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David Thomas
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Our Ref:Retail Policy / EH

Dear *David,*

Three weeks ago we asked you to consider extending the Wider Implications deadline by a further three months, to November. This would facilitate ongoing investigative work on our part, not only in relation to Lehman-backed structured products, but also to wider industry issues. You agreed to the extension, and we are grateful for this.

The implementation of the WI process has offered us an invaluable space to carry out this investigative work and we believe that consumers will benefit from our wide-ranging assessment of the issues in this market.

As stated in our letter of 13 August 2009, our work has included investigating issues around the design, marketing, production and sale of structured products, and exploring options for regulatory action on behalf of consumers.

We have been analysing the quality of advice given by the financial advisers who distributed Lehman-backed products and we have completed our review of the marketing literature for both Lehman and non-Lehman-backed products. We shall be reporting on this work in October.

Concurrently, we shall be proceeding with regulatory action against those firms with which we have found serious issues. For legal reasons, we are not yet in a position to state publicly any more details on this point. However, as well as holding firms to account, our work will also lead to higher standards overall in future, and better provision of information on the risks and benefits of structured products for consumers.

In summary, we have now completed enough of our proposed work to conclude that regulatory action can take place alongside case-by-case adjudications without prejudicing the parties. We now have no objection to your proceeding towards issuing decisions in the individual cases that have been referred to you.

Yours sincerely

Ed Harley
Head of Department
Retail Policy