

## Welcome

**Welcome to Haslers Focus on...bulletin, looking at news and information relevant to specific business and industry sectors.**

This Focus on FSA Regulated Businesses bulletin takes a look

at the new rules for recording transactions carried out via a mobile phones, as well as stricter regulation for financial firms from 2012.

If you have any feedback on this issue of Focus on FSA

Regulated Businesses, or would like to know more about our services or how we can help you, please contact us on **020 8418 3333** or email **Laurence Jacobs** (Partner, Business Services Group) **Laurence.jacobs@haslers.com**

## Tougher regulation for financial institutions



**With the Financial Services Authority (FSA) set to be replaced by two successor bodies in 2012, “tougher and bolder” regulations are set to come into force.**

The Financial Conduct Authority (FCA) will regulate the finances of 24,500 personal investment

firms, insurance and mortgage brokers, corporate finance companies, financial exchanges, investment managers and travel insurers; while those of banks, building societies, insurers and credit unions will be regulated by the Prudential Regulation Authority (PRA) – a direct subsidiary of the Bank of England.

The FCA is set to be more proactive than the FSA, with new powers to intervene earlier and ban financial products and promotions. It will also be able to name and shame companies who produce marketing material that it feels is misleading.

For more information, please contact us.

## Preparing for the mobile recording rules



**On 14<sup>th</sup> November, the Financial Services Authority (FSA) removed the exemption clause for the recording of mobile phone conversations, in a move that affects stockbrokers, investment managers and banks, as well as financial and commodity derivatives firms.**

Consequently, all calls relating to transactions in the equities, bond, derivatives and financial commodity markets must now be recorded and stored for six months.

Furthermore, the around 16,000 employees affected

by the new legislation also need to ensure that they take "reasonable measures" to prevent "relevant conversations" taking place on private mobiles and laptops which do not feature recording equipment.

However, these terms are, as usual, somewhat ambiguous and open to interpretation, depending on the number of transactions that are carried out in such a manner.

Despite the deadline, by October many firms were yet to invest in the required technology, either because they were unaware of the change or as a result of leaving it late to make a decision.

With the FSA estimating that the cost of implementing such a system could be up to £10,000 per employee, it is not surprising that some firms held back, although this could have resulted in them panic buying and not benefitting from the most suitable software for their needs.

Furthermore, in addition to avoiding financial penalties from the FSA, there are a number of compelling business reasons for installing recording software. For example, firms will be able to monitor what their staff are saying on behalf of the business and gain an advantage when it comes to resolving disputes.

For more information, please contact us.

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