

# Compliance News

## February / March 2006

**Welcome to Compliance News.** This publication is issued by D W Regulatory Consultants Limited (DWC) for the benefit of IFAs and employed compliance staff in the UK, particularly those working at directly authorised IFA firms. We aim to issue this **free** publication every quarter. For a copy of all earlier editions please send us a short email. Please refer to the bottom of this page for our disclaimer and conditions of the publication.

**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.

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

**Distribution:** This bulletin is now issued to over 5500 IFAs who have been in contact with DWC since Phil Dibb left the FSA. The aim is to get the distribution up to 7000. If this can be achieved, more free forms 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 - [mail@compliancenes.org](mailto:mail@compliancenes.org)

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### 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 13 for full details. All forms will be issued **direct** to subscribers on a **word document**. We plan to issue a **minimum of 40** templates / forms during the next 12 months, from only £110 for the year. We hope this service will save a typical firm at least 50 hours each year and avoid 'reinventing the wheel'.

**Distribution:** Please initial and pass on when you have reviewed this.


Why not email [mail@compliancenes.org](mailto:mail@compliancenes.org) and receive it direct to your PC?

Disclaimer: Compliance News is a trading style of D W Regulatory Consultants Limited (DWC). DWC 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.

**PLEASE NOTE: All the additional documents referred to throughout this edition are automatically sent to 'Premier Service' clients, see page 11. Firms wishing to order individual forms should complete the back page.**

## **1. Money Laundering changes – Announced by FSA & JMLSG**

### **1.1 Money Laundering Handbook changes**

Firms should be aware that the FSA recently announced significant planned changes in respect of the Money Laundering Rules (Sourcebook).

The 'Money Laundering' part of the handbook is to be deleted and moved to the SYSC (Senior Management Systems & Controls) handbook. Generally speaking, there appears to be a limited number of changes and many IFAs will continue to identify most clients. However, the FSA rules contain a link to the "guidance" issued to UK firms by Joint Money Laundering Steering Group (JMLSG). The links are very useful and will offer more practical assistance to firms than the FSA rules.

If you hold the Money Laundering Reporting Officer's role (CF11), we recommend you spend a couple of hours reviewing the changes and record this in your CPD file. In addition, consideration must be given to updating your own procedures and updating staff on any changes.

In our opinion, the main issue surrounding the whole 'Money Laundering' theme is the lack of consistency between providers. Whilst we acknowledge the changes and additional guidance will help, unless the standards are consistent advisers will probably work to the requirements of the most stringent leading provider.

### **1.2. JMLSG Update 1/2/06**

1<sup>st</sup> February 2006 – JMLSG update on risk-based approach

It is yet to be decided how this will affect firms, due to the later press release. At first, there would appear to be four key changes: risk-based approach, customer identification, transaction monitoring and trigger event strategy. We plan to produce a summary of the changes once we have had chance to review the updates. Please note that Premier Service subscribers will receive this automatically.

For further information please follow these links: -

[www.jmlsg.org.uk](http://www.jmlsg.org.uk)

[www.bba.org.uk/bba/jsp/polopoly.jsp?d=362&a=6759](http://www.bba.org.uk/bba/jsp/polopoly.jsp?d=362&a=6759)

[www.bba.org.uk/content/1/c4/67/57/Part\\_I.pdf](http://www.bba.org.uk/content/1/c4/67/57/Part_I.pdf)

[www.bba.org.uk/content/1/c4/67/58/Part\\_II.pdf](http://www.bba.org.uk/content/1/c4/67/58/Part_II.pdf)

### **1.3 JMLSG Update 13/2/06**

This is so new we have not had chance to review it properly. However, initially, it seems that significant changes will be made to how IFAs identify clients, subject to providers also accepting them. As shown in 1.2, these rules indicate a move towards a risk-based strategy.

[www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/2006/press\\_10\\_06.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2006/press_10_06.cfm)

[www.bba.org.uk/bba/jsp/polopoly.jsp?d=362&a=6824](http://www.bba.org.uk/bba/jsp/polopoly.jsp?d=362&a=6824)

## **2. MIFID – What you should know.**

### **Markets In Financial Instruments Directive (MiFID)**

This directive has received much attention recently. In our opinion, whilst it is an important change to regulated firms, due to other key changes (pension simplification etc.), the majority of small IFA firms should not worry unduly about the content at this moment in time. We recommend that all IFA Compliance Officers read the FSA short guides on the topic, links below.

