out below and we would of course be very happy to meet with the FCA and discuss any of the points that we have made, if it would be helpful.

Risk-based approach

We welcome the pragmatic and risk-based approach to the issues that are described in the consultation paper. However, we note that taking a risk-based approach could leave too large a residual risk in the markets, and urge the FCA to be more explicit about its risk appetite.

The FCA's use of data

We would like to see the FCA further develop its data strategy to bring together the vast amount of information that it collects and increase connectivity within the organisation. We urge the FCA then to make the best possible use of that data.

Supervision and FCA staff and culture

The Panel welcomes measures to enable the FCA to take a more holistic and judgement-based approach to supervision. We recognise that this may require a cultural change within the organisation - both to ensure that all areas of the FCA are working in a coordinated fashion and to avoid the perception of a 'box-ticking' approach to regulation. We believe that the Mission should be used by the staff at the FCA to guide, and by external audiences to understand, the FCA's approach to regulation.

The impact of Brexit

We note why the FCA does not refer to Brexit in its Mission; nonetheless the reality is that Brexit-related planning is having a major effect on the UK's financial services firms. The lack of clarity is a major concern and we urge the FCA not to underestimate the demands Brexit will place on the regulator too, particularly in the event that firms in the UK face a set of inconsistent and incompatible rules. We also wish to stress the importance of a practical transition period post-Brexit.

Competition and the International forum

The Panel also noted there were no proposals in the paper on the FCA's positioning in the wider international context. An important part of the FCA's Mission should be to work closely with other regulators given the extent to which relevant firms and wholesale business are international.

We also support the FCA's intention to review its current rules in order to develop a somewhat shorter and more effective and proportionate rulebook.

Yours sincerely,

Rob Mass

Chair, FCA Markets Practitioner Panel