

# 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!'

## JANUARY/FEBRUARY 2014 Edition

Regular newsletters since 2004 – see our website [www.compliancenes.org](http://www.compliancenes.org)

**Welcome to Compliance News:** This free bulletin is issued by Compliance News Limited to over 21,000 IFAs (& restricted advisers) 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](mailto: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. He also recently achieved Chartered status.

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: Risk Register – frequently asked for at BRAW assessments

T&C Planning Spreadsheet

Compliance Planning Spreadsheet

Income Drawdown Technical test

Pension Transfer Specialist Technical test

General IFA – Annual Testing

**New Business Day Book with MI pie charts**

Apportionment Register

Post RDR Charging – Firms own assessment

**Corporate Client Agreement**

Drawdown checklist

**The Premier Service is available from only £195 per firm for the year.**

**We believe that the Premier Service will save a typical firm at least 50 hours each year. See page 9 for full details of how to subscribe or e-mail**

[compliance@ifahelpline.co.uk](mailto:compliance@ifahelpline.co.uk)

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## 1. BRAW - WORKSHOPS & PREPARATION

BRAW Workshops being held by the FCA are slowly working around the UK. The next postcodes are WD / HA / UB / TW / KT / SM. If you are in these areas you will have received information from the FCA regarding your own review. The links below will assist.

<http://fca.cvent.com/events/business-risk-awareness-workshops-for-multi-advisor-firms-south-yorkshire-and-east-midlands-region/event-summary-500962f8c8014e7f871cdd63aa0048d7.aspx>

<http://www.fca.org.uk/firms/being-regulated/meeting-your-obligations/risk-awareness/fags>

To assist firms prepare for their individual assessment, we are running a series of events. To date, we have trained approximately 150 firms on BRAW / question areas to expect. The feedback after firms have had their own assessment has been excellent. These sessions will go through what to expect and the areas which are covered for each of the different types of assessment (telephone / online / face to face). Each session will be 3 hours long and CPD will be provided. They will be presented by Phil Dibb and cost approximately £100- per person.

As the FCA publishes the next postcode areas, we will arrange sessions in these locations. Please make sure your email address is registered with us in order to receive details. You can register at [www.compliancenews.org](http://www.compliancenews.org) Please see page 7 for the recent BRAW documents we have issued.

For more information please email with "BRAW interest" in the subject box.

## 2. FINANCIAL RESOURCES

There has been plenty on this topic across various IFA channels. In summary, the planned changes (for small to medium sized IFAs) to 'expenditure based requirements' have been delayed now to start on 31st December 2015, completing on 31st December 2017. The link below provides more detail. We must stress that the real impact will only be known when the FCA make their interpretation of 'expenditure' very clear.

Whilst we have our own opinions relating to expenditure which is contractual / fixed – the FCA interpretation is a very important area which should not be overlooked. In addition, please be careful when negotiating any higher excesses on your PII policy as this (in most cases) will have an impact and increase your firms minimum financial resources.

<http://www.fca.org.uk/news/regulation-round-up/october-2013>

## 3. GABRIEL UPDATE

In our last September newsletter we confirmed that Section D2 'Financial Resources' of an Investment firms Gabriel report would be removed and replaced by Section D6. However due to the postponement of the capital resource changes, this change will not take effect.

If you notice Section D2 'Financial Resources' has been removed from your Gabriel report, please ensure you make the FCA aware either by emailing them at [firm.queries@fca.org.uk](mailto:firm.queries@fca.org.uk) or telephone number: 0845 606 9966.

For any further GABRIEL queries please contact Regulatory Returns Ltd by emailing [lisa@regulatoryreturns.co.uk](mailto:lisa@regulatoryreturns.co.uk) or tel 0113 2782971 / 07859 194096

## 4. CONSUMER CREDIT LICENCE REBATES

Please follow the link to read the information the FCA have released regarding Consumer Credit license rebates.

