

Compliance News – For IFAs

'We are committed to providing IFAs with a periodic free newsletter and value for money additional compliance services – Please support us!'



DECEMBER 2012 Edition



Regular newsletters since 2004 – see our new website www.compliancencenews.org

Welcome to Compliance News: This free bulletin is issued by Compliance News Limited to over 21,000 IFAs and compliance staff in the UK. The aim is to get the distribution up to 25,000. If this can be achieved, more free updates and assistance will be available to the readers.

Please would you ask any other IFAs you know to register for the bulletin by emailing Compliance News via compliance@ifahelpline.co.uk

Introducing the Editor: Phil Dibb has over 20 years experience in financial services. He worked at PIA / FSA from 1997 to 2002 and now runs his own Compliance Consultancy firm.

Phil spends the majority of time training IFAs on compliance and T & C issues, In addition he is Chairman to a number of regional Compliance forums held around the UK and also a member of the Association of Professional Compliance Consultants.

COMPLIANCE NEWS PREMIER SERVICE

IFAs can subscribe to the Premier Service to receive a wide range of up to date **forms, templates and procedural documents** to assist with the running of their business. All forms are issued direct to subscribers and most are in word format so that they can be made firm specific. In addition subscribers are kept up to date by e-mail on the key regulatory issues of the day with advice as to the steps your business should take to mitigate against any risks that these issues may present.

Recently designed documents include:

- | | |
|--------------------------------------|--|
| RDR FAQs | Shorter Fee / Adviser Charging Agreement |
| RDR Quick Quiz / Staff meeting help | RDR Retail Client Agreement |
| Structured CPD Record Sheet | RDR CIDD's |
| General IFA – Annual Testing | RDR Fee Agreement |
| GABRIEL Common FSA Queries (and why) | RDR Progress Indicator |
| GABRIEL CHANGES – Taking place now! | Data Protection Test |

The Premier Service is available from only £175 per firm for the year.

We believe that the Premier Service will save a typical firm at least 50 hours each year. See page 8 for full details of how to subscribe or e-mail

compliance@ifahelpline.co.uk

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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. FSA E-MAIL – RDR PROFESSIONALISM STANDARDS

By now, we expect most firms will have received additional reporting requirements notification from the FSA regarding the submission of Professional Standards Data. If you are a Premier Service subscriber, don't worry; we will be issuing you with detailed guidance on how to proceed.

2. UPDATE RECEIVED FROM NEST

After ten years of hard effort from across the pensions industry, automatic enrolment finally went live on 1 October. There is perhaps the inclination to think that now the systems and processes are in place we can relax. Indeed, NEST has been open for business and has had members since July last year – we are now working with over 300 employers, including more than 100 large firms that have chosen to use us to meet their automatic enrolment duties. These include household name firms such as the BBC, BT, McDonalds and Travelodge.

But in reality, the hard work is only just beginning. Over the next five years, over 1.2 million employers and up to 11 million workers will be automatically enrolled into saving for a pension, many for the first time. And as time goes on, the sheer numbers of employers staging means one-on-one support from schemes will not be an option. During summer 2014, 25,000 employers will hit their staging date – NEST alone expects to welcome about 5,000 employers during this period. And while it is simply not practical to engage with them on an individual basis, NEST will provide support in a number of different ways.

It can take up to 18 months to put everything in place to comply with the duties. While there's no getting round the work employers have to do to get ready, NEST has been built with simplicity and ease of use very much in mind, from the initial set-up, to its award-winning investment strategy to managing the opt-out process. We also offer delegated access, which lets employers appoint advisers to set up and run aspects of the scheme on their behalf. You can find more about how we were working with the advisory community on our website.

Automatic enrolment is both a challenge and an opportunity. The scale of the task at hand is great, but represents a once in a generation chance to foster a culture of saving for retirement in the UK. For more information about automatic enrolment and how NEST could help your clients meet their new duties for workplace pensions, visit us online at www.NESTpensions.org.uk

See the following links for more information.

Key features doc:

<http://www.nestpensions.org.uk/schemeweb/NestWeb/includes/public/docs/key-features-document.PDF?&camp=media&chan=advisornewsletter&seg=keyfeatures>

Investment information:

<http://www.nestpensions.org.uk/schemeweb/NestWeb/public/NESTforAdvisers/contents/investments.html?&camp=media&chan=advisornewsletter&seg=investments>

3. FSA SETS £100,000 INCOME THRESHOLD FOR MINIMUM FEES

The FSA is to set the income threshold under which firms will only have to pay the minimum annual fee at £100,000 from 2013/14. On the current headcount system, most firms pay the minimum fee if they have fewer than 2 RIs. Full details are available in the Consultant Paper via the following link.

