TRIG Request for Proposals

Background and purpose

The UK investment and pensions industry is responsible for the management of over £3 trillion of assets, and estimates based on a cross section of aggregated data sources suggest that there are over 60 million individual policies and accounts in the UK. These assets are serviced by a broad range of firms and organisations.

The prevalence of transfers and re-registrations has increased over the last 20 years, due to increasing numbers of individual savings accounts (ISAs) and pensions as well as a widening choice of services, including online investment platforms. With recent developments such as auto-enrolment increasing the number of pots each individual will have, more options available to customers as a result of the pension freedom and choice reforms, and possible future developments (such as customer data becoming available through pension dashboards), this issue is likely to become even more important.

When moving investments, assets and entitlements between institutions, people have a legitimate right to expect the industry to execute their instructions in a timely and efficient manner. Furthermore, customers' service expectations are increasing due to the relative simplicity of switching in other markets. Use of technology, and industry-wide initiatives, have made investment and pension transfers much easier and quicker. But not all transfers and re-registrations are quick and easy, and the standards are not consistent across the different sections of the industry.

In February 2016, eight of the leading investment and pension trade associations established the Transfers and Re-registration Industry Group to drive forward guidance in transfers and re-registration of pensions and investments. This initiative was prompted by the findings of a Financial Conduct Authority Business Model and Sector Analysis on SIPP and Platform providers in 2015, which identified potential issues with both the timeliness and quality of communication for transfers and re-registrations. But it is clear that improving transfers and re-registration supports other policy goals across Government, by enabling competition and efficiency, which are in the interests of customers and the industry.

The TRIG's goal is to improve the customer experience, by identifying and encouraging good practice, so that outlying firms improve their own processes. The intention is to do so without prescriptive regulatory intervention. However, we would anticipate that if this initiative is not seen to be successful, then there is a possibility of intervention from the FCA in the future, in relation to the firms they authorise.

The TRIG conducted a series of workshops and a formal consultation exercise over the course of 2016 and 2017. The feedback received has been considered in producing this Framework. During this time, representatives of the occupational pensions sector also joined the project. This was in recognition of the specific challenges facing occupational schemes.

The TRIG has discussed the outcomes of the consultation process with the FCA, the Department of Work and Pensions and the Pensions Regulator. The FCA welcomed the Improving Pension and Investment Transfers and Re-registrations Consultation Paper in its Investment Platforms Market Study Terms of Reference in July 2017.

Transfers Framework

The TRIG has published an industry framework for transfers and re-registrations for the industry to adopt, comprising guidelines on:

- Coverage
- Selecting between transfers and re-registration
- Timescales for transfers and re-registration
- Customer communications

This framework sets out a voluntary agreement which counterparties can adopt, thereby creating greater certainty for participating firms and their customers.

Transfers governance

The TRIG now seeks an organisation to take responsibility for the long-term governance of the industry's transfers and re-registration agreements.

This is an opportunity for an organisation to adopt a quasi-official role in the UK's financial transactions landscape. It will undertake the self-regulatory responsibilities of governing and maintaining standards, working in partnership with industry participants and regulatory bodies.

Organisations interested in adopting this role should demonstrate that they are willing and able to meet the following requirements:

Implementation and roll-out

Applicants should propose models for how the framework could be implemented:

- Define an implementation plan, building in sufficient time for parties to support MI requirements.
- Propose options for phasing or staggering implementation as an alternative to a single implementation date.
- Propose how they will engage with industry and regulatory stakeholders throughout the implementation process in order to deliver the framework in practice.

Register of firms

Adherence to the framework is voluntary, however the TRIG believes public disclosure of firms' commitment to the framework will promote both compliance and encourage its wider adoption. Therefore organisations seeking to take on the governance of the framework should be prepared to maintain and be able to publish a register of participating firms.

Management and improvement to the standards

Applicant organisations should be willing to take responsibility for the maintenance and improvement of the TRIG standards over time. The TRIG seeks outline proposals for process improvement and development to meet the evolving needs and challenges of technology, the market environment, regulation and consumer demand.

This should include:

- Definition of Service Level Agreements
- Test and complete the process work to achieve sign-up across the industry on the proposed steps for each of the various product segments in scope
- Test and gain sign up to proposed start and end times for 48 hour SLAs
- Test and gain sign up to proposed start and end times for end-to-end SLAs
- Define standards for data sharing for Management Information on compliance with SLAs
- Propose and ensure delivery of the mechanism for capturing, collating and sharing industry MI on SLAs.

Coverage and industry support

Whilst the TRIG framework has been developed in consultation with the pension and investment industry and with the support of the relevant trade bodies, it is a voluntary framework. As such it is essential that applicant organisations can demonstrate they will enjoy legitimacy and buy-in from across the financial services industry.

Applicants should show how they will deliver leadership to influence continuous improvement across the industry, working with the assistance of the various industry associations and the FCA, and using MI to drive positive behaviour:

- Ongoing influence so that those sharing MI meet SLAs
- Ongoing influence to bring on board those parts of the industry that are not yet sharing data
- Monitoring end-to-end MI to evidence and influence positive impact on the customer
- Propose and drive future opportunities for further improvement to Transfers & Re-Registration processes to the benefit of the customer working with Industry Associations to gain buy in.

Complaints resolution

Inevitably there will arise from time to time disputes between organisations using the TRIG framework in their transfer and re-registration processes. Applicants should show what approach they would adopt to mediating disputes between organisations where those organisations are unable to resolve such disputes bilaterally.

Regulatory engagement

Various public bodies, including the FCA, the Pensions Regulator and the DWP have an interest in the transfer of financial assets between institutions. Governance of the transfer framework will require ongoing regulatory engagement and cooperation with these stakeholders. Applicants will therefore need to outline how they anticipate working proactively with the regulators.

Funding

Applicants should show how they would finance the ongoing governance of the transfers framework. The imposition of any kind of levy or charge on investors is not an acceptable approach. Funding should be transparent, sustainable and free from commercial bias.

Applicants should set out how they anticipate funding both the initial delivery phase to get the standards up and running, and the ongoing financing in the longer term.