<http://www.fca.org.uk/firms/firm-types/consumer-credit/rebates>

## 5. MORTGAGE MARKET REVIEW

Mortgage Market Review (MMR) is now taking shape and the new Rules go live on the 26th April 2014. If you intend to continue with your mortgage arranging / advice permissions in 2014 you should have a clear plan about the MMR. For a firm with two to three mortgage advisers, this preparation might take 10 to 20 hours, plus extra time for the expected FCA questionnaires. The links below will help.

<http://www.fca.org.uk/news/firms/mmr-readiness-tracking-survey-findings-phase-1>

<http://www.fca.org.uk/your-fca/documents/mmr-implementation-are-you-ready>

For those firms with mortgage permissions, but lack the enthusiasm for such changes – we would strongly recommend you consider whether you should continue with such permissions. The MMR is likely to add to your workload and if you have the permissions to arrange and / or advise on mortgages it is only right that the FCA expect you are properly prepared. We are already aware of a number of firms who have selected to remove such permissions (a variation of permission).

For those struggling with the FCA's on-line system we are able to assist with the variation of permission for a nominal fee. We will shortly be issuing our Premier Service subscribers with a brief summary / table to assist firms.

## 6. AMENDMENTS TO REGULATORY WORDING

Firms have until 31st March 2014 to amend all stationery and disclosure documents which make reference to the regulator as the Financial Services Authority (FSA). The FSA regulatory statement should be amended to **Authorised and Regulated by the Financial Conduct Authority**.

It is also important to note that the FSA number is now known as 'Financial Services Register number' hence reference to this wording should also be amended where relevant e.g. Disclosure Documents.

## 7. THEMATIC REVIEW

Over the course of 2013 the FCA conducted a number of reviews on Investment firms to establish how the RDR requirements have been implemented. As part of this review 50 firms were selected to complete an online questionnaire which asked those firms how they devise, disclose and deliver their services and charges to clients. In addition to the survey, those firms were required to send copies of their RDR disclosure documents to the FCA. Some of these firms were subsequently selected for a more in depth review.

The FCA issued a paper confirming the outcome of these reviews in July 2013. The FCA paper shows that the majority of firms had acted to implement the new requirements and many of the firms selected have propositions which were in line with the new rules. However the FCA review did highlight a number of concerns as to how firms were disclosing their charges and services to clients. The two key areas the FCA had concerns with are:

- Not all firms were providing the client with details of charges in 'cash terms' e.g. just stating the percentage payable.
- The ongoing services to be provided by the firm were not clear.

To help firms understand what the FCA are expecting firms to do, they have provided examples of 'good' and 'bad' practice and as with any guidance from the FCA we would encourage firms to take on board these 'good practice' examples wherever possible.

<http://www.fca.org.uk/news/tr13-05-how-firms-are-implementing-the-rdr>

## 8. PENSION SWITCHING & INCOME DRAWDOWN WORKSHOPS – NEW & FINAL DATES

The FCA have set the last dates for workshops before they close them and move on to the next topic. This is in response to their popularity but also the feedback from firms. The dates are as follows:-

### January

14th/15th - London  
21st/22nd - Solihull  
28th/29th - Cheshire

### February

4th/5th - East Midlands

**Places are booking up fast and this really is the last chance for firms to book a place for these topics.**

Bookings can be made via the following link:

<http://www.fca.org.uk/events/workshops/positive-compliance-pension-switching-income-drawdown>

## 9. SUPERVISOR COURSES

We are planning to run our Supervisor refresher courses again across the UK during 2014. This is an all-day course, covering the key elements of Training & Competence and how they affect IFAs. We will cover a wide range of T & C topics, including observations, different levels of monitoring, risk-based supervision and how to document 'maintaining competence'.

**Six hours of structured CPD will be provided.**

If you are looking to attend a supervisor course please let us know by emailing [compliance@ifahelpline.co.uk](mailto:compliance@ifahelpline.co.uk) with 'Supervisor Course' in the subject box and please also include your preferred region. Courses cost approximately £190 per person depending on venue costs.

## 10. STRUCTURED CPD SESSIONS

During 2013 we ran a number of very successful full day events which provided attendees with 6-7 hours of Structured CPD. The sessions included technical presentations on VCTs, EIS, Investment Trusts, Structured Products, Guaranteed Funds, BPR, Esoteric Investments in SIPP or SSAS, VAT and Later Life Advice. Further sessions are planned throughout 2014. *Priority to attend these events will be given to Premier Service subscribers.*

**Next date: Leeds City Centre (near station) Thursday 6<sup>th</sup> March 2014**

As a reminder, individual advisers must undertake a minimum of 35 hours CPD (Continuing Professional Development) per year, of which at least 21 hours must be Structured.

For ease and continuity within businesses, we are generally recommending that our subscribing firms embrace the CII on-line CPD recording system. In the past, the CII operated a 'credits' based system – this has now ended. It is now just hours. The links below give you additional information.

[http://www.thepfs.org/knowledge/technical-articles/article/?content\\_nodeid=19035](http://www.thepfs.org/knowledge/technical-articles/article/?content_nodeid=19035)

<http://www.cpd.cii.co.uk/demo/ChangesToTheCPDScheme.pdf>

[http://www.cii.co.uk/media/2957765/cii\\_cpd\\_scheme\\_faqs\\_v8.pdf](http://www.cii.co.uk/media/2957765/cii_cpd_scheme_faqs_v8.pdf)

Our main concern is that when an individual's CPD is checked by the CII (the CII are to check approximately 10%) – this could potentially delay any renewal of an SPS if the CPD is not sufficiently detailed / or to the correct standards. As everyone will know ... no SPS ... means you cannot advise as a CF30 (very few exceptions exist). Please email us with "structured CPD interest" in the subject box for more information.

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

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: £75 + VAT per remote client file review with summary sheet (excluding multiple transaction files or higher risk cases such as drawdown or PPP switching) or £105 + VAT per drawdown / PP switching (up to 3 into 1) / replacement business / structured products remote file check.

Please contact Katherine Horgan at [katherine@justcrs.co.uk](mailto:katherine@justcrs.co.uk) or 07815 767204.

## 12. UPDATE FOR MLRO (CF11)

Did you know that the Serious Organised Crime Agency (SOCA) was taken over by the National Crime Agency (NCA) in October 2013? If you are MLRO is it important that you keep up to date with developments in Financial Crime. See the following links for more details.

<http://www.hmic.gov.uk/inspections/specialist-inspections/serious-organised-crime-agency-soca/>  
<http://www.nationalcrimeagency.gov.uk/about-us>

<http://www.fca.org.uk/about/what/protecting/financial-crime>

## 13. JOB OPPORTUNITY – INDEPENDENT FINANCIAL ADVISER BASED IN SURREY

An excellent opportunity has arisen to work with a highly reputable Chartered firm that has been established for over 50 years. This is a genuine chance to work with a professional company dealing with HNW retail clients. (NB. Your own client portfolio is not essential)

The Firm are looking for commercially minded Independent Financial Adviser with a great track record to join their existing excellent team. The candidate must be Diploma Qualified, hold or be working towards Chartered status, with a proven successful career history, capable of maximising client facing opportunities. If you are looking for your next career move and interested in finding out more about the position then please contact us using the details below and we will arrange discussions between you & the Firm.

Email: [lisa@regulatoryreturns.co.uk](mailto:lisa@regulatoryreturns.co.uk)

Tel: 0113 2782971 / 07859 194096

## 14. REVISION COURSES – AF PAPERS (APRIL 2014)

Are you looking for a revision course? Our close contacts Mark Thewlis & Steve Davis are running a series of events for the AF papers. Please email [compliance@ifahelpline.co.uk](mailto:compliance@ifahelpline.co.uk) with "AF Revision" in the subject box to receive further details.

## 15. FINANCIAL SCAMS

Over the past few months, UK and Europe Financial Crime teams have been assisting a number of IFA firms and their clients as a result of them becoming victims of fraud. Serious and organised gangs are using a new 'modus operandi' and during the past week another four IFA firms and a number of their respective clients have been targeted.

