



## Keeping you informed and engaged

Communication with our members and those that shape our industry is vital to all that TISA seeks to achieve.

In this new, regular publication we aim to ensure that our members remain abreast of our activities and successes and have the opportunity to engage with us to shape our future direction.

Whilst our remit has evolved and expanded in recent years the TISA policy councils remain at the heart of what we do. With that in mind, in this first issue we outline what each council represents alongside its' specific short-term aims and share some of what has been achieved in conjunction with our members and committees.

We welcome feedback on this new publication and encourage you to contact us with your views at [engagement@tisa.uk.com](mailto:engagement@tisa.uk.com)

## HIGHLIGHTS IN THIS ISSUE

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## The TISA Policy Councils

At a high level the policy councils are forums where our members can discuss and debate industry topics, consultations and plans for the future in a non competitive environment. We believe that by working together we can achieve more and ultimately give consumers better choice, service and value for their investments and savings.

Policy councils are always chaired by a TISA member and supported by a deputy chair (also from a member firm) and a member of the TISA Executive team. They seek to inform, and participate in, engagement with HM Government, civil servants, interest groups and regulators, including the FCA. The policy councils are the members' place to table their top priority concerns and help the industry lobby on specific issues.

Chatham House rules apply, unless specifically stated otherwise, so you can always be confident that you are able to air your views and join in the debate. The policy councils are made up of senior managers and executives and have a strategic focus. Where more detailed technical analysis or consideration is required associated technical committees and working groups will meet and report back to the policy council on their progress. Terms of reference and policy lines are discussed and agreed by members so you can be sure the remit of each group reflects the interests of industry figures and firms both large and small.

All TISA members can join our policy councils (subject to capacity) and minutes are always posted to the TISA website member area so even if you don't attend you are able to keep track of what they are doing, understand their successes and challenges and keep a watching brief on their activity.

The current policy councils are Children's Saving, Retirement, Distribution and Wrap and Platform. Further policy councils are anticipated to launch in 2015 and these will be explained later in this newsletter.

# THE POLICY COUNCILS AND THEIR WORK

## Children's Saving

The TISA Children's Savings Policy Council is committed to ensuring there remains a savings product for children, that is affordable and accessible and that any future savings strategy introduced by government includes provision for children.

### Specific aim of the Policy Council:

- To formulate policy lines supporting appropriate savings vehicles for children, addressing what provision for children should look like with a distinction between accounts for children for spending and for long-term saving
- Working with the industry and government on defining the procedures for merging CTFs with JISAs
- Lobbying to allow lifestyling to be optional for providers

## Distribution

Post-RDR, most distribution firms are focused on an ever-evolving landscape in respect of the potential for disenfranchised clients, how to effectively and affordably provide advice to the mass market, and the growing development of Direct to Consumer (D2C) solutions for platforms, fund groups and product providers.

### Specific areas of focus for the forthcoming year:

- RDR 2 and the 'Adviser Charging Review'
- Commission sunset
- D2C
- Capital adequacy
- Future advisory distribution models
- Distribution landscape in 2016 – innovation
- 'Suitability' – in conjunction with the Centralised Investment Propositions (CIP) Policy Council, which was folded into this policy council in early 2014

## New Policy Councils

**EU** – TISA has been considering the establishment of an EU Policy Council for some time, reflecting the wishes of a significant strand of the membership. We are engaged in detailed discussions with a major international law firm with offices in Brussels as well as London, New York and Washington about supporting this policy council.

**Consumer Security** – It has been proposed that TISA establish a forum to discuss and debate consumer security. The proposal is being discussed and further information will be communicated once available.

**Technology Innovation Forum** – As explained on page 4 of this issue, TISA's Technology Innovation Forum is currently running as a project and we anticipate this will evolve into a new policy council in order to continue the work conducted by the project during its primary stage.

## Retirement

Saving for retirement is essential for everyone and the UK's failure to plan effectively for retirement is a huge concern. Whilst the government's policies to promote pensions are welcome, incentives to save for retirement remain poor and inflexible, whilst the uncertainty in respect of the end value outcome provides little incentive. As such, policy developments relevant to pensions and long-term savings form the Retirement Policy Council's primary focus.

### Specific areas of focus for the forthcoming year:

- Design/implementation of flat rate basic state pension
- Challenges around decumulation
- Auto-enrolment and the development of workable models to implement pot follows member (via TeX)
- Implementation of changes to guidance and annuity market following the 2014 Budget\*
- Pensions interaction with equity release, long-term care, ISAs and other savings vehicles including early access to pension funds
- How wealth can be passed through generations

\* Following the Budget a Retirement New Guidance Executive Committee has been established, in which The FCA, The Pensions Advisory Service (TPAS) and The Money Advice Service (MAS) are participating. TISA has also been engaging with HMT around policy and specific tax issues.

