**

**FCA Quarterly Consultation No 7 CP 14/27**

**Response by the Building Societies Association**

**Executive Summary**

1. The BSA is interested in chapter 4 of the CP – the proposal to revoke the Building Societies Regulatory Guide and we respond to the question -

*“Do you agree with the proposal to revoke the Building Societies Regulatory Guide and retain the information in BSOG 1A on the FCA website?”*

1. We believe that the ideal course of action would be to retain BSOG. However, should the regulators decide to revoke it, then we would support the suggested solutions, provided adequate safeguards were put in place to ensure that the relevant material was not lost.

**Background**

1. We recognise the need to review the FCA Handbook from time-to-time and, in principle, support streamlining.
2. Some of BSOG (eg BSOG 1) largely reflects statutory provisions and does not seem to bring much added value, other than perhaps giving those who are interested an overview of the key statutory and constitutional arrangements.
3. However, the provisions concerning applications for access to membership registers (BSOG 1A), which derive from guidance of the former Building Societies Commission and concern regulatory practice, would have no separate existence if lost.  The BSA has provided the FCA with information about the matter separately.
4. Other areas of BSOG that contain very important information about regulatory practice are the mergers and transfers provisions (BSOG 2 and 3 respectively).

**Revocation or Retention?**

1. To lose the relevant provisions in BSOG 1A, 2 and 3 would potentially be very unhelpful. In the BSA’s firm view the guidance in these modules remains of considerable potential value to building societies and their members.  One of the problems is that, after time, corporate memory both at a regulator or a trade body will fade. Therefore, we believe that it is very important that those provisions are retained in some permanent form.
2. We much appreciate, following informal discussions, the FCA’s recognition of the importance of retailing certain elements of the material in BSOG. In the CP, the FCA suggests that BSOG should be revoked but –
* the contents of BSOG 1A should be retained on a part of the FCA website where it is easily accessible, and the FCA would communicate this to stakeholders
* the information in BOSG 2.7 and 3.8 (as explained in the CP, these provisions are relevant to the FCA) should remain available to firms through the PRA as it is consulting separately on proposals to move the material in BSOG 1, 2 and 3 into a separate supervisory statement.

1. Regarding BSOG 1A, we welcome the proposal to retain the material. On balance, we would prefer BSOG to remain because a Handbook provision, even in guidance, carries greater weight than a webpage, has stronger visibility and will not accidentally be deleted. However, if BSOG is revoked and the entire contents of BSOG 1A is retained elsewhere on the FCA website (as we believe would be crucial), it would be very important for the FCA to take steps to ensure that the content was internally flagged as permanent so that it would not accidentally be removed, for example in some future reorganisation of the site.
2. The BSA will respond appropriately to the PRA regarding BSOG 2 and 3.

**Conclusion**

1. In summary, while some of BSOG (notably BSOG 1) mainly reflects statutory provisions and BSOG is probably not used on a regular basis by the BSA or its members, there are some provisions in BSOG that are absolutely worthy of retaining.
2. Because the existence of BSOG also does no harm, and it is quite short, possibly the simplest course would simply be to retain it in its current form. However, provided the material is flagged appropriately, the next best option would be to revoke BSOG and retain BSOG 1A elsewhere, with the PRA transferring BSOG 1, 2 and 3 to a supervisory statement.

NOTE:

The Building Societies Association (BSA) represents all 44 UK building societies. Building societies have total assets of over £330 billion and together with their subsidiaries, hold residential mortgages of over £240 billion, 19% of the total outstanding in the UK. They hold over £240 billion of retail deposits, accounting for 19% of all such deposits in the UK. Building societies account for about 28% of all cash ISA balances. They employ approximately 39,000 full and part-time staff and operate through approximately 1,550 branches.

BSA

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