

Compliance News – FOR IFAs

Welcome to Compliance News.

This publication is issued by Compliance News Limited for the benefit of IFAs and employed compliance staff in the UK, particularly those working at directly authorised IFA firms. For a copy of all earlier editions please visit:

<http://www.fsresourcing.co.uk/compliance-news.php>

Background of the editor:

Phil Dibb worked at PIA/FSA from 1997 to 2002 and now runs his own Compliance Consultancy firm. He spends the majority of time training IFAs on compliance and T & C issues, in addition he is Chairman to 15 regional compliance forums held around the UK and also a member of the Association of Professional Compliance Consultants.

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Distribution:

This bulletin is now issued to over 6500 IFAs who have been in contact with Compliance News since Phil Dibb left the FSA. The aim is to get the distribution up to 8000. If this can be achieved, more free updates and assistance will be available to the readers. To this end, please would you ask any other IFAs you know to register for the bulletin by emailing -

compliance@ifahelpline.co.uk

Compliance News Premier Service

IFAs can now subscribe to receive a wide range of **forms and templates** to assist with the running of their business. See page 5 for full details. All forms will be issued direct to subscribers and most are on a word document. We plan to issue a **minimum of 50** templates / forms during the next 12 months, from only £175 for the year. We hope this service will save a typical firm at least 50 hours each year and avoid 'reinventing the wheel'.

Why not email compliance@ifahelpline.co.uk and receive it direct to your PC?

Disclaimer: Compliance News is a trading style of Compliance News Limited. Compliance News cannot be held responsible for the views and interpretations shown in this publication. Authorised firms remain responsible for complying with the FSA requirements and such obligations cannot be transferred to a third party. Errors and omissions excepted.

1. PENSION SWITCHING

The FSA have issued a significant amount of information on pension switching advice and detailed a plan of action for 2009. This includes a number of roadshows across the UK, to be attended by a large number of firms who have been specifically selected due to their levels of business.

Following direct feedback from IFAs attending these sessions, Compliance News has been able to identify 13 common themes. Subscribers to Compliance News Premier Service have been issued with this list and all new subscribers will also receive this list of 13 key issues.

Any firms who are involved with the switching or transfer of any form of pension funds are strongly recommended to review the guidance from the

FSA. The link below will help. In addition, Compliance News recommends that all firms use the FSA's 'Pension switching advice suitability assessment template'. This is 8 pages long and the Excel version does contain various 'macros', we estimate that each transaction takes between 50 to 70 minutes to both review and complete the spreadsheet.

To assist our Subscribers, we have designed a **one page template** to cover the points from the FSA's guidance. Whilst this is not a replacement for the FSA's form, it helps the adviser gather the required information, which in turn should reduce the time when using the full template. To receive a copy, please complete the subscription details on the back-page.

http://www.fsa.gov.uk/pages/Library/Other_publications/pension_switching/index.shtml

2. TREATING CUSTOMERS FAIRLY - UPDATE

As our regular readers will know, we have written many articles on this topic and provided over 25 different forms and templates to assist firms with their preparation. We are very grateful to all of those IFAs who have provided such positive feedback, following their own FSA TCF Assessment.

Whilst it may seem an obvious comment, please do not believe any talk about TCF Assessments ending at the present time (with the FSA preferring to focus on the Banks and large institutions). We believe all of these rumours to be untrue and do not help. The FSA have now visited / assessed many firms in Northern Ireland, the North-West / Chester areas, Stoke regions down to the West

Country and into Devon & Cornwall. Following this, we believe various regions in the South-East / Cambridge are next to be assessed.

Subscribers to the Premier Service automatically receive the full range of our TCF templates. Should you wish to assess your own progress, we suggest that you first complete our 'TCF Progress Indicator'.

In addition, as with all Premier Service Subscribers, should you require a specific form, we will be glad to assist you and normally reply to such requests the same day (we now have a full-time office based member of staff). Please just send us an e-mail.

3. UPDATED TERMS OF BUSINESS / CLIENT AGREEMENT WORDINGS

The FSA have recently issued a statement saying that they believe one particular undertaking / term which is common in many IFA Client Agreements (Terms of Business) is unfair. Following this announcement,

Compliance News issued specific guidance to all Premier Service subscribers in January 2009. All new subscribers will receive the same update to ensure they make the necessary changes to their Terms of Business / Retail Client Agreement documents.

4. FIT & PROPER DECLARATIONS

We believe that all firms should request that all staff complete certain declarations at least annually. We have developed different forms for

both Advisers and Administration staff. All such forms are freely available to subscribers of the 'Premier Service' (see back page).

5. REFERENCE REQUEST FORMS/RECRUITMENT GUIDANCE

It is important that firms have proper systems in place, when they decide to recruit staff. This covers various topics from job descriptions, reference request forms to initial training plans. All such forms are available to subscribers of the Premier Service as part of the annual subscription.

6. APPORTIONMENT & OVERSIGHT CHANGES – SYSTEM & CONTROLS SOURCEBOOK (SYSC) FROM 1ST APRIL 2009

The ‘common platform’ has applied to firms subject to MiFID and the Capital Requirements Directive (CRD) since 1 November 2007. With effect from 1st April 2009 this ‘common platform’ will be extended to apply to all IFAs (and in fact most other firms regulated by the FSA).

The changes specifically affect the Systems & Controls sourcebook (SYSC). Whilst SYSC 2 and SYSC 3 will cease to be relevant to IFAs, the requirements previously contained therein have

been carried across in the form of guidance into SYSC chapters 4 to 10.

The changes however do mean that from 1st April 2009 the requirement for IFAs to allocate responsibility for apportionment and oversight (Controlled Function 8) to an approved person will be removed. Originally, the FSA had suggested that firms had to write in to ‘dis-apply’ CF8. However, this has now been corrected.

To quote the FSA (Source FSA Website – 18th March 2009)

‘Correction – requirements for the dis-application of Controlled Function 8 (CF8)

We may have given the impression that firms would need to write into us to dis-apply the apportionment and oversight controlled function. CF8 is no longer required from 1 April 2009. From April we will begin to remove all relevant CF8s from the Register automatically.’

7. GROUP PERSONAL PENSIONS – NEW IDD & TERMS OF BUSINESS / RCA

Following a review of common disclosure practices, we have designed a specific GPP Terms of Business letter / Retail Client Agreement to be used in conjunction with the required Initial Disclosure Document.

Copies of these documents have been sent to all subscribers of the Compliance Premier News Service. To receive a copy of all documents (and updates), please complete the back-page.

8. SCDD / IDDs (are you really still using the ‘menu’?)

Following the recent changes Compliance News have designed a number of disclosure documents to suit the different offerings, which many IFA firms have. In addition from 15th April 2009 we will have completed the design of our new Disclosure Document grid to assist Premier Service members with their options relating to disclosure documents. This will be of particular interest to firms offering investment advice as the changes to the menu document are finalised in August 2009.

We generally recommend that IFAs cease using the Menu prior to the 31st August 2009 deadline and use the new SCDD / CIDD along with their Retail Client Agreement (known by many as the Terms of Business Letter).

As part of the ‘Premier Service’ (within the price) we regularly provide subscribers with new forms and suggestions. We are just an e-mail away.

9. TAPING OF TELEPHONE CALLS

Compliance News is pleased to announce a success story for the Premier Service Subscribers. This is following an in depth review of the proposed rules and discussing these at great length with the FSA staff. Premier Service subscribers were issued with specific guidance on this topic in November 2008. It was not until January 2009

that additional guidance was issued by the FSA confirming the rules.

Our guidance advised firms of the background and that the vast majority of firms were not affected by this change in legislation, and were not required to record telephone conversations.

http://www.fsa.gov.uk/smallfirms/resources/one_minute_guides/62_taping_calls.shtml

10. DATA SECURITY & DVD FROM THE INFORMATION COMMISSIONER

All IFAs should be aware of the FSA's focus on both Financial Crime & Data Security. The FSA expect that all firms have appropriate Systems & Controls in place. The following two links assist with this work.

http://www.fsa.gov.uk/smallfirms/good_practice/protecting_your_business/financial_crimes.shtml

http://www.fsa.gov.uk/smallfirms/resources/factsheets/pdfs/data_security.pdf

To assist, we have supplied Premier Service clients with additional support, including two versions of a Disaster Recovery Plan / Business Continuity Plan.