Evaluation Criteria

Submissions will be reviewed by TRIG members representing a cross-section of the industry.

Responses will be evaluated on the basis of the following criteria we consider to be equally important:

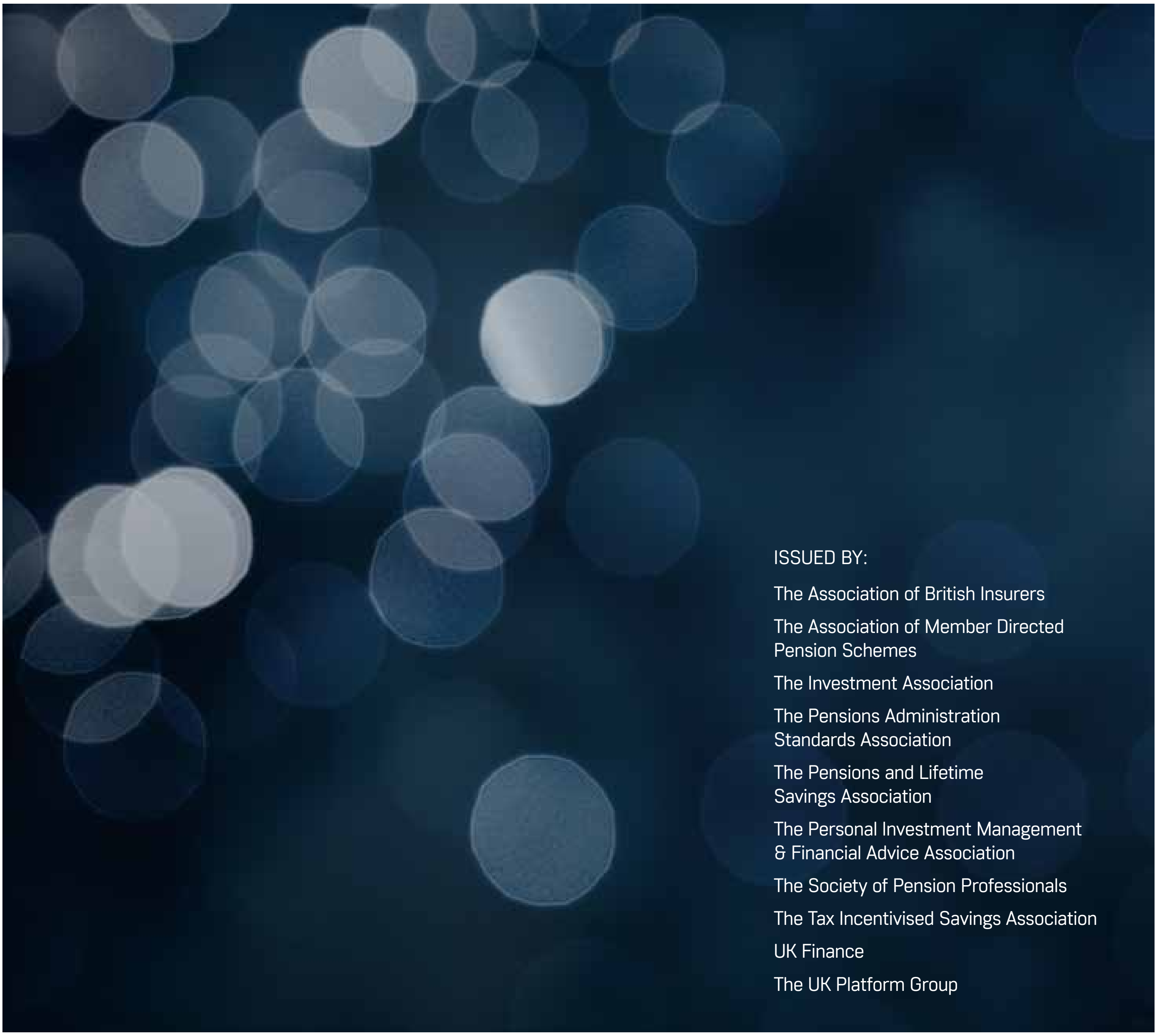
- A realistic and reasonable funding proposal
- The extent to which tenders are clearly written and meet the specified objectives, present a clear plan, identifying any potential problems, and proposing suitable solutions
- The extent to which the responding party can work across the industry and all stakeholders, including the regulators
- Expertise and management of the responding party.

Next Steps

The TRIG is looking for an organisation interested in taking on these responsibilities to submit proposals addressing the points raised above. Responses are invited ahead of a deadline of 31 August 2018. Please send submissions and raise any queries via**:** **Retirement@ABI.org.uk**

JUNE 2018

Industry-wide framework for improving transfers and re-registrations



ISSUED BY:

The Association of British Insurers

The Association of Member Directed Pension Schemes

The Investment Association

The Pensions Administration Standards Association

The Pensions and Lifetime Savings Association

The Personal Investment Management & Financial Advice Association

The Society of Pension Professionals

The Tax Incentivised Savings Association

UK Finance

The UK Platform Group

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BACKGROUND AND PURPOSE

1. The UK investment and pensions industry is responsible for the management of over £3 trillion of assets, and estimates based on a cross section of aggregated data sources suggest that there are over 60 million individual policies and accounts in the UK. These assets are serviced by a broad range of firms and organisations.
2. The prevalence of transfers and re-registrations has increased over the last 20 years, due to increasing numbers of individual savings accounts (ISAs) and pensions as well as a widening choice of services, including online investment platforms. With recent developments such as auto-enrolment increasing the number of pots each individual will have, more options available to customers as a result of the pension freedom and choice reforms, and possible future developments (such as customer data becoming available through pension dashboards), this issue is likely to become even more prominent.
3. Most customers will not transfer or re-register pensions or investments many times in their lives, and it is important that the process is communicated well and executed correctly. Ceding providers must take care over transfers, not least to ensure that the acquiring provider or scheme is legitimate and not a scam. The TRIG associations support the efforts of the Government and regulators to tackle pension scams and investment fraud, and many TRIG members have been involved in developing the Code of Good Practice on Combating Pension Scams. These initiatives should help enable standard transfers to be conducted more efficiently.
4. When moving investments, assets and entitlements between institutions, people have a legitimate right to expect the industry to execute their instructions in a timely and efficient manner. Furthermore, customers' service expectations are increasing due to the relative simplicity of switching in other markets. Slow transfers can cause detriment to customers; and the actions of one party can reduce the efficiency of all parties in the chain.
5. Use of technology, and industry-wide initiatives, have made investment and pension transfers much easier and quicker. But not all transfers and re-registrations are quick and easy, and the standards are not consistent across the different sections of the industry.

6. In February 2016, eight of the leading investment and pension trade associations established the Transfers and Re-registration Industry Group to drive forward best practice in transfers and re-registration of pensions and investments. This initiative was prompted by the findings of a Financial Conduct Authority Business Model and Sector Analysis on SIPP and Platform providers in 2015. But it is clear that improving transfers and re-registration supports other policy goals across Government, by enabling competition and efficiency, which are in the interests of customers and the industry.
7. The TRIG's goal is to improve the customer experience, by identifying and encouraging good practice, so that outlying firms improve their own processes. The intention is to do so without prescriptive regulatory intervention. However if this initiative is not seen to be successful, then there is a possibility of intervention from the FCA and DWP in the future, in relation to the firms they authorise.
8. The TRIG conducted a series of workshops and a formal consultation exercise over the course of 2016 and 2017. The feedback received has been considered in producing this Framework. During this time, representatives of the occupational pensions sector also joined the project. This was in recognition of the specific issues with transfers from occupational schemes.
9. The TRIG has discussed the outcomes of the consultation process with the FCA, the Department for Work and Pensions and the Pensions Regulator. The FCA welcomed this work in its Investment Platforms Market Study Terms of Reference in July 2017 and its Discussion Paper on Non-workplace Pensions in February 2018. The Minister for Pensions and Financial Inclusion, speaking in April 2018, said that he "favours an end-to-end timescale of no more than a few weeks and I am hopeful that the TRIG will deliver that" for standard DC-to-DC pension transfers.

Definitions and organisations

10. For the purpose of this Framework the following definitions apply:
    (a) **Acquiring Provider** means the provider to whom the assets are moving; sometimes described as the Receiving Provider
    (b) **Ceding provider** means the provider from whom the assets are moving
    (c) **Customer** means either a customer of an FCA regulated firm providing retail investment products, or member of an occupational pension scheme
    (d) **GIA** means General Investment Account
    (e) **GPP** means Group Personal Pension
    (f) **ISA** means Individual Savings Account
    (g) **Provider** means either an FCA regulated firm providing investment products, or the administrators of the scheme
    (h) **ROPS** means Recognised Overseas Pension Scheme
    (i) **SIPP** means Self-Invested Personal Pension
    (j) **TRIG** means Transfers and Re-registration Industry Group, formed to review current transfer and re-registration processes, and comprised of the 10 participating trade bodies and their nominated member representatives
11. The associations forming the TRIG are:
    - Association of British Insurers (ABI)
    - Association of Member-Directed Pension Schemes (AMPS)
    - Investment Association (IA)
    - Pensions Administration Standards Association (PASA)
    - Pensions and Lifetime Savings Association (PLSA)
    - Personal Investment Management & Financial Advice Association (PIMFA)
    - Society of Pension Professionals (SPP)
    - Tax Incentivised Savings Association (TISA)
    - UK Finance
    - UK Platforms Group (UKPG)
12. The relevant Government departments and regulators are:
    - Department for Work and Pensions (DWP)
    - Financial Conduct Authority (FCA)
    - HM Treasury (HMT)
    - The Pensions Regulator (TPR)

Status and application of the Framework

13. This Framework summarises the TRIG's agreed position on what providers are expected to deliver to customers, in relation to the timeliness of transfers and re-registrations, and communications during the process.
14. The associations in the TRIG endorse the Framework and encourage their members to adopt it.
15. This Framework is intended to support providers in developing, maintaining and improving their own strategy and procedures for dealing with transfers and re-registrations, in order to improve customer experience and outcomes.

16. It sets out good practice standards for providers when making their own judgements on how best to manage the timeliness and customer communications for transfers and re-registrations. The good practice standards are supported by illustrative examples of different types of transfers and re-registrations. The framework is voluntary, not intended to be prescriptive and designed to complement providers' existing practices, while also encouraging providers to do better than the guidance where they can, and encouraging ongoing refinement and improvement of the process.

17. Providers already have regulatory requirements for transfers and re-registrations. Existing FCA rules[1] require a re-registration request to be executed 'within a reasonable time and in an efficient manner.' Existing legislation also requires pension schemes to ensure that transfers generally take place within six months from the start of the transfer process[2]. Additionally, DWP regulations state that trustees must ensure that core financial transactions for DC pension schemes are processed promptly and accurately and the DC Code issued by TPR also provides guidance on what constitutes 'prompt' and how 'prompt' processing might be achieved[3]. Please note that this framework is not intended to address any legal, regulatory or other responsibilities of those using the Guide, who will need to consider these in addition.

Scope of the framework

18. This industry-wide framework applies across the UK retail investment and pensions industry to certain types of tax wrappers and all types of assets that can be held within these wrappers. The framework also applies to non-tax wrapper GIAs as seen in Example A. However, the Framework does not apply to the following types of transfers or re-registrations:

    - Transfers of bank accounts or Cash ISAs. These transfers have already been subject to a recent review and improvement of market practice. However, transfers between Cash ISAs and Stocks and Shares ISAs are included.
    - Transfers out of defined benefit schemes. These transfers are under active consideration by the FCA, and PASA is already undertaking separate work to streamline and standardise the information provided to financial advisers by schemes.
    - Transfers to ROPS. These transfers pose a number of due diligence challenges to the ceding providers or schemes, and are relatively rare, one-off transfers for customers.

Transfer vs re-registration

19. There are two approaches currently undertaken by the industry that are included within the scope of the Framework. These are outlined below:

    - **Cash transfers:** This refers to the movement of assets in the form of cash between providers. This involves the encashment of holdings, with the current provider moving the realised value of the assets to the new provider.
    - **Re-registrations:** The second approach is known as re-registration, but also can be referred to as being in specie. In this instance, rather than realising the asset and transferring its cash value, the holdings themselves are transferred in-specie between providers, meaning the customer does not disinvest from the market.

20. The choice of which approach is undertaken will depend upon the circumstances: for example, ownership of the assets, and whether the acquiring provider and the ceding provider support the equivalent range of assets.

21. Depending on the legal status of the arrangement it may be necessary to undertake a transfer rather than re-registration, where re-registration is not possible. For example, the customer may be a member of a trust-based pension scheme, which is the legal owner of the assets; or the customer may be in a unit-linked fund operated by an insurance company, which is the legal owner of the assets. This means the asset cannot be re-registered in the customer's name.

22. If the same assets can be held with both the new and current provider, a re-registration could be carried out. In order to avoid the customer incurring transaction costs, potential tax implications and time out of the market, we would expect all firms and schemes to take this approach, unless the customer or their adviser has specifically requested otherwise. We note that neither the ceding nor the acquiring party is necessarily able to ensure this happens.

[1] COBS 6.1G: www.handbook.fca.org.uk/handbook/COBS/6/1G.html?date=2018-01-03

[2] Section 99 of the Pension Schemes Act 1993: www.legislation.gov.uk/ukpga/1993/48/contents/enacted

[3] TPR DC Code, paragraphs 71-78: www.thepensionsregulator.gov.uk/codes/code-governance-administration-occupational-dc-trust-based-schemes.aspx

End-to-end standards

23. **The TRIG believes that the industry should aim towards end-to-end standard timescales for as many transfers/re-registrations as possible, as the total time a transfer/re-registration takes has a meaningful impact on the customer experience.**
24. However, the TRIG recognises that where there are multiple counterparties in a transfer process, an end-to-end standard would mean that firms would be held accountable for the failures of others in the process. The TRIG recommends data collection as a next step, so that it is clearer what end-to-end transfer/re-registration times are for different types of transfer/re-registration, and where any failures are occurring.
25. **For transfers between two counterparties involving cash assets, the TRIG believes that providers should adopt an end-to-end good practice standard timescale, from when the acquiring provider receives a completed instruction from the client, to the receipt of the transferred funds.**
    - For pension cash transfers between two counterparties, this standard should be 10 business days, including BACS timescales. As existing industry practice is often measured in calendar days, 14 calendar days can be taken to be 10 business days for the purpose of this SLA.
    - For occupational scheme transfers between two counterparties this standard should be 15 business days.
    - Where there are multiple counterparties, for example schemes with multiple fund managers, it will be appropriate to follow the "step-by-step" standard.
    - Standards for other types of transfer may be added in guidance from relevant sections of the industry.
26. These timescales represent good practice for automated processing. In practice, pension cash transfers will take longer in some circumstances, particularly where additional due diligence is required on unfamiliar or suspicious schemes.

Customer communications

27. Providers should set customers' expectations about the process by providing the following information to customers prior to or following the initiation of a transfer or re-registration.
    - An outline of the process from the customer's perspective, including an indication of timeframe.
    - A summary of any relevant potential causes of delays that might arise in relation to the transfer or re-registration process.
    - What a customer should do, who to contact, and how, if the transfer does not meet the customer's expectations, or if the customer has questions or wishes to complain.
28. Responsibility for communicating with the customer around the timing of the transfer should rest with the acquiring provider, though this does not mean they should be held responsible for delays caused by others in the process.
29. Where an adviser is acting on behalf of a customer in the transfer process and the acquiring provider is aware of this, the provider should work with the adviser in communicating with the customer regarding the timing and process of the transfer.

The step-by-step standard

30. The TRIG believes that organisations should adopt a maximum standard of two full business days for completing each of their own steps in all transfer and re-registration processes within the scope of this Framework, with the exception of pension cash transfers (see section 25).
31. This approach would enable each counterparty in a process to be equally accountable for ensuring that an efficient transfer and reregistration process is in place. Similarly, organisations will not be accountable for the underperformance of counterparties that are outside of their control.
32. This window would comprise two full business days, with a 'business day' defined as a day when the London Stock Exchange is open. Each firm would process its step by 2359 of the second business day following the day of receipt. This means that, in practice, some firms might have more than 48 hours to process their step, e.g. if they received an instruction at 0900 on day one, and did not complete their step until 2300 on day 3.
33. Each step in the process would begin at the point that an organisation can begin processing, rather than when the organisation does start processing. Similarly, each step would be deemed complete at the point when the relevant communication has been sent to the consecutive counterparty, to enable it to commence the following step.

34. There will be some circumstances where it is not possible to complete a step in this timescale. No exemptions from the standard apply as tasks should still be undertaken as quickly as possible but for specified reasons, counterparties could be allowed to 'stop the clock' on a particular step. Where this 'stop the clock' legitimately occurs, this should not be cited as a reason for causing unnecessary delays or maintaining inefficient practices. Circumstances where this practice might be appropriate will be very limited and we expect their use to be measured and monitored. In due course we expect a concise list to be developed, but for example it may include:
    - Where the ceding provider has concerns about the legitimacy of the firms involved and/or the acquiring provider or scheme, including that it may be a scam
    - Where a specific asset is subject to less frequent dealing or re-registration than 48 hours, including encashment taking longer than this time
    - Where the ceding provider is awaiting the end of a maturity period of an asset
    - Where the ceding provider is awaiting a contribution from a third party
    - Where legislation requires it to be delayed – e.g. a 'cooling off period'
    - Where multiple signatories are required in order for a transaction to be agreed and authorised
    - Where there are unpaid fees
    - Unavoidable disruption beyond the counterparty's control (e.g. system failure).

Further actions

35. The associations in the TRIG endorse this Framework and encourage their members to adopt it promptly when acting as direct product providers and as indirect counterparties. We anticipate that the FCA, DWP and TPR will use it as a tool with which to monitor customer outcomes and experience. As part of the ongoing governance of the Framework we expect MI relating to transfer activity to be shared with regulatory bodies.
36. The TRIG believes that collecting and publishing data will be central to the success of this Framework, and to the improvement of transfers and re-registration. At a minimum, this should cover the following items and we encourage firms to begin collating these items:
    - The number of transfers in and out, or transferred/ reregistered (if intermediate counterparty)
    - The average end-to-end timeline for acquiring parties
    - The average time to complete an instruction for ceding providers
37. As the associations in the TRIG are not well placed to collect such data, the TRIG is engaging with relevant stakeholders to define future requirements for the industry in terms of data collection, monitoring, governance and developing these good practice standards further, including how individual firms agree to sign up to it. Alongside this framework we are publishing a Request for Proposals for an organisation to take on this ongoing role.

Worked examples

38. The purpose of these examples is to illustrate how the standards, both step-by-step and end-to-end, can be applied in practice. Please note the following points about the examples.
    - Each diagram shows the process step by step, after the customer and/or their adviser has contacted a provider to arrange a transfer from another provider.
    - In Examples A-C, the transfer is led by the acquiring party. Common declarations, which are used for automated transfers across the industry, make it possible for the ceding party to rely on the customer agreeing to these declarations made once to the acquiring party. This eliminates the need for discharge forms and written correspondence between the parties.
    - Where appropriate, the diagrams show a fully automated process, with notes on the variations that may be necessary, including where a manual process takes place.

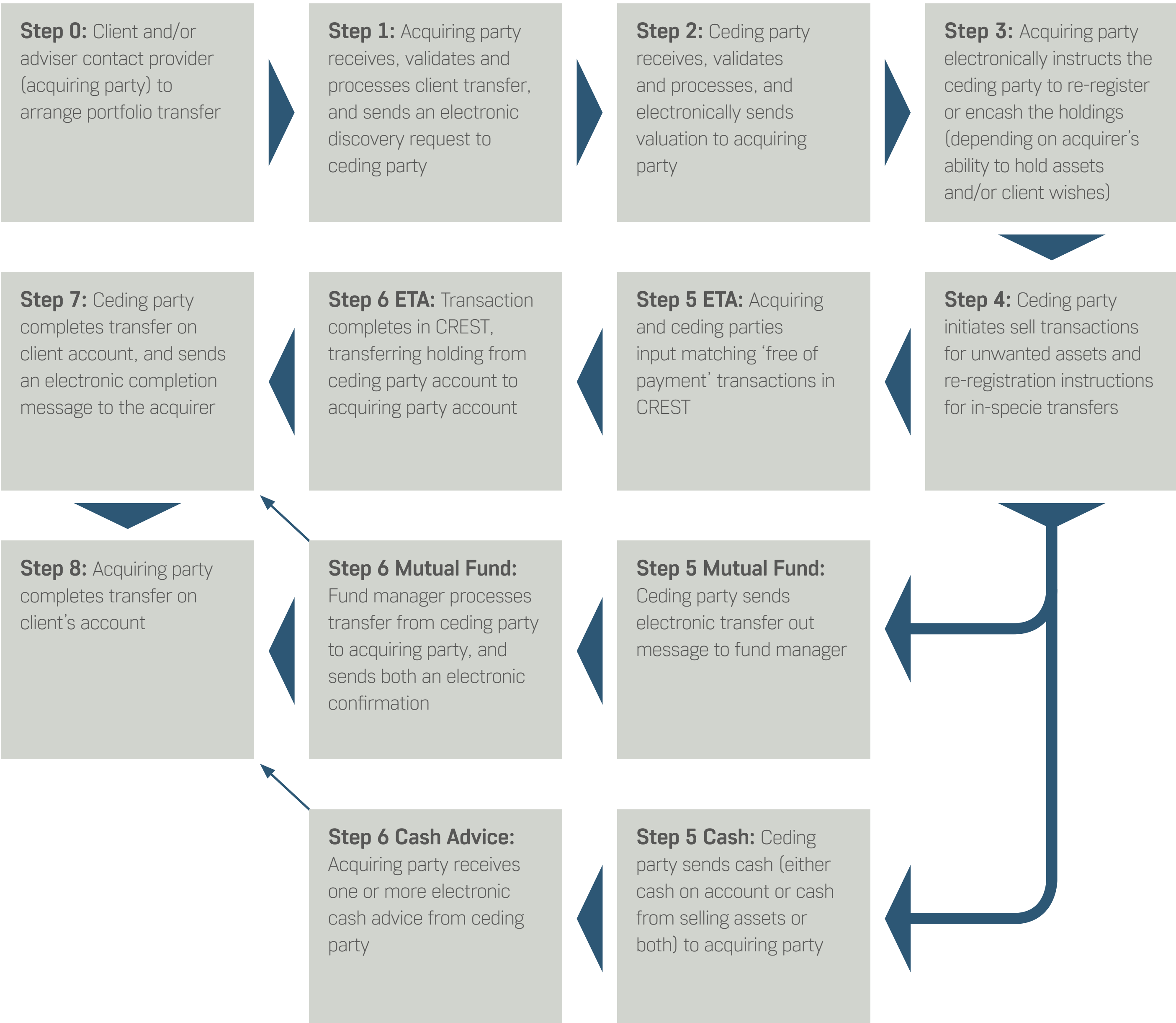
EXAMPLE A: TRANSFER OF ISA OR GIA BETWEEN PROVIDERS

RULES:

- Customers can transfer their ISA or GIA from one provider to another at any time.
- If an ISA current year money must be transferred in full, prior year investments can be transferred in full or in part. If not tax wrapped (i.e. GIA) there are no restrictions on partial transfers.
- Asset types that can be held in a GIA and Stocks and Shares ISA include Exchange Traded Assets (ETA), Mutual Funds, and cash (all three shown in the diagram below) as well as UCITS, shares, bonds, and investment trusts.

PROCESS:

- The re-registration of individual assets held in the client's portfolio happens as part of the overall transfer.
- ISAs and GIAs can be transferred either electronically (using the TeX electronic re-registration process) or manually. The diagram below illustrates the electronic TeX process.
- The diagram shows the process step by step after the customer and/or their adviser has contacted a provider to arrange a transfer from another provider.



PARTIES INVOLVED:

- Ceding Portfolio manager
- Acquiring Portfolio manager
- Fund manager
- CREST for any exchange traded assets

ADDITIONAL INFORMATION ON STEPS:

Step 1: The discovery request is sent by the acquiring party to confirm what is held by the customer in the Portfolio at the ceding party.

Step 2: The ceding party will send a valuation back to the acquiring party listing the assets held by the customer and their ISINs or other identifiers.

Step 3: The acquiring party will then review the assets in the portfolio and instruct the ceding party whether to encash or re-register (depending on the client's instructions and/or whether the acquirer can hold the asset).

Step 4: Exchange Traded Assets are usually settled in CREST by both parties confirming their settlement details, registration details and/or CREST details. Mutual Funds are re-registered by the ceding party sending an electronic re-registration message to the fund manager requesting the transfer. For encashments, the ceding party will instruct the sale of the assets (this process is outside the TeX remit).

Steps 5 and 6: These steps are split between ETAs and mutual funds and cash, as they follow different settlement paths. ETAs can be transferred through CREST on a two day settlement cycle, but can be done same day if required. Acquiring party and ceding party put trade details into CREST, which matches the transactions and settles them free of payment on T+2. For mutual funds, the TeX process requires fund managers to re-register units within 2 days of receipt of the instruction.

Steps 7 and 8: The ISA declaration is sent within the electronic message by the ceding party providing detail of the ISA under their management, including: subscriptions made this year, date of first subscription. For both portfolio types (ISA and GIA) the transfer is deemed complete when the acquiring party has received an electronic 'transfer complete' message from the ceding party.

VARIATIONS:

In a manual process:

- Any steps that require post would add at least one day to each step.
- Most steps would require written correspondence between the parties.
- In Step 5, the ceding party would send a stock transfer form to the fund manager requesting that the units are moved from the ceding party to the acquiring party. The fund manager will re-register the units to the same timeframe (2 days) as if notified electronically.
- In Steps 7 & 8, the ISA declaration is sent manually by the ceding party.

CONVERSIONS

It is possible for a ceding party to convert a Mutual Fund asset into a different class of the same fund (if the acquiring party cannot hold certain preferential classes). However, this is not common industry practice at present as most product providers and all fund managers cannot process these events electronically.

EXAMPLE B: SIPP TO SIPP TRANSFER (ONE OEIC AND CASH)

RULES:

- A SIPP to SIPP transfer happens between two firms who are both authorised by the FCA as SIPP operators.
- Customers can transfer their SIPP from one provider to another at any time.
- A wide range of asset types can be held in a stocks and shares SIPP including ETFs, OEICs, and cash (shown in the diagram below) as well as UCITS, bonds, and investment trusts. Physical property can also be held in certain providers' SIPPs.
- Other rules apply to certain types of pension – those in drawdown or with safeguarded benefits.
- The ceding party is expected to undertake due diligence on the acquiring party to ensure the customer has a statutory right to transfer. To enable this, many industry bodies support the Code of Good Practice on Combating Pension Scams. This due diligence may take considerable time and include reference to HMRC before payment can be processed.

PROCESS:

- The re-registration of individual assets held in the SIPP happens as part of the overall transfer.
- SIPPs can be re-registered either electronically (using the TeX electronic re-registration process) or manually. The diagram below shows the process using TeX for a SIPP on an investment platform.
- SIPP cash transfers can be transferred electronically through transfer services or manually.

PARTIES INVOLVED:

- Ceding SIPP manager
- Acquiring SIPP manager
- Fund managers and custodians

ADDITIONAL INFORMATION ON STEPS:

Step 1: The discovery request is sent by the acquiring party to confirm what is held by the customer in the SIPP at the ceding party.

Step 2: The ceding party will send a valuation back to the acquiring party via electronic re-registration message listing the assets held by the customer and their ISINs or other identifiers.

Step 3: The acquiring party will then add the list of assets to the customer's account, and confirm that it can (or cannot) hold all of the assets on their platform. If the acquiring party cannot hold an asset, then it will request the ceding party sells the asset and send funds to the acquiring party.

Step 4: OEICs are transferred by the ceding party sending an electronic re-registration message to the fund manager requesting the transfer. For cash transfers, the ceding party will instruct the sale of the assets if applicable. This may be transferred through an electronic transfer service.

Steps 5 and 6: These steps are split between OEICs and cash, as they follow different paths. OEICs are re-registered within 2 days for electronic re-registration. Cash may arise from the sale of assets or from cash already sitting on the customer's account.

Step 7 and 8: The pension declaration is sent by the ceding party providing detail of the SIPP under their management, and confirming that the transfer is complete. The SIPP transfer is complete (from the customer's and the acquiring party's perspective) when the assets and cash have been transferred to the acquiring party, the pension declaration has been received, and assets booked as transfers in the customer's account.

VARIATIONS:

In a manual process:

- Any steps that require post would add at least one day to each step.
- In Step 1, pension discharge forms would be required from the ceding party before the process begins.
- Steps 1, 2, 3, 4 and 6 would require written correspondence between the parties rather than electronic messages.
- In Step 5, the ceding party would send a stock transfer form to the fund manager requesting that the units are moved from the ceding party to the acquiring party for the OEIC. The OEIC would be re-registered on the same or next day after the stock transfer form is received by the fund manager, but other fund managers differ.

Physical property in a SIPP can be re-registered. Property in a SIPP is typically held as an asset of the scheme, and if it is re-registered to a new scheme, it is treated as a sale and requires an independent valuation, and involvement of the lender if there is any borrowing against the property. This process can add considerable time to a transfer.

In a transfer involving a SIPP off an investment platform, more parties are more likely to be involved, as the ceding party must instruct all additional parties such as discretionary fund managers to act. However, some investment platforms can hold assets for third party SIPP providers and facilitate electronic transfers even if the ceding party instructs them manually.

EXAMPLE C: GROUP PERSONAL PENSION TO GROUP PERSONAL PENSION CASH TRANSFER

RULES:

- A pension cash transfer happens between two Registered Pension Schemes. In this example, both are authorised by the FCA.
- Customers can transfer a pension from one provider to another at any time.
- Group personal pensions used for automatic enrolment always have a default fund with other options, all containing a range of assets. These typically cannot be re-registered because the ceding and acquiring parties will have different assets in their funds.
- Other rules apply to certain types of pension – those in drawdown or with safeguarded benefits.
- The ceding party is expected to undertake due diligence on the acquiring party. To enable this, many industry bodies support the Code of Good Practice on Combating Pension Scams. This due diligence may take considerable time and include reference to HMRC before payment can be processed.

PROCESS:

- The transfer of a pension in cash may be the only asset transfer at that time, or may be part of an overall transfer.
- Multiple pensions can be transferred in cash at the same time.
- Pension cash transfers can be transferred electronically through an electronic transfer service. This example refers to the Origo Options transfer service. Other services are available.

PARTIES INVOLVED:

- Ceding provider
- Acquiring provider

Step 1: Acquiring party receives, validates and processes forms from client (including signed Common Declaration form), sends request to ceding party via Options

Step 2: Ceding party receives, validates and processes request from Options, encashes funds, initiates cash transfer to acquiring party and updates Options status including transfer amount

Step 3: Acquiring party processes transfer confirmation received via Options and sets up BACS transfer payment expectation

Step 5: Acquiring party reconciles payment, processes policy set up issues, documents to client & updates Options

Step 4: Cash transferred via payment system (eg BACS)

ADDITIONAL INFORMATION ON STEPS:

Step 1:	The expected cash transfer amount is recorded by the acquiring party on Options. This field is optional but the amount is provided 99% of the time.
Step 3:	The cash transfer process via BACS takes 3 working days to clear and when cash transfers are processed efficiently by both parties this step often makes up a significant element of the total time for a transfer to be processed.

VARIATIONS:

In a manual process:

- Any steps that require post would add at least one day to each step.
- In Step 1, pension discharge forms would be required from the ceding party before the process begins.
- Steps 1, 2, 3 and 5 would require written correspondence between the parties rather than electronic messages.

In Step 3, Faster Payments is sometimes used, which reduces overall times by 2-3 days.

EXAMPLE D: OCCUPATIONAL DC SCHEME TO OCCUPATIONAL DC SCHEME

RULES:

- A pension cash transfer happens between two Registered Pension Schemes. In this example, both are single employer occupational schemes with a third party administrator.
- Customers can transfer a pension from one provider to another at any time.
- The assets in an occupational pension are assets of the scheme; if they are used for automatic enrolment, they will always have a default fund containing a range of assets. These typically cannot be re-registered because the ceding and acquiring parties will have different assets in their funds.
- Other rules apply to certain types of pension – those in drawdown or with safeguarded benefits.
- The expectations for occupational DC schemes in relation to transfers are set out in the Core Transactions section of the Pensions Regulator's DC Code. This requires schemes to examine whether it is appropriate to use an electronic transfer.
- The ceding party is expected to undertake due diligence on the acquiring party to ensure the customer has a statutory right to transfer. To enable this, many industry bodies support the Code of Good Practice on Combating Pension Scams. This due diligence may take considerable time and include reference to HMRC before payment can be processed.

PROCESS:

- The transfer of an occupational pension to another occupational pension in cash will usually be the only asset transfer at that time.
- Multiple pensions can be transferred in cash at the same time.
- Pension cash transfers can be transferred electronically through an electronic transfer service. The diagram below gives one example for schemes not using electronic transfers.

PARTIES INVOLVED:

- Ceding scheme
- Receiving scheme
- Fund manager

Step 1: Following request from member, ceding scheme provides TV, scheme information and discharge / application to proceed

Step 2: Member provides TV to chosen scheme or financial adviser

Step 3: Acquiring scheme validates documentation, sends confirmation TV to proceed to ceding scheme and member's Application to Proceed

Step 4: Ceding scheme requests scheme specific and scam documentation

Step 5: Acquiring scheme completes and returns scheme information to ceding scheme

Step 6: Ceding scheme validates acquiring scheme and scam information and instructs fund managers to encash funds

Step 7: Fund managers send cash to ceding party

Step 8: Ceding scheme transfers funds to acquiring party by payments system (e.g. BACS)

Step 8: Acquiring scheme receives and processes payment, confirms to customer and ceding party that process has been completed

ADDITIONAL INFORMATION ON STEPS:

Step 1:	The ceding scheme may be approached directly by the acquiring scheme, rather than the member and the process can continue as long as a letter of authority is also received.
Step 2:	Scheme discharges / applications to proceed will vary by scheme and its specific rules.
Step 3-4:	This is the step that the instruction to proceed is sent to the ceding scheme. On receipt of this the recommended timescale can start.
Step 4-7:	The process for a manual and electronic transfer may differ in the process for due diligence on the receiving scheme. In an electronic transfer process, the ceding scheme will undertake due diligence based on the information standardly provided with supplementary information in writing required from some acquiring schemes.
Steps 7-8:	The disinvestment of funds from fund managers is widely managed through the SWIFT network, which processes electronic instructions between fund managers and administrators. This allows for a disinvestment instruction from the administrator to be processed and for units sales to be confirmed to the administrator by day 4 from instruction being sent. Cash is generally received for disinvestments within 48 hours of the trade instructions being processed. Where DC funds (often Additional Voluntary Contributions) are held by investment managers who do not participate in this automated system the disinvestment process will be manual and can take much longer.
Step 9:	The cash transfer process via BACS takes 3 working days to clear and when transfers are processed efficiently by all parties this step may make up a significant element of the total time for a transfer to be processed if there are no scam concerns.

VARIATIONS:

Although mention is made of an IFA, the process assumes that independent financial advice is not being taken. If it is being taken this will add time to the end-to-end time (generally weeks rather than days).

The Pensions Regulator allows trustees to delegate authority to administrators if it is not practical to sign off transfers. If the trustees of a scheme do sign off the transfer, it will add time, particularly to Step 2 and Step 3.

For some occupational DC schemes, particularly Master Trusts, there need not be an additional step where a fund manager encashes the funds – this would be part of the same step undertaken by the ceding party.

In Step 9, Faster Payments is sometimes used, which reduces overall times by 2-3 days.

TRIG Framework Q&A

1. Why does the framework differ from the scope of the original consultation?

The TRIG decided to focus the framework on what it can deliver, and which had a direct impact on customer outcomes: transfer times, monitoring data and customer communications. Any wider goals for how the industry conducts transfers and re-registrations were seen to be beyond TRIG's control.

2. Will the governance and standards body take on other projects or functions?

The original TRIG consultation asked whether a new governance body should be established and whether such a body should take on other functions. There was strong support for a governance body to take this on, but not to establish a new one, and a preference to appoint a body only for the purpose of the industry framework. It may be the case that the successful party from the Request for Proposals takes on other projects.

3. Why are there different standards for different types of transfer?

When this project was initiated the aspiration was for a single set of standards, whatever the type of transfer. However, there was a clear desire among stakeholders for end-to-end standards for some types of transfer, and a concern that in transfers with multiple counterparties, parties should not be held responsible for the failures of others.

This is intended to be a framework for the industry as it currently is. Given that the industry continues to evolve, there may be further convergence of transfer practice in future. We expect that one role for the governance and standards organisation, which we are seeking in the Request for Proposals document, is to ensure that the standards remain relevant.

4. When should industry implement the framework?

This is already good practice, and reflects the standards to which much of the industry already generally adheres. As it is voluntary, there is no implementation deadline, but the framework encourages firms to meet the timescales more consistently; and we expect the FCA, DWP and TPR to use it as a tool with which to monitor the progress of individual firms and parts of the industry.

5. Why is it voluntary?

The associations in the TRIG are not in a position to compel, supervise and enforce against their members. The intention of the industry in taking the lead has been that the FCA need not make rules, and DWP need not legislate to achieve the same outcomes; but both have indicated that they will consider further action if they do not see improvements.

6. What role will TRIG have on an ongoing basis?

The TRIG will manage the RfP process, and may have a role in future governance arrangements. The associations will continue to take an interest in transfers and re-registrations.

Press Release

For immediate release **Date: 29 June 2018**

New industry transfer framework gains support from TISA

Today, the Transfers and Re-registration Industry Group (TRIG) has published a new framework of industry guidelines to help improve customer experience.

TISA, the investment and savings membership organisation, is in support of the new framework, which is designed to identify and encourage good practice across the industry. It is hoped that the new framework will reduce the need for regulatory intervention when it comes to transferring or re-registering ISAs, pensions and investments.

The TRIG, which is made up of leading industry groups, such as TISA, has developed this framework over the last two years, discussing the content with FCA, the Department for Work and Pensions and the Pensions Regulator

The guide is designed to support providers in developing, maintaining and improving their own strategy and procedures for dealing with transfers and re-registrations, in order to improve customer experience and outcomes

If this framework and way of working is seen to be unsuccessful, there is a possibility of intervention from the FCA in the future.

On the project, **Carol Knight, Chief Operating Officer of TISA**, has said:

"More people are choosing to open ISAs and pensions than ever before, and it's only right that the industry provides an efficient way of enabling customers to move their investments to a new provider. With an estimated £3 trillion of assets, and 60 million individual accounts, there is a huge range of firms and organisations involved.

We're pleased to have played a part in helping to bring this framework to life, and while more still needs to be done, we hope firms will be encouraged to sign up."

The TRIG is now looking for firms to take on the responsibility of governing the framework. Firms who are interested will need to demonstrate how they would implement the new framework and meet a number of requirements.

Deadlines for responses to the request for proposal are due on 31st August.

Ends….

Issued on behalf of TISA by Atlas Partners, for further information please contact:
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Notes for Editors

About TRIG

- The associations forming the TRIG are: Association of British Insurers (ABI), Association of Member-Directed Pension Schemes (AMPS), Investment Association (IA), Pensions Administration Standards Association (PASA), Pensions and Lifetime Savings Association (PLSA), Personal Investment Management & Financial Advice Association (PIMFA), Society of Pension Professionals (SPP), Tax Incentivised Savings Association (TISA), UK Finance, UK Platforms Group (UKPG)
- The relevant Government departments and regulators are: Department for Work and Pensions (DWP), Financial Conduct Authority (FCA), HM Treasury (HMT), The Pensions Regulator (TPR)
- The TRIG's goal is to improve the customer experience, by identifying and encouraging good practice, so that outlying firms improve their own processes. The intention is to do so without prescriptive regulatory intervention.

About TISA

TISA is a unique, consumer focused membership organisation. Our aim is to improve the financial wellbeing of UK consumers by aligning the interests of people, the financial services industry and the UK economy. We achieve this by delivering innovative, evidence-based proposals to government, policy makers and regulators.

TISA's growing membership comprises more than 190 firms involved in the supply and distribution of savings and investment products and services. These members represent all sectors of the financial services industry, including asset managers, insurance companies, fund managers, distributors, building societies, investment managers, third party administrators, FinTech, consultants and advisers, software providers, financial advisers, pension providers, banks and stockbrokers.

Current themes of TISA policy work include:

- Brexit: developing proposals for government that will enable the savings and investments sector to prosper on a global scale
- Digitalisation: a digital identity for consumers of financial services, innovation, standards and data responsibilities
- ISA's: LISA, simplification of the regime
- Retirement saving: the Auto Enrolment review, self-employed and pension tax relief
- Housing: the use of property to supplement retirement income
- Guidance: developing a framework and services to make guidance more widely available
- Education: supporting the education of young people to make them aware of the impact of finance on their life.

TISA also provides support on a range of operational and technical issues targeted at improving infrastructure and processes, standards of good practice and the interpretation and implementation of new rules and regulations. TISA has a successful track record in working cooperatively with government, regulators, HMT, DWP and HMRC to improve industry effectiveness by reducing cost and risk and to enhance customer outcomes. This work currently includes: MiFID II, CASS, the UK Fund Trading & Settlement initiative and Payments Strategy Forum. TISA Exchange (TeX) is providing a model for transfers and re-registrations.

Website: www.tisa.uk.com