[www.fsa.gov.uk/pubs/international/planning\\_mifid.pdf](http://www.fsa.gov.uk/pubs/international/planning_mifid.pdf)

[www.fsa.gov.uk/Pages/Doing/small\\_firms/advisers/library/planeu.shtml](http://www.fsa.gov.uk/Pages/Doing/small_firms/advisers/library/planeu.shtml)

The key aspects that may affect IFAs are:

- Client classification, the introduction of a ‘professional client’ category.
- Those firms who are heavily involved in execution-only transactions.
- Firms who have activities outside the UK.
- Firms who hold client money.

We are planning to produce a short guide and issue further information once more detail is known and the ‘Pensions Simplification’ work has settled down.

Although it mainly will affect current investment services directive (ISD) firms (typically larger IFAs), some of the implications will filter through to non-ISD firms. This directive only affects firms carrying out and arranging investment business that passport in to Europe, enabling ‘cross border’ investment services. Basically, firms that are authorised in one member state can provide ISD services in other member states either cross-border or through a branch without having to be separately authorised.

IFAs that do not hold client assets could potentially fall outside of MiFID. The key changes to IFA firms will be enhancements to the way business is conducted when dealing with investments. FSA have advised that even if firm’s investment business is partly or wholly outside the scope of MiFID, this does not mean that firms will be unaffected by FSA approach to its implementation. It is proposed that MiFID implementation will commence 31/01/07 with firms being able to comply by 01/11/07. Over this year there will be numerous consultations on this topic and I am sure it will receive much more commentary. It is essential that firms keep in touch with MiFID developments because even though your firm may be a Non-MiFID firm, some changes will still affect your business.

## **3. T & C Guidance from the FSA**

**This topic is of particular importance to those who undertake any supervisory / T & C duties at their firm.**

On the 9<sup>th</sup> February 2006 (website shows January, but it was February), the FSA issued some good practice notes for IFAs to consider, whilst the FSA are now limited to what they can call ‘guidance’, it is our opinion that these best practice notes should be taken seriously and implemented wherever possible.

[http://www.fsa.gov.uk/pages/Doing/small\\_firms/mortgage/practice/tc.shtml](http://www.fsa.gov.uk/pages/Doing/small_firms/mortgage/practice/tc.shtml)

### **Supervisor Refresher courses run by DWC Ltd**

We are pleased to announce that we will be issuing some dates for such courses in the near future. They will be ‘full-days’ (9 to 5pm) with two trainers (one specialising in FSA rules / IFA practices, the other a skills expert). Costs will be in the region of £160 per person. Please e-mail us to go on the priority list.

#### **4. Pension Term Assurance – Are you ready?**

##### **This change is very important to the majority of Compliance staff / IFAs.**

Due to the changes relating to Pensions Simplification, there is plenty to think about in respect of Pension Term Assurance. We strongly recommend that each firm nominate a 'PTA Champion' in their business, to ensure they can properly research the new rules and how they will affect the business.

The FSA recognised the key changes and have proposed certain amendments to the rules surrounding this product. Historically it fell into the 'COB Sourcebook' (Conduct of Business) and was not in the ICOB (Insurance COB Sourcebook). However, there are proposals to include this contract in both.

We recommend that those involved read pages 34 to 39 on the following link (this is the FSA's Consultation paper on the change). The vast majority of the document will not interest our readers, however, you will see that the FSA have written the background to PTA particularly well.

[http://www.fsa.gov.uk/pubs/cp/cp05\\_14.pdf](http://www.fsa.gov.uk/pubs/cp/cp05_14.pdf)

Whilst the FSA highlight 3 potential issues with the changes, we believe there are at least 5, if not more:

- Clients may believe there is some form of 'pension' benefit at the end.
- Clients who have registered for 'enhanced protection' could be seriously disadvantaged if they actioned a PTA plan.
- The tax incentives may be exaggerated to the detriment of an excluded partner / spouse.
- HMRC / Gordon Brown may have another 'SIPP property change of mind'.
- IFAs are not fully aware of how the providers will see the opportunity and who will wish to be active in the market.
- Mortgage advisers (for example), may use this as an opportunity to re-broke large numbers of historic cases, especially for higher-rate taxpayers.
- Tax-relief may be changed
- Certain add-ons, such as critical illness cover, are unlikely to be available

**However, on balance, it could become a highly profitable area for many IFAs and benefit a wide number of clients!**

#### **5. Menus / CIDD update**

We recently ran a meeting with other Compliance Consultants to discuss key issues relating to menus / CIDDs and related depolarisation topics. In addition, the discussion followed a FSA event attended by some readers. Following this, a summary document was written, detailing 18 common points. Below is a brief summary of some of the points, for a copy of the full document, please tick box 1 on the back page.

1. Re-issuing documents (especially to repeat clients): This debate was lengthy. There is no hard and fast rule. In our opinion the documents should be issued at the start of any advice / transaction. For ongoing relationships, issued again, if there has been a material change to the documents. As the menu will probably change from time to time (FSA have suggested this likely to happen once a year), it is likely that this will be re-issued more than the IDD's. However, for ease of administration and in the interests of best practice, we recommend that these documents are re-issued whenever a new 'process' begins. Whilst we accept this may be over the top in some circumstances, the FSA are unlikely to prescribe specific timescales.

2. Menu figures / market averages: The most recent changes mean that your menus needed to be updated by 1<sup>st</sup> February 2006. The next change to the market average figures is likely to be 1<sup>st</sup> November 2006. Firms will then have a further two months, to make amendments (this makes the probable deadline 1<sup>st</sup> January 2007).
3. Versions / Dates: There is no requirement to date or add a version number to the IDD, but there is for the menus.
4. A-Day name changes: We understand the FSA is yet to make a decision about any name changes to pension related products, in relation to the menu. The main concern for some IFAs is that a name change could result in 'material' changes to the menu.
5. Execution-only: Generally, an IDD is only required when the product has a life insurance element (this includes bonds). Hence, for an execution-only Unit Trust, no IDD is required. However, most firms issue one, for all cases and the FSA had no problem with firms taking a blanket approach.

As mentioned above, for a copy of the full document please tick box 1 on the back page.

### **Bespoke Menu design service / CIDD check**

We are able to help firms by assisting them with the design of their menus and making suggestions to how it can be made specific to their business proposition. In addition, we are able to overview the CIDDs. The cost to design / check one of each is £100 inclusive. Please send an e-mail to make initial contact.

### **6. Menu Grid – Designed due to demand**

Following several similar questions, we have designed the 'Investment Bond menu grid'. The scenario below is an example of why it is useful, but this is one of the hundreds of different permutations.

If your menu shows the maximum commission for investment bonds as 7% initial, your advisers may sometimes wish to take a different shape of commission. An adviser asks ....'I might take either 7% initial with no trail, 5.75% plus 0.25% trail or even 5% plus 0.5% trail for these clients.... Are either of these more expensive than the 7% initial on our menu?' what do you say? (5% initial plus 0.5% trail from month 1 is the most expensive version, with a 7.47% NPV).

As you would generally require the FSA commission calculator, this could be inconvenient. The table puts 80+ different commission shapes, relating to bonds, in to order of cost using the FSA's NPV figures from the calculator.

Please tick box 5 on the back page to receive a copy. (Premier Service members will automatically receive a copy)

Example extract: Please note the actual form has over 80 rows.

<b>Highest true cost</b>	<b>Commission Shape</b>	<b>NPV from FSA Commission Calculator</b>
35	5.5% initial only	5.5% NPV
36	4.25% initial plus ¼% trail from month 1	5.49% NPV
37	3% initial plus ½% trail from month 1	5.47% NPV
38	5 ¼% initial only	5.25% NPV
39	4% initial plus ¼% trail from month 1	5.24% NPV
40	3% initial plus ½% trail from month 13	5% NPV
41	5% initial only	5% NPV
<b>Lowest true cost</b>		

## 7. Treating Customers Fairly (TCF) Update

Following our article in the last bulletin, many firms have now taken this to the next stage. A number of firms, especially in the Midlands, have now had notification from the FSA of a 'TCF visit' and are planning for these.

As a checklist, you should now have the following in place:

- TCF overview / plan
- TCF Gap Analysis
- TCF planned action over the next 6 to 9 months (client satisfaction surveys are the most popular)
- Staff training on the FSA initiative

[www.fsa.gov.uk/pages/Doing/small\\_firms/general/library/tcf.shtml](http://www.fsa.gov.uk/pages/Doing/small_firms/general/library/tcf.shtml)

[www.fsa.gov.uk/pubs/other/tcf\\_smallfirms.pdf](http://www.fsa.gov.uk/pubs/other/tcf_smallfirms.pdf)

Anecdotal feedback from firms who have had visits:

- FSA have plenty of questions about self-employed advisers and the potential for bias, especially when some of the advisers are taking high initial commissions and no trail (no incentive to service).
- Established clients may not be getting all the 'usual' docs (CIDDs, menus etc.).
- Financial promotions / Adverts not getting sign-off prior to issue.
- The FSA like to see client surveys.
- Regular and up to date file checking is preferred.
- Provider research for advised sales should be retained and reference to this made in the suitability letters.

Thank-you to those firms who provided this confidential (but very useful) information.

For a copy of our TCF pack, please tick box 3 on the back sheet. We estimate this will save a typical IFA firm 20 hours.

## 8. Pensions Simplification

Not long to go now!

### 8.1 Quick checklist (this is not exhaustive)

We do not intend to go through as many points, as previously seen in the newsletter. Below is a short checklist, which may assist:

- Have you identified all clients who may be close to or over the Lifetime Allowance? If so, have you taken reasonable steps to make contact?
- Have you a list / plan for those clients who will retire during 2006?
- Do you have a nominated 'Pensions Simplification Champion' who is responsible for driving the process forward and keeping up to date with legislative changes?
- Have you plans to 'test' all relevant advisers and/or how will you know they have sufficient knowledge to provide retirement advice?
- Have you considered licencing certain advisers to work on specific areas, such as existing EPP's, clients registering for protection, divorce cases etc?
- Is the firm promoting the new FSA consumer website on simplification in correspondence?

[www.fsa.gov.uk/consumer/pensions/4\\_changes/changes\\_main.html](http://www.fsa.gov.uk/consumer/pensions/4_changes/changes_main.html)

## 8.2 FSA and A day

In the FSA's recent newsletter for financial advisers they cover several matters arising from proposed pension simplification. Included in this is the clearest statement yet that firms should be proactive in contacting their clients in preparation for the legislation changes. There is also a clear indication that the regulator plans to undertake the regulation of SIPP in 2007 and some useful findings on pension fund withdrawal within small firms.

Read the whole article here: [www.fsa.gov.uk/pubs/newsletters/fa\\_newsletter1.pdf](http://www.fsa.gov.uk/pubs/newsletters/fa_newsletter1.pdf)

'..... another point of view': -

We are aware of at least two IFA firms who have decided not to provide any 'contentious' pensions advice until after April 6<sup>th</sup> 2006. They believe that from a risk point of view, they are safer to have delayed a few months premiums and waited for any further key amendments. However, they are continuing with the standard GPPP new joiners. In addition, wherever possible they are also delaying providing retirement options advice. Time will tell.

## 8.3 Simply Biz offers support to Compliance News readers

Compliance News is again very grateful to Keeley Paddon of Simply Biz for her ongoing help and support. Keeley is the Pensions Technical Manager at Simply Biz and also a well-known pensions expert in the North of England.

Keeley has kindly agreed to provide copies of the three most recent technical bulletins she has written on this topic. A must read for any IFAs involved with 'Simplification' work.

Please tick box 2 on the back page to receive a copy. Premier Service members will be sent these automatically.

## 8.4 Pensions testing

We are able to provide firms with support in this area. We specialise in non-multiple choice questions, it is our belief that this method clearly identifies training needs. For example....'List and explain the key points of the new *Alternatively Secured Pension*'. Would your business benefit from knowing the level of knowledge held by advisers? A test with 25 similar questions would certainly properly measure knowledge and identify any gaps.

Please send an e-mail for further information. (For comparison purposes, costs are generally less than the standard entry to the CII CF9 exam).

## 9. RMAR problems – You are not alone

We have received a significant number of e-mails about problems with the RMAR. Whilst we fully support the FSA in the belief that an electronic return could genuinely assist; the overall design, introduction and technology has left many firms feeling overawed by the whole experience.