In addition, firms can also obtain a free training DVD on this topic from the Information Commissioner (called 'The Lights are On').

https://www.ico.gov.uk/tools_and_resources/request_publications.aspx

11. TRAINING & COMPETENCE ACTIVITY TABLE/EXCEL SPREADSHEET

To assist firms with the planning of T&C activity (such as knowledge tests, fit & proper declarations, explain to me exercises & CPD) we have designed a planning table to assist IFAs to

comply with the requirements. This table will be automatically sent to all subscribers of the Compliance News Premier Service (see back page).

12. COMPLIANCE ACTIVITY TABLE/EXCEL SPREADSHEET

Very similar to the above Excel spreadsheet, but focused on Compliance duties at a Directly authorised IFA. A must for anyone who is either a Compliance Manager or a CF10. This table will be

automatically sent to all subscribers of the Compliance News Premier Service (see back page).

13. INTEREST ONLY MORTGAGES & DEBT CONSOLIDATION

Should your firm provide mortgage advice we would strongly recommend that you consider the recent fact sheet issued by the FSA on interest only mortgages. This document sets out specific responsibilities of the advising and arranging firm as to how to treat customers taking out interest only mortgages or undertaking debt consolidation. The following link should be used.

http://www.fsa.gov.uk/smallfirms/resources/factsheets/pdfs/mortgage_interest_only.pdf

It is our opinion that the FSA 'warning' at the bottom of page 1 of the factsheet is particularly strong and should not be ignored.

14. PII LIMITS AND EXCLUSIONS

New minimum indemnity limits came into effect on the 1st March 2009. These changes are for firms who advise on or sell insurance based products (in our opinion, the vast majority of IFAs). The minimum limits are now €1,120,200 for a single claim and €1,680,300 in aggregate. Firms must check with their PII broker.

http://www.fsa.gov.uk/smallfirms/good_practice/protecting_your_business/PII_limits.shtml

Exclusions: We are aware that some PII policies may include an 'Insolvency Exclusion'. Whilst policy wordings are likely to vary, these could exclude a claim where the loss can be attributed to the insolvency of a financial institution. Due to the current economic climate, firms should consider such issues /exclusions. We have various links to PII firms, please contact us for assistance.

15. UPDATED ANTI-MONEY LAUNDERING TESTS

All firms should periodically provide training to all staff and then validate knowledge on the subject of Anti-Money Laundering. We have recently updated our generic knowledge test,

issuing this to all subscribers of the Premier Service. To receive a copy, please complete the back page.

16. COMPLIANCE NEWS PREMIER SERVICE

As mentioned, this is a service offered by Compliance News, which was prompted by several IFAs who contacted us following the first newsletter, requesting most of the forms. We believe this service will save a typical IFA firm at least 50 to 80 hours per year.

MOST DOCUMENTS ARE SENT ELECTRONICALLY ON 'WORD'

Benefit: You have access to **all the forms** we have, at no extra charge. We will send a wide range of IFA forms / guidance on a regular basis to you in 'word' document format. In addition, wherever possible we will try and assist with individual requests.

To register: Please complete the back page with your details, enclosing a cheque made payable to Compliance News Limited.

The following is a list of some of the documents, which will be issued.

TCF Visit – IFA feedback from FSA assessments
New IDD (SCDD) documents
TCF forms – Too many to list

Generic Knowledge test for advisers

Reference Request forms

Conflicts of Interest Policy

Data Security documents

Copies of relevant FSA interaction / guidance

Treating Customers Fairly (TCF) – A full suite

Initial Disclosure Documents (Templates),

Updated Terms of Business letters (RCA)

Compliance / Risk Mitigation plan,

Compliance Audit forms,

SERPS review letters,

Updated Observation forms

Adviser Role / Job Description templates

Risk Assessment / calculator of adviser,

Income Drawdown checklist.

Pensions / Generic Knowledge tests

TCF – MI sheets

Mortgage advice / File checking forms,

Training Needs Analysis forms,

Personal Account Dealing declaration,

GABRIEL help

Fit & Proper adviser annual declarations,

Compliance Board Report templates,

Client agreements / Fee agreements,

Mortgage Regulation checklists,

Customer Satisfaction Surveys,

Maintaining Competence (T & C) form,

Suitability Letter templates,

File completeness checking forms,

Blank reference request forms, diary template,

Disaster Recovery / Continuity plan,

Provider Research summary forms,

Recruitment checklist.

....and more, list to be continuously updated as the market changes and Regulations develop.

