

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 2011 Edition

B.R.A.W. – HAVE YOU BEEN “INVITED” BY THE FSA YET?

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:

- | | |
|---|--|
| Pension Transfer Specialist annual test | CPD Record Sheet |
| VAT Frequently Asked Questions | Spreadsheet of most common Registers |
| RDR Frequently Asked Questions | Suitability letter templates (various) |
| ATR Profilers Good & Poor Practice | Junior ISA Test |
| Qualifications Summary | Pension Carry Forward & PPF 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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We would like to wish all our readers a Merry Christmas & Happy New Year



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. GAP FILLING / CII WEBSITE

The CII are now actively accepting applications for the Statement of Professional Standing (SPS). As the CII have confirmed there is no specific extra charge for the SPS (the renewal is linked to the individuals membership renewal date), we believe it is in the interests of IFAs to apply sooner rather than later. Please note it is a two stage process.

Stage 1: Verification / validation of a complete 'gap-fill'.

Stage 2: Actual application for the SPS.

You need to access the gap-fill area first and when you have completed 109/109 you can 'submit gap fill for verification'. The CII have advised us that their own service standards are 60 days for each stage.

In practice this means that advisers must have their gap-fill & exams completed by the

end of September 2012, as otherwise the CII might not be able to process their application by 31/12/2012 (we are calling this the SPS bottle neck). We strongly recommend that you do not leave this to the last minute. Below is more information on how we can assist individuals with gap-filling and helping them through the process – granted there is a nominal cost but this is a fraction compared to the aggravation factor and worry which will be caused if advisers do not get organised. In addition, the FSA have also confirmed the additional '60 days' from 1/1/13 for those advisers who are waiting for the SPS. Whilst we acknowledge this fact, we do not believe it is prudent for any individual to be working on such borrowed time during the early part of 2013 (see link on next section for more information).

<http://www.cii.co.uk/pages/financialservices/qualifications/RDR-implementation.aspx>

2. GAP FILLING – HOW WE CAN ASSIST YOU INDIVIDUALLY

We are involved with the launch of 'Gap-filling Limited', the main person behind the company is Tony Hazell who we have known for over 10 years and has 20+ years in Compliance. Tony has worked on our recent gap-filling courses and is very familiar with the CII workings / gap-filling mechanics. To save individuals time this service is a remote 'gap-filling' operation. A large number of IFAs have benefitted from the PFS sessions but now have odd gaps to fill and require assistance.

For our subscribers the cost is £25 per gap (£28 for non-members). As an example, we

might have an IFA who is based in Devon and wants to save himself going to the next eight PFS sessions and has gaps 3 / 33 / 61 / 78 / 92 / 104 & 108 to complete. We will arrange for these to be done remotely (telephone calls / emails / brief validation exercises / documentation etc..). The cost for a Compliance News Premier Service member would be £175-. These could be turned around in approximately 8 to 10 days, so the IFA could be applying for the stage 1 of the SPS during December 2011, with a view of getting the SPS sorted by 31st January 2012.

To discuss this further, please contact Tony Hazell: tony@ifagapfilling.co.uk or 07739557224

3. KNOWLEDGE TESTING

We have recently issued to our subscribers new knowledge tests covering Carry-Forward & PPF and Junior ISAs. These are useful tools for your adviser meetings or to use as an open book exercise for CPD.

To subscribe to our Premier Service see section 18.

4. B.R.A.W. – BUSINESS RISK AWARENESS WORKSHOP

Compliance News is pleased to update our readers on a new development for directly authorised firms which is likely to have a significant impact across the small / medium sized firm arena during 2012. As many firms will know the project on TCF (Treating Customers Fairly) has now reduced significantly. The follow on is BRAW – Business Risk Awareness Workshops. We expect a significant number of firms to be invited to such sessions during 2012, the main focus is;

- o Senior Management Controls / Reporting
- o Culture of the business
- o Governance within the business

The sessions will follow a very similar route as to those under TCF. This is generally the invitation to an FSA roadshow followed by the roadshow (approximately 1 month later) and then we understand that the majority of firms will be subject to some form of FSA review. Again similar to the TCF project such a review could entail a telephone interview or a face to face meeting at a football stadium or similar. In addition for this project the FSA are to launch a new initiative. The new FSA tool is an on-line self assessment / firm assessment document. Whilst Compliance News has no knowledge of the format or length of the document we would expect this to be between 10 & 20 pages of questions / answers / radio buttons with some scope for narrative to be added.

Where are the FSA starting?

We understand that during 2012 the FSA will commence in :

North West England (Manchester, Stockport, Preston, Bolton etc)

West Country (we understand the initial invite letters will be issued close to January 2012)

West Midlands (we understand letters will be issued close to May 2012)

Scotland & Northern Ireland (we understand letters will be issued in approx September 2012).

All directly authorised firms should expect some kind of BRAW contact from the FSA within the next 12 – 24 months. Please note that Compliance News cannot give any guarantee to the above dates, however these were provided by the FSA at a recent Compliance Consultants discussion group. Compliance News is looking to run a number of BRAW forums and discussion groups during 2012 around the UK. Should you be interested in attending a 3 hour workshop please email compliance@ifahelpline.co.uk with BRAW Forum in the subject box.

5. NEW CII EXAMS IN 2012

By visiting www.cii.co.uk you will see a few new papers, the one which is of most interest is the new J09 Paraplanning exam. This is offering 30 Diploma points and is non-exam based, instead it is three written coursework assignments. We understand that the three modules must be passed within a 12 month period. The cost (sadly) is £380 for a CII

member and £438 for non-members. Quite steep, however, for 30 Diploma points and assignments it is likely to be popular. We have been advised by the CII that you cannot book this at the moment but it will become available in January 2012.

For those who fear exams we strongly recommend you consider J09.

J09 (30 Diploma points) Paraplanning – no formal examination – 3 case studies submitted

J010 (20 Diploma points) Discretionary Investment Management

J011 (20 Diploma points) Wraps and Platforms

AF6 Senior Management & Supervision (30 Advanced Level points)

From reviewing the new examinations Compliance News believes that the new J09 (30 Diploma points – no examination) & AF6 will become extremely popular during 2012. With this in mind we will consider whether it is possible to provide training courses / guidance for such people taking these papers. Should you be interested in receiving any course information, please contact compliance@ifahelpline.co.uk with J09 or AF6 Study in the subject box.

6. FSA UPDATE ON RDR / TRAIL COMMISSION / LEGACY

The links below are to two very important documents issued over the last few weeks. If your business is in any way affected by the RDR **it is imperative that you read these two documents / links.**

<http://www.fsa.gov.uk/pubs/newsletters/rdr3.pdf>

http://www.fsa.gov.uk/smallfirms/resources/regulation_roundup/index.shtml

7. IFA MORTGAGE REFERRALS WITH A 'NO CROSS SELLING' AGREEMENT

Over recent months we have been discussing the area of mortgages with a number of IFAs. Due to the time and expertise required to research and process a mortgage many IFAs are now looking to avoid such business and pass their clients to an experienced mortgage broker and if at all possible avoid both the banks and other IFAs taking over the other aspects of the clients financial planning.

With this in mind, we have arranged a deal with both a North & Southern based IFA firm who are capable of receiving mortgage only referrals from IFAs **with a guarantee of no cross-selling and they are happy that you would be writing the protection business.**

We are hoping that a number of the IFA firms we know will want to be involved in this process and start to earn a regular income stream from an area which perhaps has been ignored over recent years for various reasons. Should you wish to know more, please would you email compliance@ifahelpline.co.uk with 'Mortgage IFA desk' in the subject box. We will then email you the details of the two firms and the proposed introducer's agreements in a 'word' format. We believe it is a good practice to make sure that the introducer agreements are signed initially and then renewed each year. In addition, we will be able to provide additional information for your own due diligence.

8. GAP FILL TRAINING COURSE – GAPS 1-14 REGULATION & ETHICS

We are running further sessions where our firms can join us for the day and we will go through gaps 1 to 14 (Regulation & Ethics) and provide you with all the necessary documentation. Our guarantee is that should the CII require any additional paperwork / any aspect completing on any of the gaps we have been involved with, we will arrange this at no extra cost (we are very confident that our process and documentation is a thorough way of completing gap-filling).

Next session:

Tuesday 13th December 2011 – Gerrards Cross – Cost £159 per person

Should you wish to attend a session please email us at compliance@ifahelpline.co.uk asap.

9. RDR EXAMS – EXTENDING THE 2012 DEADLINE

For those with exceptional circumstances (typically serious illness) the FSA have confirmed that they will consider an application (waiver) to extend the 2012 examination deadline. Anyone with such circumstances should strongly consider contacting the FSA to discuss whether this is

an alternative option. The following link provides all required information.

<http://www.fsa.gov.uk/pages/Doing/Regulated/Notify/Waiver/guidelines/tc-mod-rdr.shtml>

10. 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.

11. PROCEDURES REVIEW

When was the last time you reviewed your internal procedures? In our experience firms establish procedural documents – often on a “one-size fits all basis” but then do little to update them on an on-going basis to ensure that they continue to be appropriate to the business.

We can work with you to up-date your procedure documents in order to ensure that they are bespoke to your firm.

This service is available to subscribers of the Premier Service at a cost of £395. To register your interest please e-mail compliance@ifahelpline.co.uk

12. INCOME DRAWDOWN REVIEWS / FSA THEMATIC REVIEW

We are aware that a large number of IFAs have received correspondence from the FSA relating to Income Drawdown / Unsecured Income. The main focus is to ask firms to complete a questionnaire which relates to how they have kept clients up to date with the recent changes (GAD 120% to 100% etc.) and the Systems & Controls to review such clients.

Compliance News strongly recommends that firms are in a position where they can easily identify such clients and also know how and

when the reviews take place. In addition, what information is sought & gathered at the review. For those who subscribe to the 'Premier Service' we have documents to assist with this exercise.

We also recommend that firms can demonstrate that all drawdown advisers have the required level of knowledge & skills to advise in such a complex area. We are in the process of designing a technical drawdown test to be used as part of this process. Please contact us for more details.

13. TAPING TELEPHONE CALLS

A number of our IFA firms have received information about the 'new requirements' claiming IFAs need to tape telephone calls from 14th November 2011. Please note that such rules do not affect Retail advisers / IFAs with standard FSA permissions. If you receive

any such flyers or calls, please ask the firms to email us directly.

Should your firm be a MiFID firm / handle client money / act with discretion – we recommend that you obtain individual advice on this matter.

14. FATCA

The Foreign Account Tax Compliance (FATCA) comes into force on 1st January 2013. We understand that any firm with US clients could potentially be involved in the provisions of this legislation. Whilst we are not

providing any specific advice on this area, please can be strongly recommend that you discuss the matter with your PII people and the product providers concerned (should you have US (and Canadian?) clients).

15. PPP SWITCHING / SIPPs – OUR VIEWS

This area continues to be 'higher' risk in our opinion. We recommend that the FSA's Excel spreadsheet is used where possible. In addition, two other areas are worthy of a mention:

- PPP Switching on a direct-offer basis: In our opinion **this should be avoided at all costs.**
- Using SIPPs to access alternative investments / UCIS: We are aware of a number of IFAs who have been 'courted' by other investment companies. The main focus is to discuss using SIPPs to access alternative investments (such as UCIS). One IFA firm told us that the investment company only required the IFA to recommend a SIPP and hold the money in a cash fund. The client could then decide where to invest the money – with the help / guidance / assistance of the investment company. We are worried that IFAs could bring various issues to their own firms, whether or not they are looking to continue as the lead adviser. If you are involved in any similar situation, please obtain written Compliance guidance before putting your firm at risk.

16. COMPLIANCE NEWS PREMIER SERVICE RECENT DOCUMENTS

Premier Service subscribers have recently been issued with the following documents / templates:

Test – Pension Carry Forward & Pension Protection Fund

Test – Junior ISA

Suitability – useful paragraphs

Suitability letters for: ISA Transfer, Level Term Assurance with CIC, Income Protection, Whole of Life, Personal Pension, Annuity & Drawdown

VAT – Frequently Asked Questions

Proposed Guidance – RDR Frequently Asked Questions & Associated Areas

17. 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
Generic Knowledge test for advisers
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,

Mortgage Regulation checklists,
Customer Satisfaction Surveys,
Maintaining Competence (T & C) form,
Suitability Letter templates,
File completeness checking forms,
Blank reference request forms, diary template,
Disaster Recovery / Continuity plan,
Provider Research summary forms,
Recruitment checklists
TCF forms – Too many to list
New IDD (SCDD) documents
Mortgage advice/file checking forms
GABRIEL help
Personal account dealing declaration
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”

PRICES HELD UNTIL 31st DECEMBER 2011

During January 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 2011.

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

18. COMPLIANCE NEWS PREMIER SERVICE – HOW TO SUBSCRIBE

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

Compliance News Limited, 19 Henley Close, Rawdon, Leeds, LS19 6QB
compliance@ifahelpline.co.uk

Compliance News Premier Service (cost for 12 month membership): This service provides copies of all the popular documents (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
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
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

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 (☞)
Gap-Fill Course / Remote Gap –Fill Assistance		Contact me about J09 / AF6 support / courses	
Remote file-checking by Just CRS		B.R.A.W. forum / workshop	
Variation of Permission / FSA New Authorisation assistance		Annual knowledge tests & marked papers / providing feedback service.	
Do you want bespoke Compliance Procedures ?		T & C Supervisor / Refresher Course	

Name:

E-mail:

Firm:

FSA Number: