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!'

SEPTEMBER / OCTOBER 2012 Edition

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

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

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

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

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

COMPLIANCE NEWS PREMIER SERVICE

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

Recently designed documents include:

- RDR FAQs
- RDR Quick Quiz / Staff meeting help
- ATR Profilers Good & Poor Practice
- Replacement Contracts Good & Poor Practice
- Updated New Business Register
- Apportionment Register
- GABRIEL Common FSA Queries (and why)
- GABRIEL CHANGES – Taking place now!
- RDR Retail Client Agreement
- RDR CIDD
- RDR Fee Agreement
- Data Protection Training & Staff Quiz

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

CONTENTS –

1. RESTRICTED VS. UNRESTRICTED (INDEPENDENT) ADVICE – Post RDR views

From a very basic straw poll, we understand that the current split is approximately 60/30/10 – 60% saying we are remaining IFA, 30% still undecided, 10% looking to become 'restricted advisers' from 31/12/12. We are planning some discussion groups during early November 2012 (subject to interest) – if you would like to get more information on these please email us with 'Restricted vs. Unrestricted discussion groups' in the subject box.

http://www.fsa.gov.uk/smallfirms/your_firm_type/financial/pdf/FS048%20RDR%20Ind%20Advice.pdf

2. BRAW – BUSINESS RISK AWARENESS WORKSHOPS

These continue to move around the UK. Up to press, the North West, West Midlands and South West of the UK have been the main targeted areas. Next is Scotland & Northern Ireland. From October 2012, we understand that a large number of the firms who have attended such sessions will be required to complete an on-line assessment. Premier Service members are able to join in our BRAW Telephone Conference calls to help you understand what the process is and how you can properly prepare. The next session is on Friday 5th October 2012, with others to be planned. There is no cost for these, but they are only open to Premier Service members.

STOP PRESS - Following Scotland & NI areas we understand that **SOUTH CENTRAL** is then planned to be visited by the FSA/FCA – this includes the following postcodes – GU / HP / OX / PO / RG / SL / SO / BN. Did you hear this from us first? The Premier Service members receive various pieces of information like this. If you are based in this South Central region, you should start planning now for your BRAW review.

http://www.fsa.gov.uk/smallfirms/workshops/braw/index.shtml

3. FSA AUTHORISATIONS & PERMISSIONS

If you are looking to get a firm authorised or just submit a 'VOP' (Variation of Permission) then be ready for a wait. The current typical waiting times are in the region of 22 weeks for such matters. Whilst exceptions do occur, you need to plan this into your 'launch' schedule.

Even if you are moving a CF11 position from one Director to another at your firm, expect quite a few questions. The FSA are spending time properly considering such requests.

4. STRUCTURED CPD – CII SCHEME

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

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

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

5. CLIENT PROPOSITION UPDATE / DOCUMENTS / THOUGHT PROCESS

To assist our subscribers, by mid October 2012 there will be a 'hidden' video clip on YouTube done by Phil Dibb – all about the areas to think about your own client proposition (freely available to Premier Service subscribers). This is what many firms need, to get them thinking about what is important to their business and how this needs to be implemented. Before you watch the clip we will email you a few word documents to use whilst you watch!

6. FOS TO INCREASE NUMBER OF FEE FREE CASES TO 25

The FOS is pushing ahead with plans to increase the number of fee free cases per year from 3 to 25 after taking into consideration feedback from the financial services industry. Please read their statement regarding this via the link below. We expect these changes to be implemented during April 2013.

http://www.financial-ombudsman.org.uk/news/pdf/Case-fees-feedback-statement.pdf

7. THE FSA PROPOSES TO BAN THE PROMOTION OF UCIS TO RETAIL INVESTORS

The FSA has published proposals to ban the promotion of Unregulated Collective Investment Schemes (UCIS) and similar products to the vast majority of retail investors in the UK. The proposed rules mean that, in the retail market, promotions will generally be restricted to sophisticated investors and high net worth individuals for whom the products are more likely to be suitable.

Please read the FSA's announcement via the following link:

http://www.fsa.gov.uk/library/communication/pr/2012/083.shtml

The Consultation closes on the 14th November 2012. If you are active in this area, please do respond.

8. CII EXAMS UPDATE

The CII's FA, CF, J0, RO and AF exams will examine the 2012/13 tax year from 1 September 2012. If you are currently studying for any of these exams, please check you are using the correct material.

9. SUPERVISOR COURSES

We are planning to run our Supervisor refresher courses again over the coming three months. 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'.

See the FSA Handbook for rules relating to Supervisors having the necessary skills and knowledge (TC 2.1.4 & 2.1.5).

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

10. GPPPs – ONGOING COMMISSION (post RDR)

Over the last year or so, many IFAs have discussed the RDR with their main product providers and expected that existing GPPP schemes (in place pre RDR) would continue to pay indemnity commission post RDR. We are aware that this is not always the case and some providers are contacting IFA firms to qualify the position. If your firm has GPPPs – it is important that you know the policy of your providers.

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

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

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

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

12. FINANCIAL ADVICE CHANGES – FSA LEAFLET

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

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

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

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

13. VAT issues for IFAs

We are very grateful to Fidelity FundsNetwork (Paul Kennedy and his team) for providing IFAs with a detailed overview of VAT. We would recommend that firms review this document thoroughly and where appropriate, take professional advice. We understand this is freely available to other IFAs via Fidelity FundsNetwork (please contact us if you cannot get a copy).