On every occasion, customers email accounts have been hacked. Once hacked, the 'criminals' identify those financial services firms with whom the customer has a relationship with and then attempts to encash their victims products.

Communication between the fraudster and the IFA is always done via email and originates from the customers genuine email account. Instructions to change bank account details are then submitted to the IFA (sometimes including a copy false bank statement) who in turn, pass the instruction to the provider. Once the details have been updated the fraudster subsequently instructs the IFA to encash or withdraw funds from the product being targeted and have the proceeds credited to the new bank account. Once the funds have been deposited, the money is immediately withdrawn and very difficult to recover.

In respect of the cases identified to date, there are a number similarities in that;

- The language used by the fraudsters is broken English and the emails contain a number of basic grammar and spelling mistakes.
- Requests to encash or withdraw money is always urgent and the instruction asks for the money to be transferred via Telegraphic Transfer or CHAPS

Please raise awareness of this to all your staff. We all have a responsibility to protect our customers and to ensure any requests received are genuine.

Should IFA's receive such suspicious requests via email, then we would recommend you phone your client (using the number you hold on file and not contact details from their email) to clarify and confirm their instructions.

## 16. ASSISTANCE WITH GABRIEL & ONA REGISTRATIONS

Regulatory Returns Limited is able to provide a dedicated full time service for all Regulatory Returns for directly authorised IFAs (Non MiFid). This service includes:

- Ad-hoc queries - £65
- Sanity checking your GABRIEL returns - £195 per return
- Ongoing help and completion of your GABRIEL return - £300 per return
- ONA Registrations / Direct Authorisation Applications - POA

To receive a summary of help available please email [lisa@regulatoryreturns.co.uk](mailto:lisa@regulatoryreturns.co.uk) or telephone 0113 2782971.

## 17. REVIEW YOUR INCOME DRAWDOWN ADVICE STANDARDS

JustCRS Ltd are able to carry out a review of your firms advice standards for Income Drawdown. This would typically include:

- A review of your Excel/Planning system/Drawdown policy.
- A review of 3 new business "drawdown cases"
- A review of 4 drawdown cases where annual / on-going reviews were agreed
- Marked knowledge test for advisers
- Summary report

The cost is likely to be in the region of £1875 + VAT for the above typical review for a firm with 3 advisers. For more details please contact Katherine Horgan [katherine@justcrs.co.uk](mailto:katherine@justcrs.co.uk) or 07815 767204.

## 18. RECENTLY ISSUED PREMIER SERVICE FORMS

The following documents have recently been issued to our Premier Service subscribers:

**Corporate Client Agreement (for non retail clients!)** Includes full details of exclusions from FOS/FSCS. For those who would fall outside the jurisdiction of the FOS we have included a possible 15 year long-stop paragraph.

Risk Mitigation Plan (linked to BRAW outputs)

Updated Board Meeting Minutes (linked to BRAW outputs)

Annual Compliance Oversight Report

Apportionment register: Designed so firms can record who is responsible & deputy for key areas within your business.

Compliance planner / diary system (linked to BRAW)

Training & Competence planner / diary system

**New Business Register with built in MI and pie-charts.** Once the new business data is added the pie charts are automatically updated, you can select individual advisers or the whole firm. If you use Microsoft office 2010 and wish **us to personalise this database to your firm** we can do (but it's not a quick job). We would charge a maximum of £250- for most tasks, please contact us for more information.

## 19. PREMIER SERVICE RECENTLY ISSUED UPDATE EMAILS

All subscribers are able to use the extensive range of forms we maintain. In addition to these forms, we also issue regular email updates. Our minimum standard is every six weeks but below is what was actually issued to all subscribers during the last 6 months:

Email news update 102 – Issued on 10/01/14 – BRAW update / KPIs post RDR / Risk mitigation planning / Esoteric / exotic investments workbook (openbook CPD exercise) / MMR guidance.

