



Proposed FSA changes to Training & Competence requirements could prove costly and damaging

# REMOVING REASSURANCE

Many families across the UK regard September as the beginning of a new year, because the new academic year brings with it new teachers, schools, colleges and universities. For many young people it marks the beginning of their first serious employment and for the SII it signals the start of the busiest period in examination testing. Hundreds of graduates are getting their first taste of the industry and sitting their mandatory certificate examinations at our new computer-based testing centre at Centurion House.

But we have another new year this September – we are relaunching the *Securities & Investment Review* with a new publisher, Wardour. This change introduces some fresh ideas, new names and an expanded editorial panel. We hope that members will like the new journal and we welcome Wardour as our new publishing partners.

And a new era (rather than a new year) may be dawning for the SII with the release of Financial Services Authority (FSA) Consultation Paper 05/10. This far-reaching document could signal the end of the approved persons' register and with it, the end of mandatory examinations for the wholesale sector. Consulting firms about its implications, the value of the approved persons' register to compliance officers and their employers has become increasingly clear. Many firms use the

register when recruiting controlled functions staff. Effectively deregulating wholesale staff carries risks for the reputation of firms and for the industry. Nowhere will this be more keenly noticed than in London, where the wholesale market is concentrated. London's reputation for a well-trained, honest, workforce could be jeopardised. One unintended consequence of the FSA's laudable intention to reduce the burden of regulation for firms could be that errant individuals are able to flourish.

As it is, a recent survey claims that 25 per cent of CVs submitted for jobs in the financial services are economical with the truth. Without access to information on the FSA Register and with the loss of an examination requirement that draws attention to the regulation underpinning the industry, will firms find that they unintentionally recruit rogues in the future? It is particularly ironic that this issue of the *Securities & Investment Review* also contains an article about the growing

trend for firms to use corporate investigators, which investigate potential staff far more thoroughly than the FSA Register does!

The FSA believes that its proposals will reduce firms' costs. But, if firms are so concerned about potential people risk that they are already using corporate investigation, how much extra cost will there be when the reassurance of professional competence is removed with the ending of the register? Will firms have to pay even more for HR research and corporate investigations? The proposal to end compulsory examinations also removes the reassurance that basic knowledge has been tested thoroughly in new recruits, not just from universities, but also from other firms and other jurisdictions. As a professional body committed to promoting standards, the SII will be lobbying hard to find ways of protecting the reputation of professionals in our industry. Your participation in the consultation process is vital.

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