## Wrap and Platform

Over the last 10 years investment platforms have consolidated their position as the central connection between the long-term savings and advice industries and the asset management community. Post-RDR, wraps and platforms continue to evolve to meet the needs of different market segments and to broaden their appeal beyond pure asset accumulation products. There are significant implications for platforms as a result of ongoing regulatory change, with models, technology change and operations being reshaped as a consequence. Re-registration between platforms has become the expected norm and the importance of institutional, D2C and workplace-based platform solutions is gathering pace in the market.

The TISA Wrap and Platform Policy Council and its supporting technical committee focus on matters pertaining to the product manufacture and distribution of retail financial services products in the UK.

### Specific areas of focus for the forthcoming year:

- Managing issues arising from RDR
- Monitoring the ongoing delivery of PS13/1 and the resultant changes to the operating models and commercial arrangements between platforms, fund managers, advisers and investors
- Reconfiguring business models
- D2C models and B2B2C
- Continue to support industry initiatives and set common standards within the platform and support industries, where to do so is in the wider consumer interest

TISA would not have had the successes to date without collaboration from members and other parties. In this section we explore some of those relationships.

## Councils working together

Where consultations and announcements from policy makers affect more than one policy council TISA has a proven track record of bringing together our members to ensure there is a coherent approach. Recent examples are:

- **Guidance** – This has relevance to the Distribution and Wrap and Platform Policy Councils, particularly in the D2C space, but also to the Retirement Policy Council with the government’s changes to annuities and guidance at retirement, announced in the HMT consultation ‘Freedom and Choice in Pensions’. In this area TISA has been working with government, HMT and HMRC officials, the FCA, MAS and TPAS as well as a wide range of members and has also established an executive committee chaired by Kenn Taylor of Grant Thornton with Ted Hart of L&G as the deputy chair.
- **Share Class Conversion project** – This project brought together representatives of platforms, third party administrators, fund managers and solution providers to agree a statement of practice that all parts of the industry could sign up to. This was ahead of the FCA consultation on the issue, and agreed without compulsion. The outputs were shared with the FCA.
- **Suitability and D2C** – The Wrap and Platform Policy Council has been active in the establishment of two special interest groups, covering Suitability, and D2C activities, particularly for platforms, as well as on guidance. The guidance work fits with the work arising from the Budget proposals for guidance on retirement and guidance more generally as part of the TISA Savings and Investment Policy project (TSIP). The special interest groups have been working to develop best practice and agree this with the FCA.

## Engaging with external parties

We work with many other organisations in line with our primary purpose of increasing personal savings and investments. Amongst these are:

- **UKFMPG** – The UK Funds Market Practice Group (UKFMPG) is facilitated by the IMA. Moving forward, there is a push from the industry to extend the scope of the group beyond funds. Because of that, the group is going to be restructured to encourage operational efficiency across wider operations within financial services. The new group will focus on electronic messaging and will be concerned only with the definition of technical standards. Any issues concerning other issues, for example the legal arrangements between counterparties or disputes between counterparties, will be referred to other groups e.g. TeX. TISA has been asked to participate in this group.
- **DWP/Small pots automatic transfers** – TISA and TeX anticipate being part of the steering group established by DWP to take forward work on small pots transfers.
- **Stocks & Shares to Cash ISA Transfers** – Successful implementation of the new facility following extensive work with BBA/BSA and cross industry group. Very few issues arose and regular calls with the FCA over the first 4 weeks provided very positive feedback.
- **Data Quality** – We are progressing development of standards with BSI.
- **CTF – JISA Transfers** – A cross industry working group will be established in the autumn in conjunction with BBA/BSA, following the successful format used for Stocks & Shares – Cash ISA transfers, in order to establish procedures, paperwork and service legal agreements (SLAs).



## Relationships with government and regulators

As a recognised industry body we work hard to maintain the respect and trust we have built with the various governmental departments and industry regulators. We are seen to provide honest, balanced responses to formal consultations and informal approaches which always strive to give good outcomes to consumers. Where our members can’t reach a consensus we say so and seek to invite relevant bodies to our policy council meetings to allow them to hear both sides. Our work allows us to interact with:

- HMT (Savings and Investments, covering ISAs, tax, P2P, Children’s Savings)
- HMRC (VAT, investment funds, ISAs)
- The FCA (competition, client assets)
- MAS, TPAS, TPR
- DWP & HMRC Pensions Industry Stakeholder Forum

## Technical and other committees

As mentioned in the TISA policy councils section, there are three technical committees that support the policy councils, and one technical committee, Client Assets, which is likely to become a council in its own right. The three technical committees supporting are:

- Cash & Savings
- Retirement
- Wrap and Platform

Client Assets is the stand alone committee, which can best be regarded as a policy council with a number of working groups which include one charged with developing best practice and others established ad hoc to react to specific policy or regulatory issues.

