Financial Conduct Authority

Market Study MS16/2

Mortgages Market Study – Terms of Reference

December 2016

Contents

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We have carried out this work in the context of the existing UK and EU regulatory framework. We will keep it under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework, including as a result of any negotiations following the UK's vote to leave the EU.

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Abbreviations used in this paper

BBT	best buy tables
CfI	Call for Inputs
CMA	Competition and Markets Authority
FSMA	Financial Services and Markets Act 2000
MIR	market investigation reference
MMR	Mortgage Market Review
PCW	price comparison website
PSD	product sales data

1. Executive summary

1.1 A mortgage is a significant product for a large number of consumers; for many it represents the biggest financial commitment of their life. The mortgage sector also plays a vital role in the UK economy, so it is important that competition in this sector works effectively. Effective competition creates incentives for firms to operate as efficiently as possible, providing benefits to consumers in the form of lower prices and improvements in quality, service or choice. We are keen to ensure that competition in the mortgage sector is healthy and working to the benefit of consumers.

1.2 To find out more about whether competition was working as well as it could in the mortgage sector, we issued a Call for Inputs (CfI) in October 2015.[1] This helped us to identify a number of areas where competition can potentially be improved for the benefit of consumers. These include, in particular, challenges faced by consumers in making effective decisions when choosing a mortgage, either because the available tools to help them do not fully meet their needs or because of commercial relationships that exist in the sector that may not be in consumers' interest. As a related issue, we are also interested in the impact intermediation and our rules, including those resulting from the Mortgage Market Review (MMR), may have on consumer outcomes.

1.3 We announced our intention to launch a market study focusing on these issues in our Feedback Statement[2], published in May 2016. In this Terms of Reference document we set out the topics we will explore further in the market study as well as the powers and procedures we will use.

Topics we will be exploring

1.4 In the market study, we will consider two broad questions, which focus respectively on demand and supply issues. These questions provide the bounds of the work in line with the Feedback Statement. They are as follows:

1. At each stage of the consumer journey, do the available tools (including advice) help mortgage consumers make effective decisions?
2. Do commercial arrangements between lenders, brokers and other players lead to conflicts of interest or misaligned incentives to the detriment of consumers?

1.5 When referring to 'tools' we mean any sources of help a consumer may use when shopping around or choosing a product such as information on products provided directly by lenders, price comparison websites (PCWs) or best buy tables (BBT), mortgage calculators, as well as advice (whether provided by a lender or a broker).

1 www.fca.org.uk/publication/call-for-input/cfi-mortgage-sector.pdf
2 www.fca.org.uk/publications/feedback-statements/fs16-3-feedback-statement-competition-mortgage-sector

1.6 Our work will **focus on first charge residential mortgages** and cover each stage of the consumer journey. We will, therefore, consider key stages in the mortgage purchasing process (such as deciding whether or not to obtain advice, choosing a provider or intermediary, choosing a product, etc.), as well as decisions, or barriers to consumers making a decision, across the lifecycle of the mortgage (such as house purchase, remortgage, switching).

1.7 In considering these questions, our interest is in improving competition for the benefit of consumers. In particular, **we want to understand whether consumers are empowered to choose on an informed basis** between products and services and are in a position to understand whether these represent good value for money. We will examine whether there are any concerns that are more pronounced for different types of products and/or consumers with different circumstances, and if necessary will consider what can be changed to help consumers make better choices (e.g. improving the usefulness of the information available, or tackling the complexity of the product or process itself, or the way it is presented).

1.8 We will also review whether there are **opportunities for better technological solutions** to any problems we identify, including where there are any barriers to efficient delivery of information or advice through digital channels. We will consider how digital processes affect, or could affect, consumers, and how the gains from any potential increased convenience, flexibility and accessibility compare with any risks they may entail.

1.9 The Feedback Statement included specific reference to the **impact of our current rules** on the level of intermediation in the sector, and whether this is in the interest of consumers. As a regulator, we are keen to ensure that our rules work towards maximising the benefits that consumers can get from information or advice. We are, therefore, interested in whether, for example, the regulatory framework favours some distribution or business models to the detriment of others, and whether that is ultimately to the benefit of consumers.

1.10 The FCA remains distribution-channel neutral, but we will take the opportunity in the market study to look at changes in distribution since the MMR, including assessing whether our rules have affected firms' ability and incentives to innovate, and whether they have led to outcomes that are in the best interests of consumers. We are particularly interested in understanding whether consumer outcomes differ depending on the distribution channel they use and on whether or not they use advice.

1.11 We will also consider the extent to which consumer outcomes might be affected by **conflicts of interest, misaligned incentives or barriers to entry or expansion** associated with commercial arrangements, including the use of panels. More generally, we will consider the relationships between lenders, brokers, and the providers of information (e.g. PCWs) and providers of other services (e.g. estate agents, surveyors or conveyancers) and whether these may be affecting competition in the mortgage sector.

Next steps

1.12 This document marks the launch of our market study. Throughout the study we are keen to hear from all market participants about their experiences. We are not formally consulting on these Terms of Reference, but welcome any comments on the issues raised in this document by 12 January 2017. We will also shortly be approaching market participants for information and data to assess the issues we have set out above. Whenever possible, we will use data we already receive, e.g. product sales data (PSD), to minimise the burden on firms arising from any information request.

1.13 We are conducting this market study under the powers given to us by the Financial Services and Markets Act 2000 (FSMA). We aim to publish an interim report in summer 2017, setting out our analysis and preliminary conclusions including, where practicable and appropriate, possible remedies to address any concerns identified, and our final report in early 2018.

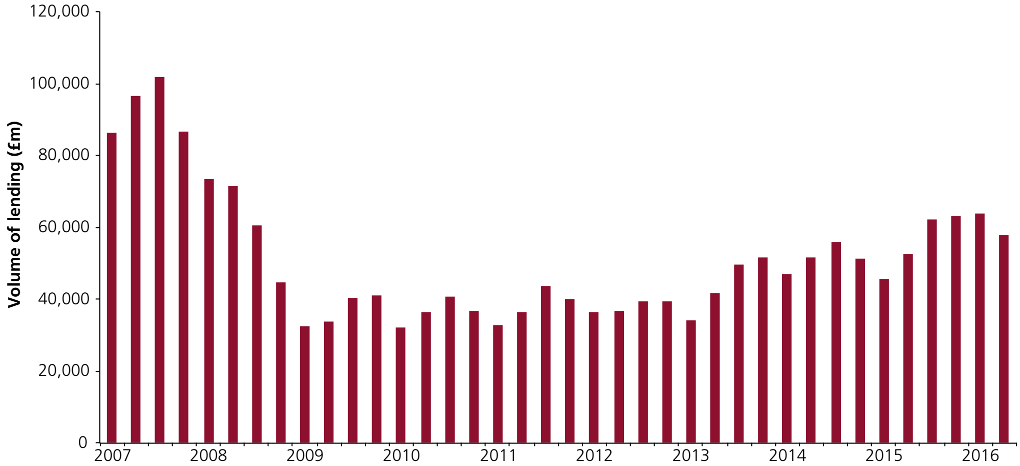
1.14 If we find that competition is not working well, we may intervene to promote more effective competition. We can do this through rule-making, introducing firm-specific remedies or enforcement action, publishing general guidance or proposing enhanced industry self-regulation. We could propose removing existing rules that create barriers to entry or innovation which are not justified. We could also refer one or more issues to the Competition and Markets Authority (CMA) for further investigation – this is known as a market investigation reference (MIR).

1.15 We may also decide to take no further action. This could be because we do not identify any concerns that can be proportionately addressed by regulatory intervention, or we consider that any concerns we identify are likely to be addressed by upcoming legislative measures or action by the relevant firms. In such cases, we may continue to monitor the market in case our concerns are not addressed.

2.
Why we are doing a market study on mortgages

2.1 For many people, a mortgage represents the biggest financial commitment they will make in their lifetime with the average mortgage taken out in H1 2016 now around £180,000[3]. Socially and economically, the mortgage market is hugely significant; as shown in figure 1 below, the volume of new lending was almost £60bn in Q2 2016.

Figure 1: Volume of new lending, (£m), 2007 – Q2 2016. Source: Mortgage Lenders and Administrators Return, Bank of England



How consumers can benefit from effective competition in the mortgage sector

2.2 To make an effective choice of which product to buy or which service to use, consumers need to be able to:

- access relevant, accurate and complete information about mortgage products and services at the right time
- use the information that they gather to assess those products and services in an informed way, including whether they are likely to meet their individual needs, circumstances and preferences, and
- act to purchase or switch to the product or service they have identified as being the best fit (or choose not to purchase or switch, if that is in their best interest).

3 Source: PSD

2.3 Consumers being able to make effective choices helps to promote healthy competition between firms, who strive to win their custom. The benefits to consumers of more effective competition typically include lower prices, better quality products and services, useful innovation and genuine choice.

2.4 There are also many ways in which competition can be weakened. For example, consumers may face difficulties in making the right choices about often complex products and services, and the tools available may not help consumers to overcome these difficulties. When this is the case, it may be reflected in consumers having a large choice of brands and products, but lacking the benefits associated with well-functioning competitive markets.

2.5 There have been a number of regulatory initiatives over recent years to address concerns about the mortgage market. The principal focus of those reforms has been to ensure appropriate protection for consumers, for example to ensure that consumers cannot take out mortgages they cannot afford and to protect consumers in arrears.

2.6 However, much has changed in the world of regulation and the macroeconomic environment since the Financial Services Authority first launched the MMR in 2009[4]; not least, interest rates have been low for longer than previously expected. Furthermore, the FCA has taken on an objective to promote effective competition in the interests of consumers. It is, therefore, timely to consider how the market has developed and whether competition can be improved further to bring greater consumer benefits.

2.7 For instance, both intermediation (defined simply as a business channel where one or more parties, typically mortgage brokers, sit between the consumer and the lender and provide services for that consumer), and regulated advice (a recommendation in respect of a particular regulated mortgage that might be provided by either a lender or an intermediary) are playing an increasing role in the sector, and therefore in the decisions consumers are making. As shown in the charts below, intermediated mortgage sales, which had decreased to around 50 per cent of total sales in 2009/10 following the financial crisis, increased to 67 per cent in H2 2016; the number of consumers seeking advice has risen from 67 per cent in 2008 to 97 per cent in H2 2016. We want to understand the extent to which the MMR has driven these changes, and how the changes have affected outcomes for consumers.

4 www.fca.org.uk/publication/discussion/fsa-dp09-03.pdf

Figure 2: Intermediated sales 2007 –H1 2016. Source: PSD.

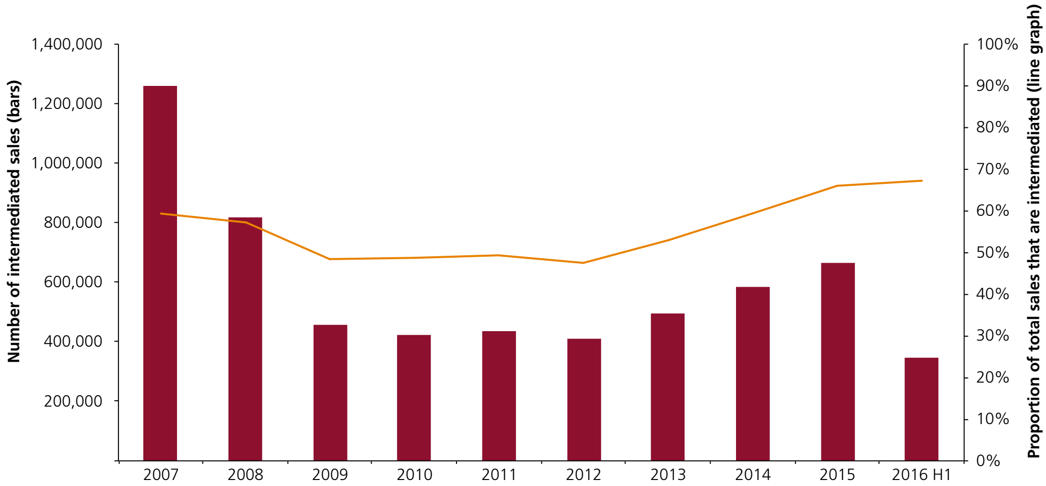
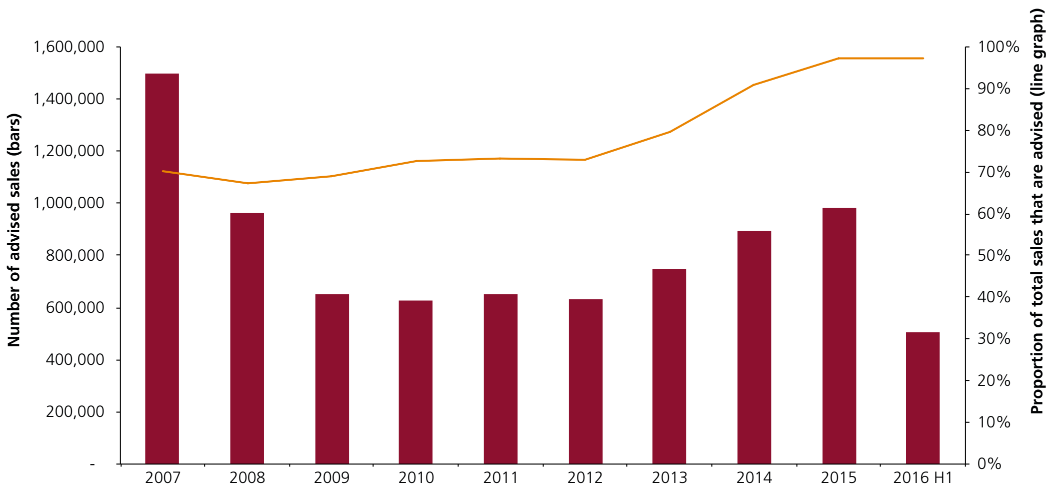