<http://www.fsa.gov.uk/static/pubs/cp/cp12-28.pdf>

4. STRUCTURED CPD – CII SCHEME

From 31/12/12 it is all change on the CPD front. Individuals should now be planning how they will undertake & record their own CPD. We have designed a new Structured CPD record sheet for our subscribers. The links below will also help.

http://www.cii.co.uk/media/2957772/cii_cpd_scheme_overview_v10.pdf

http://www.fsa.gov.uk/smallfirms/resources/one_minute_guides/financial_advisers/rdr_continuing_prof_dev.shtml

5. REFERRALS TO DISCRETIONARY MANAGERS

On the 5th October 2012 the FSA issued their quarterly consultation which included a detailed look at referrals to DFMs post RDR. This could potentially cause various issues for IFAs who make such referrals and receive a payment for this. Please see the link below, the document is 174 pages long – section pages 27 to 33 is where to focus.

<http://www.fsa.gov.uk/static/pubs/cp/cp12-27.pdf>

6. COMPLIANCE REVIEW OF YOUR POST RDR DISCLOSURE DOCUMENTS

JustCRS Ltd are able to conduct a review and provide feedback on your updated post RDR disclosure documentation such as Retail Client Agreements, SCDD and Client Propositions.

The cost is £145 plus VAT for documents up to 6 pages long and then £25 per paper thereafter.

For further details please contact Katherine Horgan at katherine@justcrs.co.uk or 07815 767204.

7. AUTO ENROLMENT / NEW JOINERS / OPT OUTS

Did you know that from the 1st October 2012 the **FSA definition** (see link below) of a “Pension Opt-Out” not only relates to occupational schemes but also to a group personal pension. As such, it now includes advice to an individual to contribute to a personal pension plan where they can join a GPP / Group Stakeholder with employer contributions. As such, any firm getting involved in this area would need to have a Pension Transfer Specialist to advise / sign-off the case (and have the correct permissions & PII).

If you do not have this FSA permission, you can apply to ‘vary your permission’ (VOP – fees are payable) – if you have the appropriate systems / controls / staff. Also, the minimum exams of G60 / AF3 or equivalent are required. A VOP is no longer straightforward and you could be waiting approximately 10 to 20 weeks to get a final decision.

<http://fsahandbook.info/FSA/html/handbook/Glossary/P>

8. CRIMINAL RECORD CHECKS

We understand that wef 1st December 2012, the Criminal Records Bureau (CRB) and the Independent Safeguarding Authority (ISA) will merge to form a new organisation called the Disclosure and Barring Service (DBS). It is then expected that in March 2013 the DBS will provide an online service for criminal record checks to be carried out. For a small fee, employers will be able to check online that an individual’s record is up to date.

9. PROFESSIONAL INTRODUCTIONS FROM ACCOUNTANTS & SOLICITORS

We understand that the ICAEW has clarified its guidance to members to confirm that they can refer clients to restricted advisers provided "*the referring member ensures that the client's needs would be addressed appropriately, including making an assessment that the restricted adviser has demonstrated that they are able to cover a large majority of the products and services available in the market that is relevant to the client's needs*". It has also confirmed that members can refer to independent firms with no further assessment of suitability.

The guidance places the onus on ICAEW members to ensure that appropriate due diligence is applied to restricted firms. Importantly, the implication here is that this due diligence is client-specific.

The Solicitors Regulation Authority (SRA) issued a Consultation Paper on 31st July 2012 seeking feedback by 10th September 2012. The preference is for law firms to involve clients in the decision process by having sufficient information about the status of the financial adviser, the firm's relationship with the financial adviser and other pertinent information. The onus is on the law firm to ensure the client is well informed about potential restrictions so that they can make an informed choice. Again there is further onus on the lawyer to determine whether referral to an independent or restricted adviser would be the best choice.

On the 29th November 2012, The Law Society issued a very strong press release on the IFA vs Restricted debate. In brief, this was opposing the SRA stance.

We put together two short 'YouTube' videos to cover this whole area (it had to be two – as 10 mins is the maximum time for the YouTube standard version and in total it is 16 minutes). These are made available to our subscribers to the Premier Service.

<http://www.lawsociety.org.uk/news/press-releases/law-society-warning-over-new-sra-financial-adviser-rule/>

Other links to assist are:

<http://www.icaew.com/~media/Files/Technical/Ethics/rdr-faqs.pdf>

<http://www.icaew.com/en/events/2013/january/tfsfwkp130123-independent-investment?utm=widget#costs>

10. CONSUMER CREDIT LICENCE NEEDED?

If you are offering your client the option of paying for one-off advice on a monthly basis rather than as a lump sum, this may be classed as extending credit. Therefore, in this case you would need to consider whether you require a Consumer Credit Licence. This is available from the Office of Fair Trading (see link below).

Please note that the FSA stated in their Policy Statement PS10/6 (see link below) that "a firm may not offer credit facilities for the purpose of paying adviser charges unless this would be in the best interests of the client".

We are seeking clarity of this area and also which specific CCL categories would be required. This will be provided to all subscribers very soon.

http://www.fsa.gov.uk/pubs/policy/ps10_06.pdf

<http://www.offt.gov.uk/OFTwork/credit-licensing/>

11. REMOTE FILE CHECKING SERVICE – A flexible alternative for IFA firms.

Following a number of firms having FSA visits recently, below are five key areas which are regularly focused on when client files are reviewed. In our opinion, it is very important that your own files can clearly demonstrate the following:

- Issue of Regulatory documents / client agreements / agreement of payment method & services to be provided.
- File to show full 'know your client records', linking in needs, priorities, objectives, liquid cash funds and affordability with the client's attitude to risk.
- Research: To demonstrate that non-provider led research has taken place.
- Suitability report / letter: To link the client's circumstances / ATR / objectives with the advice.
- Follow-up documentation and a clear record of 'what happens next'; including any review dates (in particular drawdown cases).

Through our sister company Just CRS Limited, we are able to provide a remote file checking service to IFA firms on a 'pay as you go' basis. The costs are: £65 + VAT per remote client file review with summary sheet (excluding multiple transaction files or higher risk cases such as drawdown, structured products or PP switching) or £95 + VAT per drawdown / PP switching (up to 3 into 1) remote file check. Please contact Katherine Horgan at katherine@justcrs.co.uk or 07815 767204.

12. FINANCIAL ADVICE CHANGES – FSA LEAFLET

The FSA has published a fold-up booklet to explain RDR to consumers in simple terms. This is available via the following link. If you wish to order printed copies this can be done by contacting the FSA Customer Contact Centre on 0845 606 9966.

http://www.fsa.gov.uk/static/pubs/consumer_info/rdr-consumer-guide-spread.pdf

A larger booklet has also been published by the FSA and is available via the link below.

http://www.fsa.gov.uk/static/pubs/consumer_info/rdr-consumer-guide-booklet.pdf

13. EMPLOYEMENT / HR MATTERS

Parental leave – from 8th March 2013 we understand that the amount of unpaid leave parents can take, for a child under the age of 5, will increase from 13 weeks to 18 weeks.

Employment Tribunal – As of summer 2013, we understand that any employee who brings a claim before an employment tribunal will be required to pay a fee. The fee will vary depending on the nature of the tribunal.

14. IFA RESEARCH TOOL – Trial licences available

Compliance News are delighted to announce that we are now able to offer licences to the largest provider of 'IFA Research' across the UK. Up to now, this has generally only been available to their own network members, however, we have now agreed a deal for our readers. For more information, please email us with 'Research' in the subject box.

15. FINANCIAL CONDUCT AUTHORITY

At an event held by the FSA this week, they confirmed that the Financial Conduct Authority will commence from 1st April 2013. As we understand the situation at present, firms will have a 6 month transitional period from this date to use up stationary which shows Financial Services Authority.

16. FOS REVEALS UPHELD KEYDATA COMPLAINT

The Financial Ombudsman Service (FOS) has revealed details of a complaint where it has ruled in favour of the client against their IFA in a £60,000 investment case. Their full response can be read via the link below.

http://www.financial-ombudsman.org.uk/publications/technical_notes/keydata-MrMrsK-finaldecision-Nov12.pdf

If you are actively involved in complaints handling we suggest you read this 28 page document.

17. ADVISER KNOWLEDGE TEST

We will shortly be issuing our updated Knowledge Test to Premier Service subscribers, following changes announced in the Autumn Statement.

18. VAT

The PFS have issued an updated guide which is well worth a read. Please see this via the following link:

http://www.thepfs.org/media/3903332/professional_direction_vat_and_adviser_charging_no_5.pdf

19. PREMIER SERVICE YOU TUBE CLIPS

Phil has recently posted clips on You Tube covering Suspicious Transaction Reporting, RDR and the related disclosure documents, and one on designing a 'research' tool to help IFAs post RDR. In our opinion, IFAs must be able to properly document why certain investments have been discounted.

On subscribing to the Premier Service, you will be provided with access to these clips. See section 24.

20. GAP FILLING – CII ROUTE

If you still have gaps to fill, don't panic; we are able to provide assistance with any of the 109 gaps. Please contact Gap Filling Ltd to discuss your requirements and get those final gaps filled.

<http://www.gap-filling-limited.co.uk/>

HAVE YOU SEEN OUR NEW WEBSITE? www.compliancencenews.org

Please do have a quick look at our new website and see Phil Dibb in action in YouTube (he is definitely no actor – but he did his best!).

Also shown is the current Excel spreadsheet of all the forms available, and also past newsletters.

<http://www.compliancencenews.org/>

21. REMEMBERING CELIA DIBB

It is with deep sadness that we report the death of our much-loved proofreader, Mrs Celia Dibb (aged 66). Following a courageous battle with cancer, Celia passed away on the 9th November 2012 whilst holding the hands of her two boys Neil & Philip. From the inception of the Compliance News bulletin back in 2004, Celia was the final proofreader of every copy – including the September 2012 edition. Having spent many years in Marine Insurance (retiring in 1998) she still went on to pass the Cergi qualification to show her son Philip that *'she still had it'*.

Celia was much loved and a very kind person. She specifically asked this to be read at her funeral and also included in our bulletin. Written by Grellet – 'I expect to pass'

"I expect to pass through this world but once. Any good, therefore, that I can do or any kindness I can show to any fellow creature, let me do it now. Let me not defer or neglect it for I shall not pass this way again".

22. PREMIER SERVICE RECENTLY ISSUED DOCUMENTS

Our subscribers have received the following documents over the last couple of months:

Data Protection training material and staff test (plus answer sheet)

RDR CIID (Insurance & Investments) – more to follow

RDR Retail Client Agreement

RDR Fee Agreement

RDR Service proposition background document

Register of 'Registers' required by directly authorised IFAs (with them all on one Excel)

GABRIEL changes timetable

GABRIEL changes / summary of the new information required

UCITs information

RDR staff awareness quiz (plus answer sheet)

Structured CPD Activity log

Please also see the home page of www.compliancenes.org for the current Excel list of all our documents.

**TO RECEIVE A FREE COPY OF OUR 5 PAGE "RDR PROGRESS INDICATOR"
PLEASE SEND US A BRIEF E-MAIL WITH "RDRPI" IN THE SUBJECT BOX.**

<mailto:compliance@ifahelpline.co.uk>

23. COMPLIANCE NEWS PREMIER SERVICE – The annual costs is per firm

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.

– Small IFA firms with 1 to 10 advisers - £175 p.a. PER FIRM

– IFAs with 11 to 25 advisers and up to 9 AR's - £275 p.a. PER FIRM

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 just some of the documents, which will be issued.

Pension Transfer Specialist test	IFA Research / Committee minutes
Generic Knowledge test for advisers	Customer Satisfaction Surveys,
Reference Request forms	Maintaining Competence (T & C) form,
Conflicts of Interest Policy	Suitability Letter templates,
Data Security documents	File completeness checking forms,
Copies of relevant FSA guidance	Blank reference request forms, diary template,
Anti-Money Laundering Annual test	Disaster Recovery / Continuity plan,
Updated Terms of Business letters (RCA)	Provider Research summary forms,
Compliance / Risk Mitigation plan,	Recruitment checklists
Compliance Audit forms,	TCF forms – Too many to list
Updated Observation forms	New IDD (SCDD) documents
Adviser Role / Job Description templates	Mortgage advice/file checking forms
Risk Assessment / calculator of adviser,	GABRIEL help
Fit & Proper adviser annual declarations,	Personal account dealing declaration
Client agreements / Fee agreements,	Compliance Board Report templates,

“Whilst the above list may appear to be comprehensive the real benefit to most subscribers is being able to email a request and receive a template. We are generally able to help with 90% of all requests”

Recent feedback from our subscribing IFA firms.....

‘Thanks Phil, an invaluable service’

‘The BRAW telephone conference call will really help’

‘.....the updated Excel spreadsheet of all the forms is a great idea – keep up the good work’

PRICES HELD UNTIL 31st December 2012

We are considering a small increase in subscription costs for NEW subscribers. The costs shown on the last page are only available for payments received by 31st December 2012.

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

Tel: 0113-2583111

24. 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 / SCAN 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 (200+) we offer, mainly in 'word' format.

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 (☞)
Remote Gap –Fill Assistance		T & C Supervisor / Refresher Course / Compliance for IFAs course	
Remote file-checking by Just CRS		B.R.A.W. telephone conference call	
Research Tool (free trial licence)		Annual knowledge tests & marked papers / providing feedback service.	

Name:

E-mail:

Firm:

FSA Number: