

8 June 2004

Mr Keith Davis
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Keith

FSMA Review

Thank you for meeting with NAPF representatives on 18 May. I am writing in response to your consultation on the FSMA Review, specifically on the issues of workplace advice. I am writing to confirm some of the points we made at the meeting.

- 1 NAPF welcomes the proposed version of the FPO in order to remove unnecessary regulatory obstacles which sometimes prevent employers from providing good faith advice to their employees about pensions.
- 2 Specifically, on draft revised clause 77, we have the following comments:
 - trustees are not mentioned, and should be. We suggest broadening the definition of employer to include trustees of occupational pension schemes.
 - 'group personal pension scheme' in 77(1) and (2) should instead say 'personal pension or group personal pension scheme', as sometimes there are both.
 - we suggest that 'direct commercial benefit' in 77(2)(b) be replaced by 'direct financial benefit', as otherwise the scope would be too broad.
- 3 We would like the Treasury to take this opportunity to consider the impact that the Insurance Mediation Directive may have with respect of the provision of risk benefits, travel insurance and the like by employers for employees as part of an overall remuneration package. It would seem appropriate for such benefits provided by employers, where the employer makes a contribution, to be levied out of the financial promotions regime.
- 4 With respect to advice centres, we suggest you consult with the Office of the Pensions Advisory Service to ascertain whether they would benefit from special provision similar to that for debt advice centres.

I hope these comments are helpful.

Yours sincerely

Christine Farnish
Chief Executive