14. IFA RESEARCH TOOL – Trial licences available

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

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

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

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

15. INCOME DRAWDOWN

This area continues to receive interest from various parties. In addition, we are noticing more client enquiries / potential complaints, at the IFA firms we see face to face. In our opinion, it is vital that IFAs have a clear plan of action, to be fully aware of your own ‘population’ and provide the ongoing advice / valuations. In addition, your own Senior Management teams should have a clear understanding on the exposure to this area.

The link below provides the FSA view of the topic (but obviously does not comment on the falling GAD income levels / low annuity rates).

http://www.fsa.gov.uk/smallfirms/your_firm_type/financial/practice/unsecured.shtml

16. INTEREST ONLY MORTGAGES – A TICKING TIMEBOMB?

This is another area which is now becoming very topical. Again, firms need to have an internal policy on such matters and be able to easily identify their own ‘population’. Sadly, we expect the level of complaints in this area to escalate.

17. DFM / DPM INCOME (PAID TO YOUR FIRM)

Were you aware of the recent quote from Linda Woodhall (FSA - Head of Investment Intermediaries Department) on the topic of DFMs / DPMs?*……“We expect discretionary managers to stop payments to advisers if that adviser continues to offer advice to a client in any form, not just on the assets held by the discretionary manager. We will be clarifying these rules shortly.”*

We understand (from a recognised FSA source) that the Consultation Paper will be issued in ‘Autumn’ 2012. We will be updating our subscribers with any news we get to hear about. A good reason for you to subscribe to the Premier Service!

18. RADIO 4 MONEY BOX

For those wanting to hear what Radio 4 had to say on the RDR and the demise of commission, please listen to the following link (the RDR part starts at 17 mins 40 seconds).

http://www.bbc.co.uk/iplayer/episode/b01n0scc/Money_Box_29_09_2012/

19. OCCUPATIONAL PENSION TRANSFERS / INCENTIVISED TRANSFERS

For any firms connected with such it is very important that you are aware of recent changes in this area. The links below will assist (scroll down two inches on the first link page)

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

http://www.incentiveexercises.org.uk/

20. GAP FILLING – CII route as you work towards the SPS

From our basic research, approximately 70% of active IFAs have now received their ‘SPS’ (Statement of Professional Standing).

If you still have gaps to fill, we are able to provide assistance with any of the 109 gaps. Please contact us to discuss your requirements and get those final gaps filled.

www.gap-filling-limited.co.uk

PREMIER SERVICE RECENTLY ISSUED DOCUMENTS

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

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

RDR CIID (Insurance & Investments) – more to follow

RDR Retail Client Agreement

RDR Fee Agreement

RDR Service proposition background document

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

GABRIEL changes timetable

GABRIEL changes / summary of the new information required

UCITs information

RDR staff awareness quiz (plus answer sheet)

Structured CPD Activity log

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

*** STOP PRESS***

Just as we issue this bulletin……..

GABRIEL changes – we have just completed a six-page summary of the changes ahead and also listed the most common queries which the FSA have come back to our firms with, seeking confirmation of various aspects of the GABRIEL.

This will be automatically issued to our Premier Service subscribers.

PFS – VAT & Adviser charging

The PFS have just issued a very well detailed summary on this topical area. Again, a must read for advisers who are not clear of this area. As previously mentioned, please seek Professional Advice as to how your own firm should interpret this area.

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

20. 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,
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
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"

Recent feedback from our subscribing IFA firms……

'Thanks Phil, an invaluable service'
'The BRAW telephone conference call will really help'
'…….the updated Excel spreadsheet of all the forms is a great idea – keep up the good work'

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

Compliance News Premier Service – Any questions?

If you cannot decide whether this service will be of benefit, or if you have any questions as to how many documents you will get / have access to, we will be glad to call you to answer any queries. Please send a quick email to the address below with 'Premier News Enquiry' in the title box and we will call you.
compliance@ifahelpline.co.uk **Tel: 0113-2583111**

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 THIS SHEET AND POST / SCAN TO:

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

Compliance News Premier Service (cost for 12 month membership): This service provides copies of all the popular documents (200+) we offer, mainly in 'word' format.

SUBSCRIBERS TO THE PREMIER SERVICE WILL AUTOMATICALLY BE ENTITLED TO ALL THE DOCUMENTS DETAILED AT NO EXTRA COST (PLUS OTHERS WE DESIGN DURING YOUR SUBSCRIPTION).

Compliance News Premier Service – Small IFA firms with 1 to 10 advisers. Firms who do not have more than 10 IFAs or 3 Appointed Rep's, do not provide Compliance/Commercial services to other IFAs and agree not to pass on the material to external firms.	**Cost £175** Please tick
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 (☞)
Remote Gap –Fill Assistance		T & C Supervisor / Refresher Course / Compliance for IFAs course	
Remote file-checking by Just CRS		B.R.A.W. telephone conference call	
Research Tool (free trial licence)		Annual knowledge tests & marked papers / providing feedback service.	

Name: **Firm:**
E-mail: **FSA Number:**