We are aware that AIFA have recently written to the FSA identifying a long list of shortcomings.

In our last edition we mentioned that a typical return would take between 15 and 20 hours, from start to finish. With regret, we still believe this figure to be wholly accurate. In addition, many firms have had to pay for additional services from their accountant.

## **10. ARROW visits**

An increased number of firms are receiving confirmation from the FSA that they intend to undertake an ARROW visit.

Generally, such visits include reference / discussion to a number of key areas of the business. The FSA are interested to know how the Senior Management are involved in the decision-making and also the related Systems & Controls.

The following are a few areas, which may be included:

- How Compliance is represented at board level.
- Whether any internal audit function is independent of the Compliance Function and reports to an Internal Audit committee.
- Do the firm have a clear 'Conflicts of Interest' policy.
- Have the firm a robust 'Disaster Recovery / Business Continuity Plan' and has this been adequately tested.
- Does the firm have the right 'Culture' and promoting good practice?

### **ARROW pre-visit work**

DW Regulatory Consultants Ltd has teamed up with two other leading Compliance professionals to offer a pre-ARROW visit support package. Firms who are expecting such a visit will benefit from our recent experiences. Please make contact by e-mail.

## **11. SERPS / S2P Review work**

This topic continues to be a 'hot potato' with many IFAs worrying this will become the next 'review' area.

As previously stated we have a number of useful documents available, however, as a minimum firms should have a S2P / SERPS policy and be looking to reduce their overall risk / exposure whenever possible.

The following links provide further information:

[www.abi.org.uk/Members/circulars/viewAttachment.asp?EID=11920&DID=11934](http://www.abi.org.uk/Members/circulars/viewAttachment.asp?EID=11920&DID=11934)

[www.abi.org.uk/BookShop/ResearchReports/FINAL\\_low\\_res\\_2005\\_consumer\\_fact\\_sheet\\_with\\_hyphens\\_removed.pdf](http://www.abi.org.uk/BookShop/ResearchReports/FINAL_low_res_2005_consumer_fact_sheet_with_hyphens_removed.pdf)

NPI - Press Release: IFAs should be aware of the recent press release from NPI.

[www.npi.co.uk/npi/npipb.nsf/Content/news-article-contractin-ifa](http://www.npi.co.uk/npi/npipb.nsf/Content/news-article-contractin-ifa)

[www.fsa.gov.uk/pubs/pensions/oac2005.pdf](http://www.fsa.gov.uk/pubs/pensions/oac2005.pdf)

[www.fsa.gov.uk/Pages/Library/Other\\_publications/Pensions/2005/compension.shtml](http://www.fsa.gov.uk/Pages/Library/Other_publications/Pensions/2005/compension.shtml)

[www.fsa.gov.uk/consumer/pdfs/contracting\\_out.pdf](http://www.fsa.gov.uk/consumer/pdfs/contracting_out.pdf)

## 12. Compliance Auditing – Using an external consultant

**When was the last time you had a ‘mock FSA audit’?**

**When did you last review your Compliance Outsourcing arrangements?**

DW Regulatory Consultants Limited (DWC) is a member of the Association of Professional Compliance Consultants. [www.apcc.org.uk/](http://www.apcc.org.uk/)

DWC offer small and medium sized IFA firms a bespoke compliance service at a competitive price. We do not require IFAs to pay a set monthly retainer and work for most IFAs on a fixed project fee. Our most popular service is a two/three day annual compliance visit with a discussion with all staff at the end, followed by a comprehensive report. Typical fees (outside of London) are £480 per day plus expenses.

We currently have available capacity for two-day audits **from June 2006** onwards.

Typical **fully inclusive** costs for a two-day audit:

West Yorkshire: £970-  
Southampton: £1270-  
Central London: £1350-

For more information, please e-mail: [compliance@ifahelpline.co.uk](mailto:compliance@ifahelpline.co.uk)

## 13. Mortgage Financial Promotions

During December 2005 the FSA issued its fourth update on its treatment and findings on financial promotions for firms that advise on mortgages. They specifically mention that most improvement is needed when firms advertise lifetime mortgages and sub-prime (adverse credit) mortgages. They also mention that the regulatory regime has had over a year to take effect, and that they now expect to take action where previously they may have been more lenient.

The main points made in the bulletin include the requirement to show an appropriate APR figure where any price information is given (a monthly repayment or interest rate), or in circumstances where mortgages are advertised in such a way as to indicate they are available to persons who might otherwise have their access to credit restricted.

They also include a clear statement that wherever the promotion mentions that the firm offers advice or arranges mortgages and holds themselves out as being independent then a statement including an indication of the amount of a fee must be included.

In relation to lifetime mortgages FSA suggest that all promotions should include 3 specific risk warnings; 1) that the lump sum or income may affect any entitlement to state benefits; 2) that with a roll up mortgage the amount owed can increase quickly and a negative equity situation might result, and finally, 3) that an equity release scheme will reduce the value of the customers estate.

You can read the whole bulletin at [www.fsa.gov.uk/pubs/newsletters/fp\\_bulletin4.pdf](http://www.fsa.gov.uk/pubs/newsletters/fp_bulletin4.pdf)

#### 14. Suitability Letter exercise – The new version is now available

During the recent round of Regulatory forums across the UK, which we chair, we have discussed at great length a 'real life' suitability letter provided by an IFA firm. As expected, there were many suggestions made to improve the letter for it to be clearer, easy to read and use to defend any future complaint.

We have now written up all comments made and put together a short exercise. This could be used at your next staff meeting, using the suggested improvements as a discussion, once your colleagues have read the letter.

The current letter is a '**PPP lump sum and regular contribution switch**'. For a copy of both the letter and feedback made please tick box 6 on the back page.

#### 15. PII Cover

As previously mentioned, Compliance News has been approached by a PII specialist who is looking to offer IFAs an alternative quote and work with them to improve their existing terms. The most recent quote provided was received back within 5 working days of submitting the proposal. From our discussions with the firm on 16<sup>th</sup> February 2006, we understand the current view is that the PII market is opening up and there is increased capacity. This should mean that more alternatives are available and hopefully premiums will start to fall. Firms should use this news to shop around and review their current policy at renewal.

**Example premiums given are as follows (subject to underwriting etc.)**

1. ABC Financial Ltd: Fee Income £1,500,000, 98% Financial Services work, 2% PMI/Medical Insurance, 17 Employees, Limit of Indemnity £1,100,000, Excess £10,000, **Premium £30,000 + 5% Insurance Premium Tax.**
2. XYZ Financial Management LLP: 2 directors & 1 employee, Fee Income £100,000, 85% Financial Services, 1% Personal Lines Insurance, 1% Commercial Insurance, 13% PMI/Medical Insurance, Limit of Indemnity £1,100,000, Excess £5,000  
**Premium £3,000 + 5% Insurance Premium Tax**
3. AAAA FS Advice Service Ltd: 1 director 4 part time employees Fee income £90,000, 92% Financial Services, 5% PMI/Medical & 3 % Research activities, Limit of Indemnity 1,100,000, Excess £5,000. **Premium £4,000 + 5% Insurance Premium Tax**

For more information, please send a brief e-mail to: [compliance@ifahelpline.co.uk](mailto:compliance@ifahelpline.co.uk)

#### 16. Mortgage Exams

We were made aware of some confusion within the market, in respect to advisers previously registered with the MCCB (prior to mortgage regulation), by a couple of our readers. We contacted the FSSC, who advised that for individuals registered with the MCCB as a competent mortgage adviser, prior to Mortgage Regulation (31<sup>st</sup> October 2004), there was no requirement to have the MAQ / CeMap / Equivalent qualification (via the grandfathering arrangement).

However, following a long conversation with the FSA recently (Firms Contact Centre), their interpretation was different. They clearly stated they would expect **all** mortgage advisers (other than trainees with less than two years experience – who were being properly supervised) to hold a recognised mortgage qualification by 31/10/06 or to cease seeing mortgage clients. As you may expect this has caused significant worry to a number of advisers. We are now in the process of trying to get further clarification. We would be delighted to hear from anyone, who has information, which will assist their fellow IFA's.

## 17. Compliance News Premier Service

As mentioned on the first page this is a service offered by Compliance News, which was prompted by several IFAs who contacted us following the last newsletter, requesting most of the forms (and a discount). We believe this 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 a 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.