Figure 3: Advised sales, 2007 –H1 2016. Source: PSD



Our Call for Inputs and Feedback Statement

2.8 We published a CfI in October 2015 seeking views on any areas of the mortgage sector which might raise competition concerns meriting further investigation. In our Feedback Statement[5] published in May 2016 we explained the key themes that had emerged from the responses to the CfI, and announced that we would be undertaking a targeted market study focusing on consumers' ability to make effective choices and covering three main issues:

5 For more detail, see the Feedback Statement: www.fca.org.uk/publications/feedback-statements/fs16-3-feedback-statement-competition-mortgage-sector

- Do the available tools for helping consumers make choices (such as PCWs, best-buy tables, advice) effectively meet their needs?
- What is the impact of increased intermediation in the mortgage sector on consumer outcomes?
- What is the impact of panel and other commercial arrangements between lenders, brokers and other players in the mortgage supply chain?

2.9 We provide more detail on the scope of the market study in the next section.

3.
Scope of the market study

Product scope

3.1 We have decided to focus the market study on first charge residential mortgages. This is for a number of reasons, including:

- The overwhelming majority of the comments we received in response to the CfI related to the first charge residential market

- The first charge residential market is much larger than the other sub-sectors, therefore, the significance of any potential concerns would be much greater (and the associated interventions more impactful), and

- The dynamics of other mortgage markets are different to those of the first charge residential market. The consumer behaviours can be very different (for example, a second charge mortgage will not generally be sought in conjunction with a time critical house purchase, and commercial mortgages are more like business loans than residential mortgages in the way they are purchased). The regulatory framework is also different; for example, the second charge market has only recently gone through a phase of significant regulatory change, and the buy-to-let and commercial mortgage markets remain largely unregulated

3.2 As a result, the synergies from conducting an all-encompassing market study across all mortgage markets are limited. A focus on the first charge residential market enables us to deliver against our intention to undertake a targeted market study.

3.3 For these reasons, we will not be proactively seeking views or analysing the markets for commercial mortgages, second charge or buy-to-let mortgages in the course of this market study; however, we are not precluded from considering whether the insights gained through the study are of relevance to these markets. We will take account of any evidence suggesting that there may be competition concerns in these markets in our ongoing prioritisation process and in relation to other, future work.

Supply chain and transaction scope

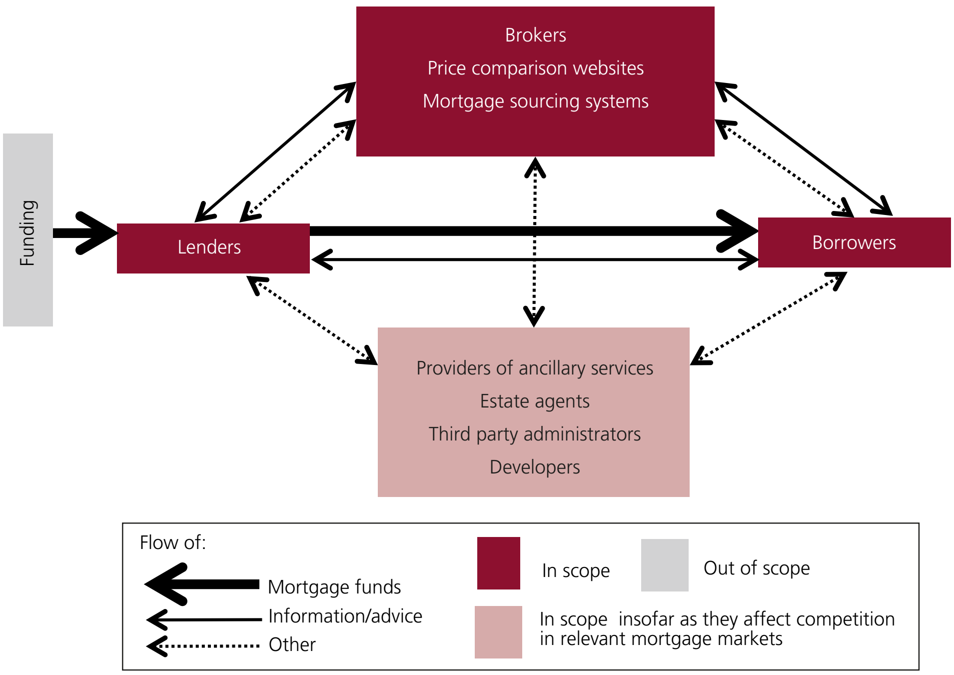
3.4 The table below sets out the types of transaction that are in or out of scope of this study:

Table 1: Transaction scope

In scope	Out of scope
First charge residential mortgages, including: • New mortgage for house purchase (including ported products) • Remortgage (new lender) • Internal product switch (same lender) • Further advance • Equity release – lifetime mortgage	• Buy-to-let mortgage • Second charge mortgage • Variation of terms for first charge residential mortgages (other than a product switch) including change of term, change of repayment method, transfer of equity • Commercial mortgage • Equity release – home reversion

3.5 In the market study we will consider the activities of firms and consumers across the consumer journey. This does not include issues related to the funding of mortgages. The elements of the supply chain we are interested in are set out in Figure 4 below. They range from the provision of mortgages (by lenders) to borrowers, and those activities that affect competition in the provision of mortgages (i.e. the provision of information and/or advice, such as through brokers or PCWs, or the provision of associated ancillary services such as conveyancing and valuations).

Figure 4: Supply chain in scope



3.6 The 'consumer journey' in the first charge residential mortgage market, as illustrated in Figure 5 below, includes everything from consumers making initial enquiries about their eligibility for a mortgage through to the initial purchase and their behaviour subsequently, whether they remortgage or not.

3.7 We will consider the role of all firms that impact these decisions, whether or not they are regulated. This includes estate agents and developers who introduce consumers to lenders and brokers. It also includes any firm or entity that aids consumers to make decisions along this journey, such as price comparison websites and, through their use by brokers, mortgage sourcing systems.