WHILST THE LIST ABOVE MAY APPEAR TO BE COMPREHENSIVE THE REAL BENEFIT TO MOST SUBSCRIBERS IS BEING ABLE TO E-MAIL A REQUEST AND RECEIVE A TEMPLATE. WE ARE GENERALLY ABLE TO HELP IN 90% OF ALL REQUESTS.

Compliance News Premier Service – Any questions?

If you cannot decide whether this service will be of benefit, or if you have any questions as to how many documents you will get / have access to, we will be glad to call you to answer any queries. Please send a quick email to the address below with 'Premier News Enquiry' in the title box and we will call you.

compliance@ifahelpline.co.uk

17. UPDATED IFA KNOWLEDGE TESTS

In our opinion, all IFAs should have their knowledge assessed on a regular basis. The FSA link below confirms this. As part of the face-to-face work we do for IFA firms, we have recently updated the annual knowledge test. For a copy, please subscribe and complete the back page.

http://www.fsa.gov.uk/smallfirms/resources/one_minute_guides/55_tnc.shtml

In addition, one regular point that has come out of various FSA TCF assessments is that following a knowledge assessment, the FSA are looking at how knowledge gaps have been transferred into the training plans for advisers. These are also available to all subscribers.

18. UPDATED FSA CONSUMER PUBLICATION

Firms who use the FSA consumer publications should be aware that the publication entitled "*What to do when you can't repay your mortgage*" was updated on 6th Feb 2009. Firms have 3 months to use up old stocks from this date.

The following links will assist firms with re-ordering stocks.

<http://www.moneymadeclear.fsa.gov.uk/firmform.aspx>

19. SUITABILITY LETTER COMPETITION – WIN CHAMPAGNE !!!!

From now until the 30th June 2009, we are running a Suitability Letter / Report competition, to find the best letters across the UK. Letters or reports which are personal, accurate and concise. There are three categories of entry; Investment related, Retirement Options and Protection related. **The prize for each category will be 6 bottles of Moët & Chandon Champagne**, plus coverage via various publications (subject to at least 30

entries for each category being received).

Entry is free to any individual who is either a FSA registered IFA or an employee of an authorised IFA firm. As with all competitions, we need to stipulate certain rules. For a copy of the entry form and rules, please e-mail compliance@ifahelpine.co.uk with 'Suitability Competition' in the subject box.

20. SUPERVISOR/T&C REFRESHER COURSES (1 DAY COURSE)

In view of the recent changes, we have re-written our training course and ran this for the first time in November 2008. We are planning to run at least three more sessions during 2009. If you are interested, please would you make contact

so we can arrange the venues in the most convenient locations. The cost will be in the region of £185 for the day and this includes follow-up material and a wide range of useful T & C forms on 'word'.

21. SELLING YOUR BUSINESS? – JUST HANG ON!! (a different view)

As Compliance Consultants we are not looking to break into this specialist area of Mergers & Acquisitions. However, just recently we have been contacted by two medium sized IFA firms, who would like to talk to any firm looking to leave the industry. They are not looking to pay a lump sum to purchase a business, but instead looking to pay an ongoing split (50% has been mentioned, along with spouses cover) of ongoing 'trail'. With the

FTSE in its current position, both propositions sound very interesting. Both IFA firms have been visited several times by Compliance News and we can confirm that the interest is definitely genuine.

Should you wish to speak with the firms in absolute confidence, please email the address on the front cover or telephone Phil Dibb directly (07973-363277).

22. FS RESOURCING...THE NO RISK RECRUITER

Did you know that over 70% of our placements made are never advertised?

If you're looking to add to your team, we can help you to find the right person. FS Resourcing have extensive experience in selecting candidates that fit your company as well as the position on offer. We are very competitive and highly professional. If you would like to discuss your career or recruitment needs in more detail then please contact David Webster on the numbers below.

If you're looking for a new position, FS Resourcing act for some of the UK's best known household names & prominent IFAs and are placing people right across the country....from new trainees to director level. All information given is treated in the strictest confidence.

For more information please contact David Webster or Phil Dibb on
0113- 3444446 (mobile 07711 419484) or email david@fsresourcing.co.uk , phil@fsresourcing.co.uk

www.fsresourcing.co.uk

23. PLEASE TELL US IF YOU CHANGE YOUR EMAIL ADDRESS

Compliance News is very pleased to announce that we now have over 6500 e-mail addresses on the mailing list. Please continue to pass this publication on to industry colleagues. If you move firms or change e-mail address please send a brief e-mail to us. To register send an e-mail with 'Register' in the title box to compliance@ifahelpline.co.uk

24. RETAIL DISTRIBUTION REVIEW/CII EXAMS

Due to the many 'unknowns', we are reluctant to predict what may happen in the future. However, we expect various surprises still to be announced. At the present time, the FSA are still planning to 'consult' the industry in mid 2009 on the planned changes. As the assumed deadline of 31st December 2012 gets closer, the also 'assumed' most likely qualification of 'Diploma in Financial Planning' needs proper consideration.

The following links provide additional information:

<http://www.fsa.gov.uk/Pages/About/What/rdr/index.shtml>

http://www.fsa.gov.uk/pages/About/What/rdr/qual_update.shtml

<http://www.cii.co.uk/financialservices/qualifications/Qualification.aspx?award=DipFP>

25. COMPLIANCE SERVICES – CAN WE PROVIDE YOU WITH AN ALTERNATIVE QUOTE?

When was the last time you reviewed your current Compliance support? Have times changed and are you still getting value for money? One of our IFA Compliance Consultants would like to discuss the options available to you and provide a bespoke quotation for support. As Directly Authorised IFA firms develop and get more experience, we believe their Compliance needs also change. For a no-obligation discussion and quote, please email:

compliance@ifahelpline.co.uk

Compliance News Premier Service – Any questions?

If you cannot decide whether this service will be of benefit, or if you have any questions as to how many documents you will get / have access to, we will be glad to call you to answer any queries. Please send a quick email to the address below with 'Premier News Enquiry' in the title box and we will call you.

compliance@ifahelpline.co.uk **0113-2589878**

26. COMPLIANCE NEWS PREMIER SERVICE – HOW TO SUBSCRIBE

SHOULD YOU WISH TO SUBSCRIBE TO THE COMPLIANCE NEWS PREMIER SERVICE OR REGISTER YOUR INTEREST FOR ANY OTHER SERVICE, PLEASE COMPLETE THIS SHEET AND POST TO:

Compliance News Limited, 19 Henley Close, Rawdon, Leeds, LS19 6QB

compliance@ifahelpline.co.uk

Compliance News Premier Service (cost for 12 month membership): This service provides copies of all the popular documents (80+) we offer, mainly in 'word' format. As detailed on page 9.

SUBSCRIBERS TO THE PREMIER SERVICE WILL AUTOMATICALLY BE ENTITLED TO ALL THE DOCUMENTS DETAILED AT NO EXTRA COST (PLUS OTHERS WE DESIGN DURING YOUR SUBSCRIPTION).

Compliance News Premier Service – Small IFA firms with 1 to 10 advisers. Firms who do not have more than 10 IFAs or 3 Appointed Rep's, do not provide Compliance/Commercial services to other IFAs and agree not to pass on the material to external firms.	Cost £175 Please tick
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Compliance News Premier Service – IFAs with 11 to 25 advisers and up to 9 AR's. Firms who do not have more than 25 IFAs or 9 Appointed Representatives, do not provide Compliance / Commercial services to other IFAs and agree not to pass on the material to external firms.	Cost £275 Please tick
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Compliance News Premier Service – Large IFAs, Networks and other Compliance consultancies. Please contact us, as costs vary depending on size and activity.	Please contact us
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Please note that the prices quoted above are for IFA firms, which are directly authorised with the FSA. Compliance News Limited reserves the right to increase the prices for other organisations, such as networks and those who also provide compliance support, that may require copies of certain documents.

Please make cheques payable to Compliance News Limited and post to the address at the top of this form. An invoice marked as 'paid' will be issued with all orders.

Name/Contact:

Firm:

Address:

Are you an authorised firm? Yes / No

Tel:

Email:

Should you wish to receive further information on a particular topic, please complete the form below.

Compliance News – Additional Services			
	Tick (☞)		Tick (☞)
MiFID / Passporting – Telephone discussion / assistance		Can Compliance News provide you with a bespoke quotation to take-over your Compliance support?	
TCF planning / support		PPP Switching Review Work	
Variation of Permission / FSA New Authorisation assistance		Annual Compliance Audit / Mock FSA visit	
Data Security assistance		T & C Supervisor / Refresher Course	

Name:

E-mail:

Firm:

Firm FSA Number: