



Anne Macadam
Governance and Professionalism
Financial Conduct Authority
25 The North Colonnade
London E14 5HS

31st October 2014

Dear Anne,

**SMALLER BUSINESS PRACTITIONER PANEL RESPONSE TO CP14/13:
STRENGTHENING ACCOUNTABILITY IN BANKS**

The Smaller Business Practitioner Panel has provided input to the work on accountability through various channels, and has received comprehensive feedback on the points it has made. However, there are two further issues we would like to bring to the FCA's attention. These are points which particularly affect smaller firms.

Proportionality

Some small and medium-sized firms are forecasting that they will have to add substantial numbers of staff just to comply with what is being proposed in the new regime, particularly in implementing the new Code of Conduct. Implementation is more than adding a section to an appraisal form, it requires systems and processes to be installed, implemented and evidenced. Smaller firms have no systemic impact on the UK economy and individual members of staff would not, for example, be in a position to influence LIBOR. We would question whether the scope of these proposals is in line with the FCA's commitment to proportionality as a principle of good regulation.

Accountability

We suggest that in smaller regulated firms the accountability for key roles is generally easier to attribute and often resides with the executive directors in any event. If smaller banks and building societies are to continue to play a part in offering choice for customers then regulation should be proportionate and any clarity that can be given as to how smaller firms will fulfill the accountability standards in practice would be helpful.

Yours sincerely,

A handwritten signature in black ink that reads 'A Turberville Smith'.

Andrew Turberville Smith
Chairman, Smaller Business Practitioner Panel