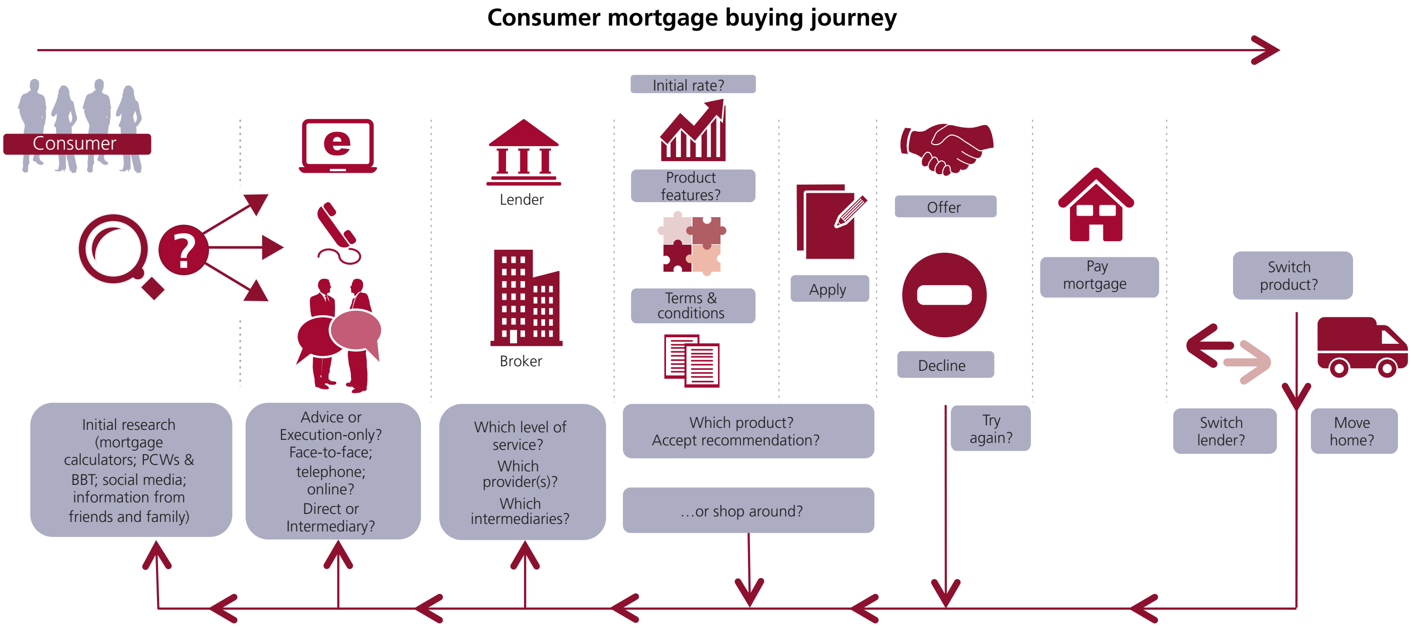


Figure 5: The consumer journey in first-charge residential mortgages

3.8 Within the categories of transactions that are in scope, we will look at barriers that consumers face in making effective decisions. This includes barriers to effective decision making once the consumer has decided to make a certain transaction, but also barriers to them making the decision in the first place (for instance, when consumers would benefit from remortgaging or switching products but do not do so).

4.
The role of tools in effective decision making

4.1 Consumers can use a number of tools to help them when shopping around or choosing a product. These include, for example, information provided directly by lenders, price comparison websites (PCWs), best buy tables, mortgage calculators, and advice (whether provided by a lender or a broker). Given the importance of mortgages to consumers, and the complexity of available products, such tools have a critical role to play in helping the market work well and securing better outcomes for consumers.

4.2 However, there are several reasons why these tools might not be as effective as they could be, whether relating to consumer behaviour, firm behaviour or regulation. We provide more detail on each of these below.

Demand-side issues

4.3 Some consumers may be unaware of particular tools that would enable them to make more effective decisions, or they may not make best use of them. Potential drivers of these issues may be:

- consumers may not make best use of the tools (or use them at all) for a number of reasons such as limited financial literacy, behavioural biases, or lack of engagement. These factors may be exaggerated when the mortgage is seen as secondary in importance to the house purchase

- consumers may have difficulty understanding the costs, benefits and limitations of the different options available to them, whether this is in terms of the channel they use or the product they choose. For example, consumers may not necessarily feel they bear the cost of advice if there is no advice fee.

4.4 Many respondents to the CfI commented that consumers' assessment of product information tends to be hindered by behavioural biases[6]. Typical biases include a focus on short-term price elements, excessive optimism about their future prospects, inertia, and stigma associated with certain products.

4.5 The available tools may not sufficiently help consumers to overcome these demand-side issues (and barriers to entry or to innovation in the provision of tools may be preventing better tools from entering the market). For example, the available tools may not sufficiently overcome the complexity of products and charges; and they may fail to address or even exacerbate behavioural biases such as undue focus on headline charges. They may also fail to provide sufficient triggers for consumers to consider shopping around and switching (when looking at

6 The Feedback Statement and the FCA Occasional Paper 1: Applying Behavioural Economics at the Financial Conduct Authority provide examples of the kinds of behavioural biases that may be prevalent in the mortgage sector. www.fca.org.uk/publication/occasional-papers/occasional-paper-1.pdf

this latter question we will also explore consumer awareness of, and responses to, any recent price changes). We are interested in understanding better how firms, and the tools themselves, interact with consumers and the effect this has on consumer outcomes.

The role of advice and intermediation

4.6 Our rules require firms to provide advice in most cases where the sale involves spoken or interactive dialogue (which includes, for instance, SMS, mobile instant messaging, email and communication through social media sites) between the firm and the customer. This has led to an expected and intended increase in the number of consumers receiving advice and has reinforced the recent increase in intermediation.

4.7 A number of respondents to the CfI commented on the value added by advice but raised concerns about some features of the advice process. Both lender and broker representatives argued that most consumers prefer some form of advice, mainly because consumers feel that significant financial transactions such as mortgages are complicated and risky. Brokers also argued that advice is essential given that underlying eligibility criteria can be complex, making the product landscape more difficult for consumers to navigate on their own. Brokers highlighted the limitations of online tools such as PCWs and said that dialogue is crucial to test consumers' assumptions.

4.8 As part of the general questions we have set for the market study, we are interested in understanding how consumers determine whether or not to obtain advice and how they choose an adviser. We will consider the following questions:

- What do consumers most value about the advice process?
- How much of the benefit from intermediated services can be attributed to the provision of advice (and is perceived by consumers as such), and how much to intermediaries' offerings that are distinct from lenders' offering (e.g. access to a wider range of providers and products)?
- How does the cost of advice, whether or not this is directly perceivable to the consumer, influence consumer choices?

4.9 We are interested in understanding how the increased provision of advice has affected outcomes for different types of consumers. For example:

- Do consumers who obtain advice typically obtain better outcomes than those that do not?
- Do consumers who use intermediaries typically obtain better outcomes than those who do not?
- Is there a difference in outcomes for consumers (whether they received advice or used a non-advised route) before the current rules came into effect compared with those who have received advice or transacted via execution-only since then?

Firm conduct issues

4.10 Firms' strategies and behaviours may intentionally or unintentionally lead them to design products and/or services that exploit or reinforce consumer and adviser biases. This may manifest itself, for example, if firms design products primarily to ensure they rank highly in best buy tables, on PCWs or in mortgage sourcing systems, or firms may provide mortgage calculators which do not accurately reflect the amount individual consumers can in fact borrow.

4.11 Several respondents to the CfI observed that customers focus on headline rates when making purchasing decisions. Consequently, firms may have an incentive to structure products in a way that reduces the headline cost, but increase fees and charges in other areas which are less scrutinised by consumers. The fact that firms offer many products may make it more difficult for consumers to easily assess eligibility criteria and compare the features, costs and benefits of different products.

4.12 A range of respondents to the CfI commented on switching. While comments focused on the benefits and costs consumers associate with switching, they also commented on how switching prompts that consumers receive from lenders and/or brokers might affect consumer behaviour.

4.13 We will, therefore, also consider the approach lenders and brokers take to incentivising consumers to switch products, with a particular interest in whether lender practices might reinforce consumers' behavioural biases.

Issues arising as a result of the regulatory framework

4.14 The MMR changes mean the great majority of mortgage sales involve advice. Certain specified groups of consumers are able to choose their mortgage on an execution-only basis providing they know the details of the lender and the product they want. For other consumers firms must provide advice, although the consumer can choose to reject any recommendation. Firms must not steer consumers away from receiving advice and in any execution-only sale the consumer has to positively elect to give up the protections provided by our advice standards.

4.15 We are interested in whether these rules might lead to poor consumer outcomes in some cases, especially as both lenders and brokers raised concerns in the CfI about some features of the advice process. As part of this, we will consider whether firms face regulatory barriers to providing tools and guidance or developing innovative sales channels e.g. robo-advice, or supported execution-only processes. Alternatively, it may be the case that firms have little incentive to develop tools that support consumer decision-making in a regulatory environment where sales are predominantly advised.

4.16 We are also interested in understanding whether advice, including the MMR move to requiring firms to recommend a suitable, rather than *most* suitable, product has had an impact on the value of advice and whether the rules are imposing unnecessary costs on consumers who are able to identify good-value products that are appropriate for them without advice. We will consider more generally whether our rules may be limiting innovation that would be to the benefit of consumers: for example by dis-incentivising intermediaries from recommending, and providers from developing, product features that meet the different needs of consumers, or by dis-incentivising firms from developing technological solutions to problems consumers face.

5.
The impact of commercial arrangements on competition

5.1 The mortgage sector is characterised by varied and complex relationships between different market participants, who interact in a variety of ways. For example, a relationship may exist between firms active at different levels in the supply chain, such as between lenders and brokers. Other relationships may exist between firms active at the same level of the supply chain, for example between a price comparison website and a broker. In addition, many lenders, brokers and price comparison websites have relationships with estate agents and providers of ancillary services required for the purchase of a property, such as firms that undertake valuations.

5.2 Although we recognise that commercial agreements and panel arrangements may drive positive outcomes (for example, by reducing regulatory or commercial risk, or by enabling a better or quicker service due to familiarity, or by reducing operational costs) we are concerned that these practices may also result in competition not working in the best interests of consumers. If commercial agreements between market participants create conflicts of interest and misaligned incentives, this can affect consumer choice and lead to consumers buying either more expensive products than would otherwise be the case, or products that are not suitable, or both.

5.3 We are interested in better understanding the impact of inducements paid by lenders to brokers, by brokers to estate agents and developers, and to other third parties including PCWs. We are also interested in the impact mortgage sourcing systems may have on consumer choice and barriers to entry.

5.4 Inducements paid by **lenders to brokers** may influence brokers' advice and limit the number of lenders both on their panel, and those they recommend. This may create a barrier to entry and expansion for lenders, and limit consumer choice. Some respondents to the CfI were of the view that procuration fees[7] may incentivise brokers to recommend certain products over others, and that new lenders may see higher procuration fees as a way to enter the market, focusing on this rather than the quality of their products. We considered this during the MMR[8] but are now particularly interested in exploring the extent to which brokers' advice could be biased due to lenders paying different levels of procuration fees and soft incentives to brokers.

5.5 Respondents to the CfI also commented on the fact that firms in the mortgage sector commonly choose a selection of partners with whom to do business.

5.6 Brokers commented that smaller brokers may experience difficulties in accessing products to distribute from certain lenders because it is not cost efficient for lenders to distribute their products through very large numbers of brokers (lenders need to undertake due diligence on their distributors and the cost of this is weighed up against the volumes expected from them).

7 Procuration fees are fees that lenders pay brokers upon completion of a mortgage contract.
8 www.fca.org.uk/publication/discussion/fsa-dp09-03.pdf

5.7 Some lenders and lender representatives felt that large broker networks have significant influence over the market because they control visibility and access to lenders' products. This was expressed as a particular challenge for smaller and new lenders. It can be difficult for smaller lenders to retain distribution through a larger intermediary unless they agree to the terms of the contractual agreement. We are, therefore, also interested in exploring:

- the impact on competition of any restrictions brokers may place on their panels of lenders
- the impact on competition of any restrictions lenders may place on their panels of brokers
- whether brokers who have links to providers of ancillary services such as property valuation services make product recommendations conditional on lenders buying ancillary services from that group

5.8 Comments received during the CfI suggest that **estate agents** are influential in guiding the consumer journey because many have structural links with brokers or because they encourage the use of particular brokers. A few brokers were critical of recommendations made by estate agents namely that consumers seek advice from certain brokers, particularly if they imply that doing so is necessary to view or secure a property. We are interested in exploring the incentives estate agents have to refer consumers to use their in-house broker and whether this leads to worse outcomes for consumers.

5.9 Several submissions to the CfI, both from lenders and intermediaries, commented specifically about relationships in the **new-build sector**. Both lenders and brokers expressed the view that developers have close relationships with certain brokers and that these brokers tend to place business with a limited number of lenders (who they are confident can meet the tight timeframes imposed by developers). We are interested in understanding the incentives that exist in this sector between lenders/brokers/estate agents and large developers, and whether this limits the number of firms on panels run by lenders/brokers or restricts consumer choice (when compared to consumers seeking mortgages on existing properties).

5.10 We also want to understand the relationships between lenders and **PCWs**, for example, to understand whether inducements influence how search results are ranked and displayed. We will consider whether relationships between PCWs and brokers have the ability to channel volume to certain brokers resulting in higher fees and/or exclusion of other firms.

5.11 We are interested in whether relationships between lenders and **mortgage sourcing systems** prevent more innovative products from entering the market, for example, because of the way products are typically filtered and ranked, and how information about them is captured and displayed.

6.
The powers and procedures we will use

6.1 We will conduct this market study using our FSMA powers. Our procedures for market studies are set out in our market study guidance[9] and are summarised below.

6.2 This Terms of Reference document launches and sets the scope of the market study.

6.3 We will shortly begin gathering information from stakeholders. This will include data, information and/or views from lenders, brokers and other stakeholders. Whenever possible, we will use data we already receive (e.g. PSD) to minimise the burden on firms arising from any information requests.

6.4 As the study progresses, we will also take into account other relevant work undertaken across the FCA (such as the ageing population project and our ongoing supervisory activities) as well as by other organisations (for example, the CMA's study into digital comparison tools).

6.5 We will then carry out market research, business model analysis, interviews and/or roundtables as we consider necessary.

6.6 We aim to publish an interim report setting out our analysis, preliminary conclusions and, where practicable and appropriate, proposed solutions to address any concerns identified, in summer 2017. This will provide stakeholders with an opportunity to comment prior to publishing our final report in early 2018.

6.7 If we conclude that competition is not working well and there is a need to take action, we may intervene to promote effective competition using a number of possible measures including:

- market-wide remedies, such as rule-making, including changing or potentially withdrawing existing rules
- publishing general guidance
- proposing enhanced industry self-regulation
- firm-specific remedies, this includes using own initiative variation powers or own initiative requirement powers, cancelling permissions, public censure, imposing financial penalties, as well as filing for injunction orders or restitution orders. Where we identify potential infringements of other laws, such as competition law, we may open an investigation accordingly or refer the matter to other enforcement agencies
- refer one or more issues to the CMA for further investigation – this is known as making an MIR.

6.8 Alternatively, we may decide to take no further action for the time being. This could be because any issues we identify are likely to be satisfied by the upcoming legislative measures, action by

9 www.fca.org.uk/publication/finalised-guidance/fg15-09.pdf

the relevant firms or other circumstances. We may continue to monitor the market in case our concerns are not addressed.

6.9 While we are not formally consulting on these Terms of Reference, there is an opportunity for stakeholders to comment by 12 January 2017 on any issues raised in this document, in addition to the engagement process that will begin shortly. Our contact details can be found on page 2.

Financial Conduct Authority

PUB REF: 005297

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