

# Compliance News – FOR IFAs

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

## DECEMBER 2009 Edition

### 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 10,000 IFAs who have been in contact with Compliance News since Phil Dibb left the FSA. The aim is to get the distribution up to 12000. 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](mailto: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 6 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'. Recently issued documents include:

- Structured Products information
- Income Drawdown – Client Review meeting form (mini fact-find)
- Recruitment guidance
- Review of pension switching advice
- Complaints log
- IMD & MiFID commentary



From all at Compliance News we would like to wish you a Merry Christmas and Prosperous New Year!

Why not email [compliance@ifahelpline.co.uk](mailto: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. FINANCIAL RESOURCES / PRUDENTIAL REQUIREMENTS

The FSA have recently issued more details on the topic. Whilst we believe that the 'devil will be in the detail', it is sounding like the FSA are going for a minimum of three months expenditure as the minimum figure for Financial Resources. However, it is a world of definitions and we expect it is easy to debate what should be / could be excluded etc. from this figure of 'expenses'. In addition, how the definitions will be interpreted and then monitored is also an unknown. The link below gives

more detail; we would also like to hear from any subscribers who have views and comments.

[http://www.fsa.gov.uk/pages/Library/Policy/Policy/2009/09\\_19.shtml](http://www.fsa.gov.uk/pages/Library/Policy/Policy/2009/09_19.shtml)

The policy statement does state ....'All firms, regardless of size and number of advisers, would be subject to an EBR of three months i.e. one quarter of the fixed annual expenditure. Fixed expenditure is the amount of expenditure that a firm is committed to pay out regardless of its income level.'

## 2. 15 YEAR LONG STOP

We appreciate this topic is close to the heart of many IFAs. The FSA have very recently issued some specific guidance on this matter. We believe the FSA will take a hard line with firms who amend their own Terms of Business / Client Agreement without consideration to the points shown on the FSA link below:

The FSA have stated ..... 'More specifically, such a clause:

- Is likely to be contrary to the rule in COBS 2.1.2R, ICOBS 2.5.1R and MCOB 2.6.2R (Exclusion of liability);
- May also fail to meet Outcome 6 of our Treating Customers Fairly (TCF) initiative: "Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint".
- May be contrary to the Unfair Terms in Consumer Contracts Regulations 1999, and in that case the term would not be binding on the consumer;
- Would not be binding on the Financial Ombudsman Service (FOS), which would still have to consider complaints presented to them within the time-limits indicated in DISP'

Source: FSA Website 30<sup>th</sup> November 2009

[http://www.fsa.gov.uk/smallfirms/your\\_firm\\_type/financial/library/long\\_stop.shtml](http://www.fsa.gov.uk/smallfirms/your_firm_type/financial/library/long_stop.shtml)

## 3. CHANGES TO THE TERMS OF BUSINESS LETTER / RETAIL CLIENT AGREEMENTS

In addition to the changes to the FSCS limits (see point 5 of this newsletter), there is another very important key change to consider. We will be recommending that all of our face-to-face clients change their documents. We will provide full details to all subscribers of the 'Premier Service'; this will be issued before the 20<sup>th</sup>

December 2009. Subscribing firms will have the suggested new paragraph, which will provide greater clarity on one specific area of Regulatory protection for clients.

To subscribe, please see the back page of this document.

#### 4. APRIL 2010 – CHANGES TO RETIREMENT OPTIONS (50 TO 55 etc) CARE REQUIRED

Please may we take this opportunity to ask our readers to take care when issuing promotions / updates which talk about the changes which are taking place in April 2010. In our opinion, firms should steer clear of 'get your tax-free cash now whilst stocks last' approach. This is commonly known as 'Pensions Busting' and whilst we accept that the changes (50 to 55) are very important and a deadline is near, the FSA are also aware of the situation. For

example, to see how seriously the FSA see this activity go to the FSA home page and search on 'Pensions unlocking'.

We have provided a variety of firms with guidance on this area. Whilst this is bespoke to each promotion, our general view is that firms should be considering an approach of '..... your retirement options may be changing ..... '.

#### 5. NEW "FINANCIAL SERVICES COMPENSATION SCHEME" LIMITS

Firms should be aware of the changes which come into effect in the near future. All "Premier Service" subscribers will receive the updated sections for the

Disclosure Documents by 18<sup>th</sup> December. Changes **must be made** to your Disclosure Documents by 1/1/10.

#### 6. FS RESOURCING... THE NO RISK RECRUITER

After a few quiet months we are re-launching this activity as candidates and employers begin to re-enter the market. We are pleased to inform you that John Tarazi from Simply Biz has joined us and will be the main contact at FS Resourcing.

**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 2 Directors at the firm the following qualifications are held. G60, G10, G20, H15, CeMap, CeFA, FPC and Cergi. Can your recruitment firm match those?

If you would like to discuss your career or recruitment needs in more detail then please contact John Tarazi on the numbers below.

A number of the Authorised firms we work on behalf are looking for quality staff for the following roles:

<b>Compliance Managers</b>	<b>Compliance Analysts</b>	<b>Regulatory Risk Analysts</b>
<b>File-checking staff</b>	<b>Paraplanners</b>	<b>IFA Administrators</b>
<b>Salaried IFA's</b>	<b>Compliance Assistants</b>	<b>GI Compliance Staff</b>

For more information please contact John Tarazi or Phil Dibb on  
**0113 2583111 or 07909 512693** or email

[john@fsresourcing.co.uk](mailto:john@fsresourcing.co.uk) [office@fsresourcing.co.uk](mailto:office@fsresourcing.co.uk)

[www.fsresourcing.co.uk](http://www.fsresourcing.co.uk)

## 7. COMPLIANCE TRAINING COURSE – BESPOKE FOR IFA’S AND THEIR STAFF

Many of our readers will recall that Phil Dibb ran a large number of these courses a couple of years ago. Due to popular demand, we will again run these across the UK. The initial plans are to run 10 to 20 sessions. The course will be a full day (9.30am to 4.45pm) and cover all key aspects of IFA Compliance. It will be specifically designed for business owners

and back-office staff to take a more proactive role on the Compliance front.

The cost is planned to be in the region of £190 per person.

Should you be interested in receiving more information (no obligation) please email us with ‘Compliance Course’ in the subject title.

## 8. GABRIEL ASSIST

Compliance News is also pleased to advise we have gained sufficient support to offer a service to assist firms complete their GABRIEL returns.

This service will be specifically helpful for firms with 1-6 advisers, with a turnover of less than £1million, who do not operate in Europe via MiFID and do not hold client money. The cost for this service is £185

for Compliance News subscribers and £250 for non subscribers. We will provide significant assistance to firms who have the financial information but require assistance in the completion of the GABRIEL document.

Please email the following address for further information:

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

## 9. TRAINING COURSES – J08 & J05 IN 2010 (Success rate of 89.47% in 2009)

In July 2009 we ran the first ever J08 revision courses. Over two days 38 people attended, and we are very pleased to let you know that 34 passed!! We are planning to run this course again for the April 2010 sitting.

We are also looking to run a course for J05. If you would be interested in attending either of these courses, please forward an email to [compliance@ifahelpline.co.uk](mailto:compliance@ifahelpline.co.uk) If you think some of your colleagues would be interested, please don’t forget to pass this on.

## 10. FSA NEW APPLICATIONS FOR AUTHORISATION / VARIATION OF PERMISSIONS

We are able to assist you with the application process and provide you with the key documents required by the FSA, in order to obtain the interim authorisation. Whilst we cannot guarantee FSA authorisation will be granted, to date all of our FSA applications have been

successful. In addition, within our fees we have included telephone and e-mail assistance for firms with their first two FSA electronic returns. The electronic returns are one of the areas that many Authorised Firms struggle with on a regular basis.

## 11. TRANSFORM YOUR BUSINESS BY INCORPORATING WILL WRITING AND ESTATE PLANNING

We are pleased to inform readers of the services offered by Estate Planning Matters (EPM), who work almost entirely with IFAs and their clients and provide holistic estate planning advice to private and business individuals including Wills, Trusts, IHT Planning, Asset Preservation, Powers of Attorney, Probate and Estate Administration.

Where they receive a referral from an IFA, they will visit clients to provide a free initial consultation and thereafter work on a fixed fee basis. Not only do they provide an introducer commission, but pride themselves on their ability to create new financial services opportunities and new clients for their introducers. There are massive new business and referral opportunities for those firms who embrace Wills and Estate Planning into their

practices. Whichever module you wish to adopt, full training, guidance and ongoing technical and marketing support are available.

Many IFAs find their monthly newsletters very useful and informative. To obtain free copies of recent newsletters or for more information about how the service can work for you, please e-mail [mail@estateplanningmatters.co.uk](mailto:mail@estateplanningmatters.co.uk)

Compliance News are happy to recommend the services of Estate Planning Matters. Phil Creed (EPM) recently completed the planning for Phil & Tracy Dibb. The connection between the Phil's goes back to their Yorkshire Bank days in 1988 (it seems a long time ago now)

## 12. CII Diploma (JO Papers) or IFS DipFA? – A real choice?

Following a recent discussion with the IFS, we now believe that their DipFA is a real alternative for those who wish to consider different options.

Whilst the CII route is more recognised, in our opinion, the IFS route is significantly cheaper and as part of the coursework is 'open-book' this is attractive to those who struggle with some of the JO papers. We wish to have a foot in both camps (CII and IFS), but our main priority is to get as many of our clients to the required standard.

Premier Service subscribers will very soon receive a useful email giving in-depth information from the IFS for IFAs. This was following an IFS Presentation, specially designed for Compliance News subscribers.

On balance, we also feel it right to report that the JO8 paper (CII) is very practical and miles away from the extremes of JO6, which many IFAs believe is a near memory test.

Please subscribe to receive a copy of various updates on this topic.

### 13. 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.

**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.

TCF forms – Too many to list	Mortgage Regulation checklists,
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 Visit – IFA feedback from FSA
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”*

#### **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)

**0113-2589878**

## 14. 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](mailto: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.

**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).**

<b>Compliance News Premier Service – Small IFA firms with 1 to 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 £175</b> Please tick
<b>Compliance News Premier Service – IFAs with 11 to 25 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 £275</b> Please tick
<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>

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 (☞)
Compliance Training Course – To assist IFAs and their staff		Can Compliance News provide you with a bespoke quotation?	
TCF planning / support		PPP Switching Review Work	
Variation of Permission / FSA New Authorisation assistance		Annual Compliance Audit / Mock FSA visit	
MiFID / Passporting assistance		T & C Supervisor / Refresher Course	

**Name:**

**E-mail:**

**Firm:**

**FSA Number:**