The Client Assets Technical Committee pulls together relevant experts across the financial services industry, from banks, platforms, wealth managers and auditors, to debate and discuss the real-time issues faced by firms in the accurate application of and compliance with the FCA's Client Asset Sourcebook (CASS). A particular focus of the committee is to develop a best practice for firms in areas where the rulebooks appear opaque and where firms believe they require guidance. The committee works with regulators and auditors to address areas of concern for the industry as a whole.

The establishment of the committee meant TISA was well placed to respond to the FCA's consultation paper CP13/5 on client assets for investment businesses. We submitted a comprehensive response, calling on the expertise of members and succeeded in the core objectives of changing the most damaging proposals (around abolition of DvP exemption for fund managers, changes to investment of uncleared money, elimination of industry standard reconciliation methods) and ensuring that adequate time was given to the industry for implementation of major changes.

The committee commissioned a pro bono opinion on the legal framework for DvP for fund managers, and is working to deliver best practice for the industry in hotly contested areas of the rules.

## Technology Innovation Forum

Throughout each of our policy councils and our work within the industry more generally, technology and innovation play an ever increasing role. In response to this requirement, TISA created the Technology Innovation Forum.

The primary purpose and focus of the forum is to determine which aspects of technology could have the most impact on consumer behaviour and their engagement with the financial services industry in the UK. This is naturally supportive of the work we are undertaking within the TSIP programme as well as all other TISA policy councils.

The forum has attracted attention from many TISA members and non-members alike. The current remit to present our findings by means of a report to the members and a seminar open to the whole of financial services participants is nearing its conclusion and is likely to detail a series of required further actions in this area. It is likely that following the seminar the forum will update its remit with a 'call to action' and a new, formal TISA policy council will be established to continue with the work established in this discovery period. At that point we will invite all TISA members to participate. Details of the seminar will be available on the events page of the TISA website once finalised.

## The Savings & Investments Policy project (TSIP)

The TISA Savings & Investments Policy project is an industry wide project driven by TISA to proactively develop strategic proposals and exert greater influence over the direction and future of the industry.

The project executive committee consists of both TISA and non-TISA members and represents a broad cross section of the investment services industry. The executive committee will define a Savings Policy that focuses on the strategic savings needs of UK consumers and an Investments Policy which looks to develop solutions that are suitable for savers' short, medium and long-term requirements.



Promoting Financial Wellbeing for the UK

## TeX addresses the pension transfers process conundrum

TISA Exchange Limited (TeX) is a stand-alone, not for profit member organisation, which facilitates the transfer of wrappers and assets, including pension assets, between fund managers, platforms, wealth managers and any firm which holds assets on behalf of investors.

TeX, which has 81 groups that have joined (industry coverage is around 95% for platforms and over 86% for fund managers), was developed as a cross industry initiative and has an agreed set of common standards and associated legal agreement and SLAs. The FCA has consistently supported the progress made by TISA in launching TeX.

In April 2014, in response to member demand, TeX extended its scope to include the electronic transfer of a client's pension assets between providers and in June 2014 the first pension transfer through TeX took place. It is a regulatory imperative that the re-registration of investment funds between providers is carried out in a timely and secure transfer process. TeX goes further by lowering costs for the industry as well as delivering better outcomes for the consumer.

The FCA has clearly signalled its support for the TeX investments transfer process as an alternative to direct regulatory intervention. TeX hopes that this same commitment will be applied to pension transfers as the current lack of open standards, tight SLAs and adequate protection is leading to mixed consumer outcomes.



It's crucial that this is addressed now as the recent government announcements will bring about a major change in the pensions landscape. The number of pension

transfers is set to treble in 2015 to 1.5 million as a result of more SIPP transfers, pension consolidations and 'pot follows member' activity. However, many transfers are still paper-based – a system which is outdated and expensive. TeX believes that by streamlining the process the costs will be significantly reduced. This is essential if the transfer of small pots is to be commercially viable.

TeX pensions offers its members the security of a legal framework covering electronic transfers with an eight day SLA, supporting the cost-effective, rapid and secure transfer of pension assets.

## Annual Conference 2014 – have you booked your place yet?

The 2014 TISA annual conference is being held on the afternoon of 12th November at Plaisterers' Hall in London, with the theme 'Getting the UK Saving More'.

