



Welcome to Issue 7

Welcome to Issue 7 of engage, TISA’s regular newsletter. In this issue, we highlight the work undertaken within TISA’s Brexit Steering Group and associated Working Groups, including an overview of our submission to HM Treasury on what our members believe should be top of the list for UK financial services in the Government’s Brexit negotiations.

The Forum Update on page 3 reports on the progress of our MiFID II, Client Assets and Digital Identity working groups, including how to get your hands on TISA’s “MiFID II Appropriateness Guide to Implementation”. Elsewhere, we welcome the news of a consultation into amending the definition of financial advice and outline our response to the Payment Strategy Forum Consultation.

On page 5 you’ll find out what’s on the agenda at our Annual Conference in November, other events scheduled to take place in the coming months and who at TISA has recently been awarded “The most charismatic pensions person 2006-2016”.

We hope you enjoy the latest issue and welcome your feedback – feel free to contact us with your views at engagement@tisa.uk.com



**The State of the Nation’s Savings
24th November
Don’t miss out!**

Director General’s Update: Brexit takes centre stage

Unsurprisingly, Brexit has been a key focus of recent TISA activity. You will read later in engage that we have delivered our initial recommendations to HM Treasury on the savings and investments and general infrastructure issues relating to the post-Brexit market.

Our response provides an excellent illustration of TISA in action. Through our contacts with HM Treasury we were able to discuss the scope of our Brexit work with officials and identify the areas where the views of TISA members would be most helpful. This focused approach enabled our Brexit Steering Committee – formed from members of our Strategy Committee and the chairs of our Policy Councils – to direct an intensive programme over the summer in order to develop our submission.

79 member firms actively participated in the Brexit programme which involved 14 meetings, a substantial amount of background work and numerous discussions with industry bodies and law firms.

As a result, we have been able to present HMT with an initial set of pan-industry, evidence led recommendations that reflect the needs of TISA members in the savings, investments and asset management sphere.

But this is not the end. Our Brexit activity is continuing and we are conducting further work on the detail of the recommendations and on the broader strategic options. Please do get in touch if you would like to be involved.

While Brexit is top of the agenda, our focus on other areas has not diminished. As you will read later, we continue to work hard to support members in a number of operational areas and, for example, have produced a highly acclaimed “MiFID II Appropriateness Guide to Implementation”. We are also pushing ahead with a number of digitalisation initiatives.

Finally, I hope that you will be able to join us at our Annual Conference on 24th November. We have a fantastic speaker line-up and with the Autumn Statement being delivered the day before conference I am sure that the debates will be informative, insightful and perhaps even heated!

TISA calls on Government to clarify Brexit position for UK financial services



Earlier this month TISA submitted its initial proposals to HM Treasury regarding how the country's savings and investment industry can thrive outside the European Union. The recommendations, which are the outcome of a collaborative research project with nearly 80 member firms, are not dependent on firms having 'passport' rights and do not require the free movement of people. TISA believes this will demonstrate how leaving the EU can work for businesses, consumers and the UK economy.

The key recommendations that are emerging are:

1. The urgency of the situation: our industry needs to know the Government's proposed direction of travel now so it can make the necessary preparations in readiness for the new relationship with the EU and to secure free market opportunities with the rest of the world.

2. Assuming that the UK will not be part of the single market: this should not be an insurmountable problem for the savings and investment industry, provided that the Government targets what the EU calls "third country equivalence" in its negotiations through one piece of enabling legislation. This would enable a reciprocal arrangement to be enacted for the 8,000 EU firms that are doing business within the UK today.

3. An opportunity to create a more streamlined regulatory framework: focused on the needs of consumers. TISA suggests an "EU equivalent" rulebook for those firms or their subsidiaries that want access to trade financial services within the EU. Then a simpler tier of rules for everyone else, cutting away red tape from those firms that only want to service UK consumers.

4. Attracting more global, non-EU financial services to the UK: through the development of a well-regulated market that is appropriate for the world outside of the EU. Brexit provides the opportunity to grasp this challenge.

5. Maintaining access to global professional financial services skills: essential to keeping the UK as a world centre for financial services. UK firms need to feel confident that they have ongoing access to the pool of EU and non-EU talent, supported by a faster visa process, while those professional people already working in UK financial services need to be reassured that we want them to stay.

Work is now underway to further develop the recommendations in our initial technical submission and on the broader strategic Brexit options for our sector. We will be reporting on both later in the year. TISA members can read our full submission on the [TISA website here](#), using their member login.

Director General David Dalton-Brown comments on TISA's Brexit Steering Group's findings

"We welcome the announcement on the Great Repeal Bill, but to protect the jobs of over a million people working in financial services and to allow UK financial services to prosper post Brexit, it is vital that firms can see a clear vision of what the Government's negotiating stance will be so they can commence planning for its implementation. TISA is focussing solely on the savings and investment market. We have not considered the needs of other sectors such as banking and insurance.

"Our aim should be full recognition that the UK has third country equivalent status for its regulatory framework with the EU.

"This is a win-win opportunity. Many of the EU Directives, like AIFMD and MiFID II, already embody the concept and through enabling legislation it can be added to others, such as UCITs. This would facilitate the continuation of existing business, with minimal impact for the 113,000 UK jobs dependent upon trade with the EU and the 8,000 EU financial services that are trading inside the UK today.

"Major financial services firms operating out of the UK are looking for greater clarity on these important issues so that their Boards can take the necessary decisions to manage risk effectively. We could even consider global third country equivalence – this step allowing the UK and EU based financial services companies to thrive in the post-Brexit market place."

Looking forward to a future outside of the EU, David Dalton-Brown continued: "Government should task the FCA to commence work immediately on a domestic only version of the regulatory rulebook. This should focus on cutting away most of the paperwork that consumers are expected to wade through to open a savings and investments account.

"We also need to dramatically speed up the process for authorising new market participants. It's disappointing that many new authorisations for firms take so long and we can see other financial centres looking to attract business – and the UK's growing FinTech community – from the UK by offering attractive authorisation and support services."

The constant theme that shone through all TISA's research meetings with its members was the importance of the quality of the people that work within financial services companies. Stressing the need for top talent both now and in the future, David Dalton-Brown underlined this key message: **"The UK is the world's pre-eminent financial sector because we draw the world's best people to come and live and work in our country. We must reassure these professional workers who are here today that they are welcome to stay and we should also seize the opportunity of Brexit to streamline the visa process so that going forward we can get the best financial services professionals from both Europe and around the world into the UK without delays or hindrance."**

Adrian Boulding's view

Head over to TISATV to watch TISA's Policy Strategy Director Adrian Boulding outline why TISA's Brexit Steering Group believe that the EU concept of "third country recognition", where UK legislation would be considered equivalent to EU regulation, could work for the UK savings and investments industry post-Brexit.

Forum Update

In Issue 6 we updated you on the important work being carried out by our MiFID, CASS and Digital ID member forums. Below we provide a progress report on all the key events that have taken place in the last few months.

TISA publishes MiFID II Appropriateness Implementation guide

Last month we published our "MiFID II Appropriateness: Approach to Implementation" guide, providing firms with greater clarity and understanding around their appropriateness assessments ahead of the implementation of MiFID II on 3rd January 2018.

MiFID II makes changes to existing requirements, increasing the scope of products for which an appropriateness assessment must be undertaken. This means that firms may need to determine a customer's or potential customer's knowledge and experience of specific product types or of services being sold. Appropriateness assessments will be required for some direct-offer or non-advised businesses, but are not when suitability is determined in advised or discretionary businesses.

Jeffrey Mushens, Technical Policy Director at TISA – who led the group – commented: "As firms get ready to implement MiFID II, it's important that they understand some of the key areas of focus. Product appropriateness is a central issue. As a result of the changes from MiFID I to MiFID II, the number of firms performing appropriateness assessments is likely to increase.

"The Directive makes it clear that there is a responsibility on the product manufacturer and the distributor to ensure that complex products are appropriate for customers buying without advice. Where a customer is advised, the adviser is responsible for determining whether a product is suitable. So Distributors are required to assess whether the product is appropriate – an Appropriateness Test that the investor has to "pass". If the investor fails the appropriateness test, they still may be allowed to buy the product, but a warning will be given saying that it may not be appropriate. The Directive increases expectations on existing systems and controls." **Download your copy of the guide.**

Defining MiFID II

As reported in previous issues, TISA established MiFID II working groups to develop guides in Appropriateness, Product Governance, and Costs & Charges – three parts of MiFID II covered by FCA Conduct. These groups aim to establish standardised processes, common definitions and market practices that meet the needs of firms and customers, and that satisfy the regulatory obligations placed on firms.

Appropriateness: Our MiFID II Appropriateness Executive Committee has published the "MiFID II – Appropriateness Approach to Implementation" guide. TISA would like to thank Alex Denny, Fidelity International (Committee Chair) and Christine Brentani, Legal & General Investment Management (Committee Deputy Chair) alongside the many Committee members for their input and time on the guide which was both invaluable and greatly appreciated.

Product Governance: Two sub groups are looking at developing target market matrices, one for Product Manufacturers and one for Distributors. Following discussions with the FCA, the groups are updating the draft good practice guide to reflect any FCA comment and the implications of the recent output from ESMA and FCA. In the

latter case, TISA will be preparing a response to CP16/29, the major MiFID II conduct consultation. The group has collaborated with the IA on a joint good practice guide for manufacturers, which is going through a similar process.

Cost & Charges, including PRIIPs: This group is focussed on the practical implementation of Costs & Charges reporting for MiFID II firms post 3rd January 2018 and has just started work on the guide. As with Product Governance, the group will also be considering the implications of the FCA and ESMA outputs. Updates on its progress will follow.

Client Assets Committee develop industry guidance

TISA held its third CASS Conference in London at CMS Cameron McKenna on 11th October. The event 'sold out' and a packed agenda sparked a lively debate amongst attendees during the Q&A sessions, particularly in light of recent high profile client money breaches. In view of the demand, TISA are arranging follow on seminars in London and Edinburgh in the New Year, and considering how to tackle the need for training and professional qualifications.

The Client Assets Technical & Best Practice Committee will continue to develop guidance around prudent segregation and pre funding as well as address the issue of Unbreakable Term Deposits in the context of the stress on placing client money with banks. The will continue to develop industry best practice considering Resolution Packs, the FRC CASS Audit Assurance Standard, dormant accounts and mandates.

Digital ID group focus on the consumer experience

The TISA Digital ID project has been progressively moving towards the development on an emulation to demonstrate what the consumer experience of using a Digital ID might be like. We are aiming to have a version of that consumer experience ready to share with TISA members at the Annual Conference in November. This lays the foundation to develop a pilot that lets a sample set of users go through the process of setting up a digital ID using real data to validate their identity.

Working with financial services firms and credit rating agencies, the project has also progressed with an ongoing assessment of Verify and the underlying Government standard for identity assurance. Whilst there is a strong desire to continue working with Government and arrive at an interoperable solution, the Government currently has standards that are higher than those required of financial services for AML and KYC compliance, plus their stipulated levels of assurance typically require access to passport and/or driving licence information which is not currently available to the private sector. TISA and the Digital ID Working Group are therefore taking a pragmatic route that seeks to deliver a level of identity assurance that meets current regulations, uses existing and proven sources of validation plus delivers high conversion rates to create a positive consumer experience and encourage take up.

TISA welcomes definition of financial advice consultation

News that HM Treasury has launched a consultation into amending the definition of financial advice was warmly received at TISA HQ.

TISA worked closely with members as part of our response to the Financial Advice Market Review (FAMR), the outcome of which was our key recommendation to clearly define the distinction between advice and guidance and address the lack of understanding and confusion for consumers.

Commenting on the consultation, Charles McCreedy, Director at TISA, said: "There is currently a significant gap in the provision of guidance to the mass market, and greater clarification around advice would empower and motivate financial services to provide their customers with information that could help them both plan as well as make better informed financial decisions.

"The consultation is a good step in the right direction and opens the way to defining what should be included in a guidance framework and developing best practice that will help consumers make realistic plans for their financial future.

"Also there is a critical role for technology to play through greater use of online tools, particularly for information and guidance services, to help consumers understand how to better manage their finances. By having clarity on advice, it will encourage FinTech to develop new ways to save, which combined with Digital IDs will transform the way people manage their money today. In a modern world, it is important to find new ways to appeal to younger savers who have new perspectives and attitudes to savings. TISA has made good progress on developing a Digital ID for financial services and seeks to have a demonstrator ready for later in 2016.

"We look forward to HMT and the FCA continuing to work with industry in developing solutions that work for and benefit UK consumers." **Find out more about the consultation here.**



HM Treasury releases LISA technical details

In September HM Treasury published the technical details that will underpin the new Lifetime ISA ahead of its launch in April 2017.

TISA has been engaged with HM Treasury from the outset, providing input from our members on how best to tackle the practicalities of implementing the Lifetime ISA. Timescales are tight and this clarification from HMT on the technical aspects will allow providers to quickly move ahead with their development work in readiness to offer the LISA next April. This is also good news for those consumers who are eligible for the LISA as it means they will be able to benefit from a significant Government bonus towards a first property purchase and a retirement pot.

We will continue to work with HM Treasury on improving the scheme even more, encouraging the abolition of the additional exit charge and the extension of the lifetime events that would qualify for a penalty free withdrawal. If you missed it, **you can find the details on HM Treasury's website here.**

TISA responds to Payment Strategy Forum Consultation

The UK's Payment Systems Regulator (PSR), which oversees payments in the UK, launched a consultation on 13th July to set out a long-term vision to meet the needs of consumers and businesses, and to explore how service payments can be improved. The PSR created the Payment Strategy Forum, an industry-wide group of which TISA is a central participant, with a specific focus on developing a strategy for the payments sector where the industry needs to work together.

Last month we responded to the PSR's consultation calling for a change in the way banks operate direct debits. This also includes improving on speed and reducing the costs of all payment transactions.

In the response we outlined our belief that the eventual solution needs to improve the speed and reduce the cost of all transactions for consumers while not compromising the security.

TISA's view is that the direct debit system needs to be updated to reflect the modern world and changing employment conditions such as flexible and part-time working. It is paramount to the consumer that we provide greater flexibility, more in line with modern lifestyles and income streams, as well as providing transparency and control to the consumer.

Commenting on the response, Carol Knight, Chief Operating Officer at TISA, said: "It is very common today that you have people on zero-hours contracts who have no guarantee of income. From a consumer perspective it can be very unsettling if you know that on a given date, a certain amount of money will come out of your account whether you can afford it or not. There is a growing need to make direct debits more flexible in order to help low-paid or freelance workers.

"TISA believes giving consumers greater control over when money left their bank account, so that payments could be altered or moved at short notice is key. We are seeing the need to make the system more consumer friendly for all of its users. As a result, we need to make it more responsive and flexible to reflect modern day living.

"We look forward to the response from the consultation, and will continue to work with the industry to ensure that consumers are offered greater flexibility, accessibility and control over payment transactions."

TISA's 2016 Annual Conference – be part of the debate

We are just weeks away from TISA's Annual Conference on 24th November and places at our ever-popular flagship event are going fast. To add extra spice our conference is the day after the Autumn Statement and will be the place to be for reaction and discussion on the new Chancellor's announcements.

The confirmed speakers are:

- Stephanie Flanders, Managing Director Chief Market Strategist for the UK and Europe, J.P. Morgan Asset Management
- Chris Woolard, Executive Director of Strategy & Competition, FCA
- John Greenwood, Chief Economist, Invesco
- Gregg McClymont, Head of Retirement Savings, Aberdeen Asset Management
- Dan Morgan, Head of Policy & Regulation, Innovate Finance
- Ruth Milligan, Head of Financial Services & Payments, TechUK
- Tony Stenning, MD Head of Retirement EMEA, BlackRock

Our expert speakers will present their views on:

- How new initiatives introduced in successive Budgets will give people more flexibility and choice in the way they save for the long-term.
- What the industry, Government and regulators could do to help those in low and middle income households to take control of their money and so improve their financial resilience.
- The effect individual saving and investing has on the nation's economy.
- The perspective from the FinTech community on what the future might hold.

In addition to our expert speakers, this year will include a 'FinTech Zone' featuring latest technology demonstrations from some of the UK's leading FinTech start-ups and TISA's very own Digital Identity project.

We don't want you to miss out – **find out more on our website**. TISA members – if you haven't already done so, don't forget to take advantage of your free space!



Most charismatic pensions person of the decade!

Our very own Policy Strategy Director, Adrian Boulding, has been presented with an award for being "The most charismatic pensions person 2006-2016".

The award ceremony was at a special conference in London's prestigious Banking Hall to celebrate the tenth anniversary of The-Pensions-Net-Work.

The-Pensions-Net-Work is a membership based standing conference in pensions and employee benefits which meets four times a year in country house settings, to consider matters of importance to the industry. They allow time to listen to leading experts and opinion formers and, perhaps more importantly, debate possible ways forward. Meetings are held over a 24-hour period including a dinner and overnight stay. Adrian has been a regular attendee over the last ten years and delivered presentations on five occasions.

Other award winners at the tenth anniversary event included Steve Webb, former Pensions Minister, Robin Ellison, partner at Pinsent Masons and David Sinclair, Director of the International Longevity Centre

Adrian is seen in the photo receiving his award from Tony Barritt, Managing Director of Investors in Customers, who sponsored the award.

Forthcoming events

Many of TISA's events and training courses are now accredited by CISI for their CPD programme – please refer to individual events and training courses on our website for further details.

Preparing for the Auto-Enrolment 2017 Review

Wednesday 30th November 2016

TeX AGM & Discussion Forum

Tuesday 6th December 2016

Client Assets Seminar

Tuesday 24th January

Coming soon in early 2017...

Data and 'RegTech' seminars – watch out for details in Issue 8

Contact us



Should you have comments or questions about any of the topics covered in this issue, **please contact** engagement@tisa.uk.com

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