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## Editorial

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### Change Afoot at the SIB

Friday, 26 February will go down as a day to remember, with some regret, in the brief infancy of the Securities and Investment Board. Midnight of that day — “P-day” — was the deadline for receipt of applications from bodies seeking authorisation under the Financial Services Act 1986 to carry on investment business in the UK. P-day was also payoff day for the first chairman of the SIB, Sir Kenneth Berrill. An interestingly-timed joint communiqué from the Department of Trade and Industry and the Bank of England announced that Sir Kenneth, whose £120,000-a-year appointment was up for renewal in May, was to be replaced by Bank of England Director, David Walker. The official lip service paid to Sir Kenneth’s “formidable contribution” to the SIB’s work did little to obscure the fact that he had fallen victim to an insidious lobbying campaign by financial institutions, complaining about the excessive legalism of the SIB’s rule book — largely a product, as the deposed Chairman subsequently pointed out, of the DTI’s own insistence on the inclusion of a mass of regulatory detail.

Now, at the end of April, “A-day”, the

day the 1986 Act comes into force, is at last upon us. And, in the words of Frances Gibbs, (*The Times*, March 26), “a furious flurry of activity has broken out in solicitors’ firms up and down the country”. The problem is that virtually all solicitors’ firms give investment advice within the broad conception of that phrase envisaged by the Act. Some will have prepared themselves thoroughly for the new millenium, others, in particular the smaller, non-City firms for which (in the words of Charles Maggs of the the Law Society, quoted by Frances Gibbs) “the amount of energy they have to invest in understanding the rules is disproportionate to the work involved”, may well have not. Firms have interim authorisation to conduct investment business under the umbrella of the Law Society in its capacity as a “recognised professional body”, but by the summer they will have to secure formal registration and be adjudged “fit and proper” to do investment business within the terms of the Act.

A new era has dawned — one that imposes stringent bureaucratic requirements upon practitioners, but which also promises new opportunities and enhanced rewards, particularly for

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City firms. But it must not be forgotten in the midst of professional preoccupations, that the 1986 Act was designed to protect not the lawyer but the consumer. The failure to renew Sir Kenneth Berrill's contract, apparently in response to heavy lobbying, suggests that the Secretary of State for Trade and Industry may have lost sight of this. In any event, the move was not calculated to promote public confidence in this new regulatory regime. We wish the SIB well for the future, and trust that its heart and muscle will continue under its new Chairman to be located in the right place.