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Special Resolution Regime: the draft FSMA (Contributions to Costs of Special Resolution Regime) Regulations 2010

The BBA is the leading association for the UK banking and financial services sector, speaking for 220 banking members from 60 countries on the full range of UK or international banking issues and engaging with 40 associated professional firms. Collectively providing the full range of services, our member banks make up the world's largest international banking centre.

The BBA welcomes the opportunity to respond to the HM Treasury consultation on the contribution of costs to the Special Resolution Regime.

The BBA's response of 29 October 2009 to the previous HMT consultation on this subject, set out the following key concerns:

- (a) HM Treasury and the FSCS must emphasise that the regulations do not amount to a cost-free set of actions, but one in which business and individuals may have to pay significantly;
- (b) that there must be a proper impact assessment undertaken as a consequence; and,
- (c) the regulations should be amended to provide for sufficient representation and safeguards for the industry as the ultimate underwriters of FSCS contributions to the costs of SRR activity.

Unfortunately, we are of the opinion that the draft 2010 regulations subject to this latest consultation substantially fail to address these key concerns.

In particular, we remain concerned that the industry is still not permitted proper representation through appropriate oversight of the arrangements for the distressed institutions' balance sheet.

Moreover, we note that the Government has not taken up our suggestion that the National Audit Office be given powers to investigate SRR expenditure. We would prefer to see guarantees from the tripartite authorities that measures will be taken to ensure that any action under the SRR is subject to effective cost controls.

Finally, the draft regulations contain no provision for the approximate costs for levy payers to be conveyed as soon as possible. We note that levy payers require this information for annual accounting processes.

Yours sincerely

A handwritten signature in black ink that reads "P. A. Tyler". The signature is written in a cursive style and is underlined with a single horizontal line.

Peter Tyler
Director

