



FINANCE & TECHNOLOGY RESEARCH CENTRE

Adviser Forum

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# Investment Forum

## Executive Summary

Meeting to be held on 8<sup>th</sup> September 2011 at

**The Chartered Institute of Arbitrators (CIArb), 12 Bloomsbury Square, London, WC1A 2LP**

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# Competition Act reminder

- The role of this Forum is to facilitate business efficiencies in the personal finance sector for the benefit of advisers, providers and most importantly consumers.
- All present are reminded of the requirements of the Competition Act and members' attention is drawn to the guidelines, that are available.
- In essence, all Members shall refrain from any conduct or participation in any activities that could lead to a restriction of competition between the Members or any third party who is a competitor of a Member or Product Provider, or that could in any other way lead to an infringement of UK and/or EC rules on competition law.
- Output of the meeting must be complete, we will pause before each new section to agree and summarise the issues covered.
- Role of the chairman is to steer the group clear of conversations that may impinge on the act.
- If the chairman fails to do this, delegates should point this out in the meeting and if the situation does not change should leave the meeting.

# Agenda

- This pack contains the slides presented at the **Investment Forum** meeting held on **8<sup>th</sup> September 2011**.
- Slides with a **purple banner** represent the meeting presentation; slides with a **gold banner** represent additional views and conclusions from the meeting. Members' comments, additional text and actions are shown in **purple text**.

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# Attendees

## Adviser Firm Attendees

Positive Solutions  
threesixty services

True Potential  
AWD

## Platforms, Providers & Fund Managers & Trade Bodies

Artemis  
Aviva  
Axa Wealth/Elevate  
Canada Life  
Cofunds  
Friends Life

Funds Network  
IFDS  
IMA  
Invesco Perpetual  
Legal & General  
Scottish Life

## F&TRC

Ian McKenna, Paul Hart, Antonia Blake

## Apologies

Clairville York  
Honister  
Nucleus  
Sesame Bankhall  
Met Life  
Pershing

Prudential  
Tenet  
Personal Touch FS  
AEGON  
Origen  
Zurich

Skipton  
Royal Bank of Scotland  
Aviva Wrap  
AIFA  
Scottish Widows  
Standard Life

# Executive summary

<ul style="list-style-type: none"> <li>• <b>Adviser Charging</b></li> </ul>	<ul style="list-style-type: none"> <li>• The general lack of clarity around key regulatory requirements was acknowledged.</li> <li>• Concerns were raised over how the introduction of 3<sup>rd</sup> party factoring might impact the perfect matching process for regular contribution business.</li> <li>• F&amp;TRC agreed to canvas members on a 1:2:1 basis about high level requirements.</li> </ul>	<p><i>Slides</i> <b>11 - 22</b></p>
<ul style="list-style-type: none"> <li>• <b>Straight Through Processing:</b></li> </ul>	<ul style="list-style-type: none"> <li>• 2 key main areas raised for further investigation were:             <ul style="list-style-type: none"> <li>• Adviser education - It was agreed that there is an appetite to create a communication to Advisers firms identifying where liability sits that they can use in discussion with service providers.</li> <li>• Architecture is changing -The growth of use of new points of sale will affect the delivery and liability issues going forward. Mobile is replacing the PC in almost every area and the PC architecture currently used will need to change for portal devices.</li> </ul> </li> <li>• An in depth discussion about liability in the third digital age followed in which it was agreed we need facts and that the Forum should consider, as the environment changes, how will the new smart phone and touch applications fit together. F&amp;TRC will investigate UK and overseas financial apps development to report back at the next meeting.</li> </ul>	<p><i>Slides</i> <b>23-34</b></p>

# Executive summary

<ul style="list-style-type: none"> <li>• <b>Assessing suitability</b></li> </ul>	<ul style="list-style-type: none"> <li>• The meeting discussed that the FSA says that advisers do not clearly understand the use of risk profiling tools and assessing suitability and it was agreed at the meeting that an action to create guidance for distributors to understand this area should be progressed.</li> <li>• There was a concern in the meeting that the focus of Suitability is on the attitude to risk but not whether the customer had capacity of risk</li> <li>• F&amp;TRC to contact adviser firms to understand current guidance</li> <li>• It was agreed that there is a lack of clarity of the extent of risk where there are mix and match tools used by a customer and that this should be clearly reiterated in the guidance notes for distributors.</li> </ul>	<p><b>35-39</b></p>
<ul style="list-style-type: none"> <li>• <b>Real time messaging and bulk download valuations</b></li> </ul>	<ul style="list-style-type: none"> <li>• It was agreed that there is a need to assist advisers in having greater clarity on this issue</li> <li>• F&amp;TRC to produce a plan to approach this issue in phases</li> </ul>	<p><b>40-1</b></p>

# Objectives

## Objectives

<ul style="list-style-type: none"><li>• Examine a practical approach to the issues raised by Adviser Charging including;<ul style="list-style-type: none"><li>• The need to address requirements raised in CP11/8</li><li>• Consider the priority to be allocated to addressing Legacy EDI issues</li><li>• Consider how to capture a detailed understanding of Adviser requirements from Life Offices, Platforms and Fund Management groups</li></ul></li></ul>	✓
<ul style="list-style-type: none"><li>• STP – Agree approach outlined in the Terms of Reference</li></ul>	✓
<ul style="list-style-type: none"><li>• Assessing Suitability – Agree strawman approach</li></ul>	✓  (agreed next steps)

# Actions

Date of meeting	No.	Task	Resource name	Deadline	Comments
17/02/11	IM12 Expected to be superseded by evolved action IM70	<b>Standardisation of STP</b> F&TRC to look at all the different factors creating some form of standardisation or interfaces for STP and the scope of their different activities are e.g. Origo, IMA, EMX/Euroclear, SWIFT, and Calastone.	F&TRC Ian	21 August 11	<ul style="list-style-type: none"> <li>The primary concern among the group seems to be liability issues so this has been adapted to reflect a wider range of issues.</li> <li>Problem Definition Document and Terms of reference for proposed work are included in this document.</li> </ul> See Slide 23 <b>Complete – Discussed at the meeting 8 Sept</b>
17/02/11	IM15	<b>Real time messaging and bulk download valuations</b> If necessary, F&TRC will capture at a detailed product type level which contracts are supported by real time individual contract messaging and bulk downloads for valuations reporting.	F&TRC Ian	01 Sept 11	F&TRC to create a PDD as this is a considerable task, in order to investigate how best to address. See Slides 28,29. <b>Complete – Discussed at the meeting 8 Sept</b>
07/06/11	IM50  Link IM51 Supersede IM16  Progressing through IM67	<b>Create PDD with group to establish next steps to address distributor issues with EDI commissions &amp; OCR for scanning</b> F&TRC to establish who wants to take part in a group to progress EDI issues– to include 2-3 Life & Pension providers, 3-4 distributors, 2-4 fund management companies and the main CMS vendors to:  <ul style="list-style-type: none"> <li>PDD to be agreed at the next Investment Forum then taken to e-Services Forum to agree next steps</li> </ul>	Distributors Life Companies/ International arms of L&P providers and Fund Managers  F&TRC Nigel & Paul	08 Sept 11/ 22 Sept	<ul style="list-style-type: none"> <li>Proposed to evolve this to a wider study of Adviser Requirements for Remuneration Services in a Post RDR world</li> <li>As part of this the importance of resolving existing EDI issues will be considered PDD created see Slide 13,14. Not seen by group.</li> </ul> <b>Complete – Discussed at the meeting 8 Sept</b>
07/06/11	IM51  See E64	<b>Terms &amp; reference for risk profiling tools</b> Help advisers understand better what they need to know.  F&TRC to work with Fidelity and Skandia to build a Terms of Reference for risk profiling tools. This will also require 3-4 adviser firms to support.  Post meeting note: In Eservices, Distribution Technology, Capita Financial Software and Royal London offered their support.	Skandia, Fidelity, Distribution Technology, Capita, Royal London F&TRC Jess	8 Sept 11	<ul style="list-style-type: none"> <li>Identify whole universe of participants</li> <li>Create a straw man</li> <li>Conference call to establish terms of reference</li> </ul> See Slides 24-27 <b>Complete – Discussed at the meeting 8 Sept</b>

# New actions

Date of meeting	No.	Task	Resource name	Deadline	Comments
8 <sup>th</sup> Sept 11	IM67	<p><b>Understanding remuneration services requirements</b></p> <ul style="list-style-type: none"> <li>Identify Adviser requirements to define a minimum level of functionality and service to the delivery of electronic commissions' data to advisers from Providers, Platforms and FM Groups, that will be acceptable to Advisers in the post-RDR world.</li> <li>Include requirements in respect of the delivery of legacy commission from December 2012 onwards.</li> <li>Consider what other systems exist to support these processes e.g. EDI bureaus, OCR services and other commission aggregation providers.</li> <li>Also consider cheque and electronic payments for fees as well as factoring</li> </ul>	F&TRC	30 <sup>th</sup> Nov	Meeting already conducted.
8 <sup>th</sup> Sept 11	IM68	<p><b>Fund Management and Adviser Charging</b></p> <ul style="list-style-type: none"> <li>Identify the TPAs of the top 20 Fund Managers that could be invited to be involved in work about adviser charge payments.</li> </ul>	F&TRC	7 <sup>th</sup> Nov	Contact the IMA & IFDS
8 <sup>th</sup> Sept 11	IM69	<p>Origo and regular payments tracking</p> <p>To discuss the importance of tracking regular payments i.e X of Y – instalments based payments of Adviser Remuneration</p>	F&TRC	Wk2 Nov	
8 <sup>th</sup> Sept 11	IM70	<p><b>Adviser Guidance on Liabilities</b></p> <p>Help advisers better understand liabilities arising out of Straight Through Processing (including how wider adoption of STP can help mitigate risk for adviser firms. It is proposed to build a series of straw man examples to document the impact of introducing STP, where risks are reduced and new liabilities may emerge.</p>	F&TRC	30/11	<p>Continues on from IM12</p> <p>To create a Straw man based on slides on the web to discuss at next meeting Arrange a workshop to agree when to do this – speak to Sam for all of us to discuss</p>
8 <sup>th</sup> Sept 11	IM71	<p><b>Financial Apps and their Development in the UK &amp; Overseas</b></p> <p>F&amp;TRC to investigate</p>	F&TRC	30/11	Discuss with eServices group how to present in context..

# New actions

Date of meeting	No.	Task	Resource name	Deadline	Comments
8 <sup>th</sup> Sept 11	IM72	<p><b>Plan next steps and timelines to assess Risk Profiling Tools</b></p> <p><b>Objective to Help advisers understand better what they need to know in the context of their assessing suitability obligations.</b></p> <ul style="list-style-type: none"> <li>Rationale is to provide a generic document to enable distributors/advisers to understand what they need to know in order to correctly mitigate any weaknesses in their chosen risk profiling system.</li> <li>The intention is that this resource could be made available to advisers in the form of a checklist against which they could measure their own processes.</li> <li>At the same time, tools providers will be encouraged to produce documents in a consistent format to document how they address the issues.</li> </ul>	F&TRC	30/11	F&TRC to develop plan
8 <sup>th</sup> Sept 11	IM73	<p><b>Understand adviser members approach to Assessing Suitability</b></p> <p>Contact adviser firms to request copies of current guidance on Assessing Suitability</p>	F&TRC	30/11	
8 <sup>th</sup> Sept 11	IM74	<p><b>Identify the extent to which providers are able to provide valuation information in multiple formats</b></p> <p>In this process we will capture the extent of support for extranet, real time valuation and bulk download services.</p>	F&TRC	30/11	Continues on from IM15

# AOB: 2011 dates

- 2011 Investment Forum Meeting dates

- 30<sup>th</sup> November

- Meeting venue for all dates will be:

Chartered Institute of Arbitrators, 12 Bloomsbury Square, London WC1A 2LP.

Please note the dates for 2012 are draft dates at this time. We would like to give you the opportunity to advise us of any meetings you are aware of that you would like us to avoid then it will be released for note to all members.

Adviser Forum Meeting Calendar		
Key	Meeting type	Who attends
	Investment Forum	Adviser Firms, Product Providers, Fund Mgt. Groups
	Workplace Forum	Adviser Firms, EBC's, Benefit Portals and Employee Benefit Providers
	Protection Forum	Distributors, Product Providers, Re-insurers
	E-Services Forum	Technology vendors, Product Providers, Platforms

## Draft 2012 Dates

January 12						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February 12						
Su	Mo	Tu	We	Th	Fr	Sa
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25	26	27	28	29		

March 12						
Su	Mo	Tu	We	Th	Fr	Sa
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18	19	20	21	22	23	24
25	26	27	28	29	30	31

April 12						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

May 12						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June 12						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
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24	25	26	27	28	29	30

July 12						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August 12						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
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25	26	27	28	29	30	31

September 12						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						