The following is a list of some of the documents, which will be issued. Many are already available for use.

Initial Disclosure Documents (Templates), Menu Documents (Templates), Combined IDD's, Updated Terms of Business letters, Compliance / Risk Mitigation plan, Compliance Audit forms, SERPS review letters, Updated Observed forms (Menus / IDD's), Adviser Role / Job Description templates, Update / Short fact-finds, Corporate fact-finds, Treating Customers Fairly (TCF) – various, Telephone conversation file note forms, Recruitment checklist, Risk Assessment / calculator of adviser, Income Drawdown checklist, Mortgage advice / File checking forms, Training Needs Analysis forms, Personal Account Dealing declaration, RMAR Fact-sheet and example form, 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.... to name some available.

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

A few recent comments from existing subscribers (all directly authorised IFAs)

- *'Brilliant service and great value'*
- *'A lot better than expected.. will save a massive amount of time'*
- *'Excellent, thank-you'*

You would expect to receive some communication from us every 6 weeks. There are three levels of charges, depending on your size and activities.

#### **1. Small IFA firms with less than 10 advisers. Cost £110 per year.**

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.

#### **2. IFAs with 11 to 25 advisers or 9 or less Appointed Rep's. Cost £200 per year.**

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.

#### **3. Large organisations that do not fit into either of the above. Please contact us for costs.**

In addition, we also offer an 'Occasional Caller' guidance and opinion service for existing premier service members, costs are shown below.

### **'Occasional Caller' Service**

We are now able to offer an additional service where we provide occasional help and advice for existing members. This will typically be via e-mail and telephone communication. We would envisage this to cover an average of one telephone call or e-mail per month, enquiring about a conduct of business issue (... *can we run this by you...*etc.). Our costs are estimated on one 15-minute unit.

Costs, in addition to the Premier Service: -

Small firms: £240

Medium sized firms: £300

Please see the back page for further details.

**Any questions about the service? Please call Phil Dobb on 0113-2508835**

### **18. Introducer AR's and AR's - Registration**

Following last quarter's information. There continues to be some outstanding queries, as to whether IFAs are required to register many of their 'introducers' as 'introducer appointed representative' (IARs).

We now have addition information, in the form of a six-page e-mail from the FSA. However, this is not straightforward.

Should you require a copy forwarding on, please send an e-mail.

### **19. FSA Fees Calculator**

The FSA have recently introduced a web-based system to assist firms calculate their fees. This is very useful and will help firms calculate / budget for the fees.

[www.fsa.gov.uk/pages/Doing/Regulated/Fees/calculator/index.shtml](http://www.fsa.gov.uk/pages/Doing/Regulated/Fees/calculator/index.shtml)

### **20. FSA Courses / Lectures**

Please note the following dates were taken from the FSA website on 16<sup>th</sup> February 2006, whilst every care was taken, we cannot be held responsible for any changes, errors or omissions. [www.fsa.gov.uk/Pages/Doing/Events/index.shtml](http://www.fsa.gov.uk/Pages/Doing/Events/index.shtml)

#### **Preparing for an ARROW visit – Evening lectures (Cost £50)**

London 21<sup>st</sup> March / Manchester 23<sup>rd</sup> March / Birmingham 30<sup>th</sup> March / Edinburgh 4<sup>th</sup> April 2006.

#### **Treating Customers Fairly (TCF) for Relationship Managed Firms (Cost £300)**

Manchester 21<sup>st</sup> March / Bristol 22<sup>nd</sup> March / Edinburgh 28<sup>th</sup> March / Canary Wharf 10<sup>th</sup> & 25<sup>th</sup> April 2006.

#### **Senior Management Responsibilities - Implementing the FSA's requirements (Cost £100)**

Canary Wharf 31<sup>st</sup> March, 11<sup>th</sup> & 18<sup>th</sup> April / Birmingham 3<sup>rd</sup> May / Bristol & Manchester 9<sup>th</sup> May / Edinburgh 24<sup>th</sup> May / Leeds 31<sup>st</sup> May 2006.

## 21. Job Opportunities - FS Resourcing launches their new website

<http://www.fsresourcing.co.uk/>

**Have you registered yet?**

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

Unlike the vast majority of recruitment consultants they fully understand the many different roles connected to IFA firms and will not waste time introducing unsuitable vacancies / candidates. Between the 3 Directors at the firm the following qualifications are held. G60, G10, G20, H15, CeMap, CeFA, FPC and Cergi. Can your recruitment firm match those?