Prior to the formalities of the afternoon there will be a buffet lunch and the opportunity to network with other industry specialists, TISA executives and a chance to speak with our sponsors and exhibitors. Chaired by Jeff Prestridge, Mail on Sunday, confirmed speakers are:

- Greg Davies, MD, Barclays
- Mark Hoban MP
- Paul Johnson, Director, Institute for Fiscal Studies
- Tony Stenning, Chairman of the Savings and Investments Policy project and Head of UK Retail, BlackRock
- Professor Peter Tufano, Said Business School

The conference will also include a panel session to be chaired by Mark Fiander, Strategy & Innovation Director, Money Advice Service. Panellists include:

- Jasper Berens, Head of UK Funds Business, JPMorgan Asset Management
- Paul Feeney, Old Mutual
- Professor Peter Tufano, Said Business School

Additional speakers will be announced shortly. We welcome questions for the panel and the Q&A sessions that follow each speaker. If you would like to submit a question in advance please email us at [enquiries@tisa.uk.com](mailto:enquiries@tisa.uk.com). To book your place [click here](#).



## ENG@GE with TISA at our exclusive Breakfast Briefings

TISA will be hosting a series of breakfast briefings in the coming months, covering some of the more topical issues impacting the financial services industry. Their purpose is to deliver information to our members through the provision of short, consolidated updates on key developments affecting the topic under discussion, for example new regulatory requirements coming from the EU or new government policy/initiatives impact around pensions.

The 90 minute sessions will aim to update our members with relevant summary information and on how TISA is working on their behalf to ensure the best outcome for the industry and consumers. Invitations will be very limited for each session and will be issued shortly, so keep an eye on your inbox!

## Diary Dates

Further information on the events listed and other dates as they are planned are shown on the TISA website. [Click here to find out more.](#)

## Seminars

- TISA AGM & Discussion Forum** 15th October 2014
- Understanding EU Policy & Regulatory Proposals** 6th November 2014
- Pension Reforms: The Impact on Providers and Customers** 9th December 2014
- TeX AGM & Discussion Forum** 11th December 2014
- Technology Innovation Forum** January 2015

## Policy councils, committees, working groups & project meetings

- TeX Board Meeting** 23rd October 2014
- TSIP Executive Committee** 11th November 2014
- Wrap & Platform Technical Committee** 18th November 2014
- Distribution Policy Council** 25th November 2014
- Wrap & Platform Policy Council** 25th November 2014
- TISA Board** 25th November 2014
- Retirement Technical Committee** 1st December 2014
- Data Quality Executive Committee** 2nd December 2014
- Cash & Investment Technical Committee** 4th December 2014
- TeX Development Partners Council and TeX SLA/Operational Advisory Council** 4th December 2014
- Retirement Policy Council** 10th December 2014
- TeX Legal Advisory Council** 11th December 2014

## Farewell to Tony

In August following almost 13 years, Tony Vine-Lott stood down as Director General of TISA.

In the press release Tony Solway, Chairman of TISA, commented: "On behalf of the TISA Board and all our members, I would like to thank Tony for all the excellent work he has done for our Association and the industry as a whole. TISA has achieved much over the years of his tenure to improve policy, process and products in our industry, and especially the ISA – the most successful savings vehicle of modern times".



Tony Vine-Lott said: "I am pleased to be able to hand over the reins at a time when the range of our activity and the scale of our membership has never been greater. The need for a financial services association that puts the consumer's interests first has never been more important and will, ultimately, lead to a healthier industry for the benefit of all. TISA is that Association and I wish it every success in the future". We wish Tony well in his future endeavours.

## New additions to the TISA Board

TISA is delighted to confirm two new appointments to the TISA Board – Tony Stenning and Mary-Anne McIntyre.

Tony is Head of UK Retail Business at BlackRock having joined the firm in 2000. He is actively involved in TISA activities, specifically in his role as Chairman of The Savings and Investments project (TSIP), a savings initiative run by TISA working with regulators and political parties to deliver an effective long-term savings and investment policy which will meet people's needs and aspirations for the future.

Mary-Anne is Chief Executive Officer at Openwork, having previously played an important role in developing the service proposition of Fidelity FundsNetwork and establishing wrap platform Nucleus. Both will hold non-Executive positions.



## New recruit Jeremy Lee tackles pensions



TISA has enhanced its resources within the retirement arena with the appointment of Jeremy Lee as Manager (Retirement and Technical). Jeremy has a wealth of experience in pensions having worked in this area for nearly 25 years in administration, pensions technical, compliance and proposition roles for Friends Life, Openwork, AXA Winterthur Wealth Management, Capita SIP Services and Sun Life Financial of Canada. He has also spent some time as a volunteer TPAS adviser.

Jeremy commented, "I'm delighted to have joined TISA, particularly at a time when the pensions and retirement space is undergoing such exciting change. Having worked for member firms I know how well respected TISA is within the industry and I am looking forward to playing my part in its future success."

"Whilst I welcome the pension reforms announced in the Budget, I firmly believe that much more needs to be done if we're to incentivise the UK population to save more for their retirement. However, the Budget announcements demonstrated that government is quite willing to make significant and bold changes, so now is an ideal time for the TISA membership to influence the debate."

## Contact us



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

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