



FSA Chairman welcomes Chancellor's plans for regulatory reform

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The Chairman of the Financial Services Authority (FSA), Lord Turner, has welcomed the changes to financial regulation outlined by the Chancellor of the Exchequer in his Mansion House speech this evening, and Hector Sants' agreement to remain as Chief Executive of the FSA, leading the transition and the creation of a new prudential authority.

Lord Turner said: "The FSA now has the clarity of direction and timescale as well as the leadership that we need to meet the challenges ahead.

"In particular I am delighted that Hector, who has done so much to transform the FSA during the past few years, has agreed to lead the transition to the new structure in 2012, and to become the first Chief Executive of the Prudential Authority and a Deputy Governor of the Bank of England."

"The crisis demonstrated the need for new regulatory approaches and more intense supervision, and the FSA has already implemented major change. But it also demonstrated the need to bridge the gap between macro-prudential policy and the supervision of individual firms. The Chancellor's proposals for prudential regulation will enable us to do that, while building on the major changes we have made over the last few years. The timescale will enable us to manage the transition in a smooth and orderly way.

"On retail customer protection, the FSA has recognised the need for a shift in our past approach, moving to the more interventionist approach which we set out in our recently published Retail Conduct Strategy. The new Consumer Protection and Markets Authority will have a strong focus on this challenge, while also maintaining strong focus on conduct issues in wholesale products.

"There are important issues still to be resolved – in particular the arrangements for our Enforcement activities and for those Markets activities which relate to exchanges, clearing infrastructure and prudential issues – and we look forward to working closely with the government in considering the relative merits of different possible arrangements for these. But the overall future shape of financial regulation is now much clearer and we are in a strong position to create a future regulatory system which builds on the FSA's achievements over the last few years of major change."

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