Email news update 101 – Issued 08/11/13 - Structured CPD - VAT update - Later life advice & substituted decision making / Financial Resources / New Excel docs / BRAW reviews

Email news update 100 – Issued 12/9/13 – T & C quick audit form / trail commission issues / considering one form to combine KeyFacts with your Retail Client Agreement / writing to your interest-only mortgage clients.

Email news update 99 – Issued 07/08/13 - Post RDR charging / BRAW preparation / CCL / CII checking CPD

Email news update 98 – Issued 09/07/13 - Clean Share Class / Financial Incentives / Professional Standards Data

Please also see the home page of [www.compliancenes.org](http://www.compliancenes.org) for the current Excel list of all our documents.

**Is your existing compliance provider issuing such support for £195pa (small firms)?**

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

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 - £195 p.a. PER FIRM**

**– IFAs with 11 to 25 advisers and up to 9 AR's - £350 p.a. PER FIRM**

**To register:** Please complete the last page with your details.

The following is a list of just some of the documents issued.

Generic Knowledge test for advisers  
Post RDR IFA Research form  
Reference Request forms  
Conflicts of Interest Policy  
Data Security documents  
Copies of relevant FSA guidance  
Anti-Money Laundering Annual test  
Updated Terms of Business letters (RCA)  
Compliance / Risk Mitigation plan,  
Compliance Audit forms,  
Updated Observation forms  
Adviser Role / Job Description templates  
Risk Assessment / calculator of adviser,  
Fit & Proper adviser annual declarations,  
Client agreements / Fee agreements,

IFA Research / Committee minutes  
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 checklists  
TCF forms – Too many to list  
New IDD (SCDD) documents  
Mortgage advice/file checking forms  
Personal account dealing declaration  
Compliance Board Report templates,  
T & C audit / help.

*“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” Phil Dibb – Editor.*

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

*‘Thanks Phil, an invaluable service’*

*‘The BRAW telephone conference call was really helpful’*

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

### **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](mailto:compliance@ifahelpline.co.uk)

Tel: 0113-2583111

## 21. 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 THE FOLLOWING SUBSCRIPTION FORM AND**

**POST / SCAN TO:**

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

[compliance@ifahelpline.co.uk](mailto:compliance@ifahelpline.co.uk)

### Compliance News Premier Service Subscription

<b>Firm Name:</b>	
<b>Contact point:</b>	
<b>Address:</b>	
<b>Tel number:</b>	<b>FSR Number:</b>
<b>E-mail:</b>	
<b>Current number of RIs:</b>	
<b>Current number of Appointed Representatives:</b>	
Renewal / Subscription	Costs
<b>Small IFA firms with 10 or less advisers.</b> Firms who do not have more than 10 IFAs or 3 Appointed Representatives, do not provide Compliance / Commercial services to other IFAs and agree not to pass on the material to external firms.	<b>£195 per year</b> <input type="text"/>
<b>IFAs with 11 to 25 advisers or 9 or less Appointed Rep's.</b> 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.	<b>£350 per year</b> <input type="text"/>
<b>Large / other organisations that do not fit into either of the above: Please contact us for costs.</b>	
How can Compliance News Help You Further – Chargeable Additional Services	
	<b>Tick for more info (☞)</b>
BRAW Training Sessions / one to one telephone call	
Low-cost retainer service for dealing with occasional compliance queries	
Variation of Permission / FCA New Authorisation assistance	
Structured CPD Sessions	
Remote file-checking service	
GABRIEL assistance – ad-hoc queries or completion of your returns	
T & C Supervisor / Refresher Course	
<b>Please make cheques payable to <u>Compliance News Limited</u> and post to Compliance News Ltd, 19 Henley Close, Rawdon, Leeds, LS19 6QB</b> <b>Or, to pay by BACS, please email us for bank details.</b> <b>An invoice marked as 'paid' will be issued with all orders.</b>	

**IF PAYING BY BACS PLEASE QUOTE YOUR FSRN AS THE REFERENCE.**

Please e-mail: [mail@compliancenesws.org](mailto:mail@compliancenesws.org) should you have any questions.