



**The Quoted
Companies Alliance**

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Letters: Danger of taking the wrong direction

From John E. Pierce

Sir, [Philip McBride Johnson](#) (Letters, March 19) is, of course, quite right. While the proposed “global” solutions and “pan-European supervision” shouldn’t do too much harm, in themselves they may not do too much good either. Unless market-driven greed is reined in at the local level (for example, bonuses to ramp short-term “gains” at the expense of sustainability; lending too much to those unable to repay; lending too much against asset values; and so on) we will not have moved forward.

We seem to be in danger, too, of moving from principles-based market regulation. The principles in the main are adequate, it is their application that needs tightening, with experienced market-savvy regulators able and with confidence to interpret them on a day-to-day basis.

The Financial Services Authority should make greater use of seconding market participants for, say, two-year periods as part of an ongoing educational/exchange of experiences between the regulators and the regulated. The Takeover Panel provides a successful model for this.

Financial markets are fast moving and innovative. Unless regulation is based on broad, sound principles it will always be “behind the curve”.

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