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Eve Engledow
FSMA secondary legislation consultation responses
Financial Stability and Regulatory Policy Team
Room 4/23
HM Treasury
1 Horse Guards Parade
London, SW1A 2HQ

25 May 2004

Dear Ms Engledow

FSMA TWO YEAR REVIEW

Standard Life is a large financial services provider. We provide pensions for some 2 million people. Many of these are arranged through employers and so chapter 4 of the proposals for change is of particular interest to us.

Currently many employers could do more to encourage employees to set up pensions, but fear of breaking the law means they avoid doing so. As a result of this we work with employers to promote the pensions offered to employees. This often takes the form of workplace presentations to groups of employees.

Most pensions we sell now are either personal pensions or stakeholder pensions. They tend not to be sold following face to face advice. Instead employees receive information about the pensions, possibly following a workplace presentation, and decide themselves on the suitability of the pension to their circumstances.

In general we welcome the changes proposed in chapter 4 of the paper, however, we do not think that the changes will significantly change how pensions are sold because the proposals do nothing to address the concerns of employers, which we believe to be the biggest barrier to wider promotion of pensions by them.

The consultation paper asks some questions. We agree that the Regulated Activities Order should be altered to enable employers to make real time and non-real time promotions. The proposed restrictions in paragraph 4.31 all seem sensible, but the complexity added to the rules is likely to further discourage employers from promoting pensions unless work is done to educate them about what they can and cannot do.

Accordingly we favour no restrictions around the nature of the advice that employers can be given as discussed in paragraph 4.33, or who should be able to give advice as discussed in paragraph 4.41.

We do recognise consideration is being given to how employers can better promote pensions to their employees and the changes proposed to the FSMA regulations are a small part of that.

If you'd like to discuss the above please don't hesitate to contact me.

Yours sincerely

Gordon Harkes
Senior Technical Consultant