



PRESS RELEASE

7th September 2007

Opening the Black Box

Adviser Forum has today published Good Practice notes on the use of Risk Profiling and Asset Allocation tools.

The FSA, in paper DP 07/2, raised significant concerns over the way in which advisers presently use the tools, stating that “we are concerned that some firms or advisers may adopt platforms, and use portfolio planning tools, without understanding how they work or have the expertise to use them. There is potential for consumer detriment if systems are misused.”

Developed with the leading Adviser Firms, Life Offices, Wrap Providers and Software Suppliers, the Good Practice notes help advisers by:

- Identifying steps advisers should take when selecting Risk Profiling and Asset Allocation Tools
- Defining a common framework so that providers can discuss or describe tools consistently
- Proposing procedures suppliers should put in place to notify changes to the assumptions used by the tools

Adviser Forum Chairman Ian McKenna commented, “With tools of this type increasingly playing a pivotal role in the advice process, it is essential that advisers be able to demonstrate exactly why they have selected a given tool, that they understand the economic assumptions that underpin the tool as well as the content of the portfolios that sit beneath it. The FSA has raised valid questions over adviser knowledge of such tools, this work is an excellent example of how the industry can work together to bring clarity to the market”.

The Good Practice Notes can be found at <http://www.adviserforum.org/goodpracticenotes/default.asp>

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A subsequent study to create similar Good Practice notes for Stochastic Modelling and Fund Selection tools will commence in October.

For further information, please contact:

Ian McKenna
Financial Technology Research Centre
59 – 60 Russell Square
London
WC1B 4HP

Tel: 020 7863 0863

E-mail: ian.mckenna@ftrc.co.uk



Adviser Forum is facilitated and managed by Financial Technology Research Centre

Notes for editor

Adviser Forum is an industry collaboration forum that focuses on areas where organisations can work together to create a more efficient market for the benefit of consumers, advisers and product providers. It is managed and facilitated by FTRC, a specialist consultancy on the use of technology and e-commerce in financial services. Adviser Forum member firms account for over 90% of the registered individuals authorised as IFAs for investment business.

Member firms include:

Adviser Firms

2Plan	Baigrie Davies	Bankhall
Burns Anderson	Falcon Group	Heath Lambert
Lighthouse Group	M2	Origen
Park Row	Positive Solutions	Royal Bank of Scotland
Sesame	SIFA	Thinc Group
Threesixty Services		

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Life & Pensions Providers

Abbey	Aegon Scottish Equitable	Axa
Clerical Medical	Friends Provident	Legal & General
MetLife	Norwich Union	Prudential
Scottish Life	Scottish Widows	Skandia
Standard Life	The Hartford	Winterthur Life
Zurich		

Wrap Platforms, Fund Managers & Third Party Administrators

Abbey/James Hay	Artemis	BNP Paribas
Bravura Solutions	Cofunds	Friends Provident
FundsNetwork	Invesco Perpetual	Norwich Union/Lifetime
Prudential	Skandia	Standard Life

Software Providers

1 st Software	Differentis	Distribution Technology
DSTi PAS	Easylink	EMXCo
Exchange	Focus Solutions	GB Group
Intelliflo	Quay Software	Sirius
Weblines	X-Ware (JCS Software)	

Trade Bodies

AIFA	IMA
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