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Mr Richard O'Neill  
Department of Trade and Industry  
Bay 209  
151 Buckingham Palace Road  
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Dear Mr O'Neill,

**Telecommunications companies/ISPs and the Financial Services and Markets Bill**

On Tuesday, I chaired a meeting of the EURIM Network Governance Working Party where some important issues arose which I have been asked to report to you. I hope you will be able to pass this note on to other officials whom it concerns, both within the DTI and in other Departments.

A major concern of the meeting was the divergence between the approach to applicable law and liability of the electronic commerce directive and that of proposed European and UK legislation in the financial services area, such that serious conflicts of law could arise

This was highlighted by the Treasury's consultation on the secondary legislation for Financial Services and Markets Bill and we were surprised to discover that apparently no ISPs had responded to that consultation. It appeared that major telecommunications players were unaware of the consultation or that Statutory Instruments as drafted would lead to their incurring liability for any content on their networks that came within the scope of the bill. It seems critical to us that this piece of legislation is brought in line with the other proposals concerning distance selling to consumers and that the same definitions as elsewhere are used for the technical and other common terms. It is also vital that the views of the industry are known to the regulatory reform team and we trust that you can help enable this.

Yours sincerely,

Philip Virgo  
for the Network Governance Working Party