A quote from Gary Kershaw, Compliance Director, Simply Biz *'We use the services of FS Resourcing for the majority of our head office recruitment. They fully understand each different role and appreciate our specific needs. Their pre-vetting of CV's saves a lot of time'*.

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 0113 3444446 (mobile 07711 419484) or email:

[david@fsresourcing.co.uk](mailto:david@fsresourcing.co.uk)

FS Resourcing  
Aspect Court  
47 Park Square East  
Leeds LS1 2NL

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

### **Current opportunities include:**

- Compliance Manager	-	North	£42,000 + Benefits
- Compliance Manager	-	South	£42,000 + Benefits
- Pensions IFA	-	Surrey	£Competitive
- Compliance Field role	-	Watford	£32,000 + Benefits
- T & C Field roles	-	UK wide	£Various
- Paraplanners	-	UK wide	£Various
- Compliance Assistant (4)	-	Yorkshire	£16, 000 to £24,000
- Paraplanner	-	Leeds	£20,000 + Benefits
- Paraplanners / Admin	-	London areas	£Various positions

For more information please contact David Webster on **0113 3444446** or email [david@fsresourcing.co.uk](mailto:david@fsresourcing.co.uk)

FS Resourcing is a trading style of Compliance Resourcing Limited

**List of Forms to Order: Please print off and post to:  
Compliance News, 2 Henley Crescent, Rawdon, Leeds, LS19 6PA**

	ITEM	Please tick below to order	Cost (£)	Total (£)
	Forms from this Edition:			
1	Menu / CIDD – FAQ sheet		Free	nil
2	Menu grid – Showing true costs of different shapes		£30-	
3	Treating Customers Fairly (TCF) pack – Help for IFAs		£50-	
4	Pensions Simplification updates by Keeley Paddon		Free	nil
5	SERPS Review: Sample letters & information on topic		£30-	
6	New Suitability Letter exercise		£30-	
	Popular forms from previous Editions			
8	Pension Transfer guide & G60 grid		£50-	
9	RMAR – Electronic Reporting sheet of 77 FAQs		Free	nil
10	Adviser Risk Assessment / Scorecard		£20-	
11	Updated FSA Complaints procedures		£20-	
12	Administration completeness checking form		Free	nil
13	Introducer AR v AR – Article by Brian George		Free	nil
14	Business Continuity Plan / Disaster Recovery Plan		£20-	
15	Product Provider Research Aide Memoire form		£20-	
	<b>Please note there are over 50 forms available</b>			

**Compliance News Premier Service (cost for 12 month membership):** This service provides copies of all the popular documents (50+) we offer, mainly in 'word' format. As detailed on page 11.

<b>Compliance News Premier Service – Small IFA firms with less than 10 advisers.</b> 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.	<b>Cost £110</b> Please tick
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<b>Compliance News Premier Service – IFAs with 11 advisers and up to 9 AR'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>Cost £200</b> Please tick
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<b>Compliance News Premier Service – Large IFAs, Networks and other Compliance consultancies.</b> Please contact us, as costs vary depending on size and activity.	<b>Please contact us</b>
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**Subscribers to the Premier Service will automatically be entitled to all the documents detailed at no extra cost (plus others we design, such as those shown on page 11 and referred to in past editions).**

Please note that the prices quoted above are for IFA firms, which are directly authorised with the FSA. Compliance News 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.	<b>Subtotal</b>	<b>£</b>
	<b>Administration and postage costs.</b>	<b>£15 **</b>
	<b>Total</b>	<b>£</b>

**Please make cheques payable to Compliance News 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:**

**\*\* All orders of £30 or more are free of the administration and postage costs – please delete as necessary. Please note there is a minimum charge of £15 per order.**

As detailed on page 12, we are now able to offer an additional service where we provide occasional help and advice for existing subscribers. This will typically be via e-mail and telephone communication. We would envisage this to cover an average of one telephone call or e-mail per month, enquiring about a conduct of business issue (... *can we run this by you...* etc.). Our costs are estimated on one 15-minute unit per month. Please contact us to register your interest.