



'Junior ISAs'

Encouraging saving for children and providing a focus for financial education

The Government has previously announced that Child Trust Fund (CTF) vouchers will not be issued for children born after 3rd January 2011. However, it has confirmed that it is keen to encourage children's savings and is in the process of gathering views on the design of a new Scheme, currently referred to as a 'Junior ISA'. Mark Hoban, MP, Financial Secretary to the Treasury has stated that he hopes this Scheme will be available from the autumn of 2011.

Because of the tight timescales, any new Scheme is likely to resemble the structure of a CTF or an Individual Savings Account (ISA). There are many issues yet to be decided: eligibility criteria; subscription limit; subscription year; the concept of a single account to follow the child for life,

cash and/or stocks and shares elements – the list is considerable.

TISA has recommended that eligibility for the 'Junior ISA' be backdated to enable all children born after the beginning of January 2011, as well as all those who were born too early to be eligible for the CTF, to qualify for the new Scheme.

Members of TISA's Advisory Council for Children's Savings as well as the wider TISA membership have already submitted their views on the shape of the new Scheme. This input was incorporated into TISA's response to the initial consultation and also informs TISA's contribution to the focus group discussions with HMT/HMRC. Details of the new Scheme will be circulated to members as soon as we receive them.

Welcome

Our new Investment & Distribution Newsletter is to provide readers with an insight into TISA's leadership and involvement in the Investment & Distribution arena. Each quarter we will provide a high level outline of the financial services industry, its key activities and initiatives.

Important Date!
Annual conference
16th November 2011



■ Director General, Tony Vine-Lott (left) and Chairman, John Brasington (right) at the 2010 TISA Annual Conference.

See inside for more important dates

INSIDE THIS ISSUE ►

02 **Re-registration project** – Read about the project status and the open, free Plenary Group session in May.

03 **PAIFs** – All change on the property fund front. Read about our latest work.

04 **ISA Cash transfers** – Remember the Super Complaint last summer? Read what the industry working party is doing to help provide a better and faster service for customers.

Re-registration project

The transfer of clients' assets between providers is currently a manual process which is both complex and time-consuming and leads some providers to prohibit the transfer of investments. This is widely acknowledged as disadvantageous to investors, so as an industry it was decided to attempt to automate the transfer of investments and ISA wrappers, thus saving both time and money as well as providing a better service to customers. This decision was re-enforced by the requirement in the Retail Distribution Review (RDR) to enable re-registration between Platforms by December 2012.

The TISA re-registration project co-ordinates industry providers' efforts in achieving this aim. The main objectives of the project are to:

- ▶ Support the transfer and re-registration of assets
- ▶ Define a commonly understood set of procedures and, where appropriate, systems
- ▶ Help market participants move to an automated service as soon as possible.

A number of workstreams have been supporting these objectives and the project is close to finalising and publishing a draft legal agreement. The Service Level Agreement was distributed in late January 2011. In addition to these workstreams, **TISA has also announced a further Plenary Group session on 11th May 2011 which will be open to both members and non members of TISA free of charge.** Full details of the session are on our website at www.tisa.uk.com

Wraps and Platforms

This is a dynamic market and 2011 is likely to see a number of wrap and platform providers making their entrances and exits. Undeniably the RDR will have significant implications, but more immediately there are issues in CP 10/29. TISA is actively engaged with the FSA in order to ensure that some of the unintended consequences are properly addressed.

Distribution

The focus here remains firmly on the RDR and in particular, the future landscape for the distribution of retail financial services products post 2012. The influence of European regulatory pressure is also starting to be felt – through the latest incarnation of the Markets in Financial Instruments Directive (MiFID) and the Packaged Retail Investment Products initiative (PRIPs). This may yet have serious ramifications for the UK, particularly in relation to the execution only market.

ISA, CTF and Children's Saving 'Junior ISA' Update sessions

A number of changes and amendments to the ISA rules and Children's Savings Plans have taken place in recent months and TISA understands that authorised ISA managers have to be kept fully aware of such changes. We have therefore put together a 2 hour update session to include the following:

- ▶ The new regulations relating to Cash ISA transfers with a detailed analysis of the practical impact on ISA managers
- ▶ Clarification of Stocks & Shares ISA transfers
- ▶ An update on electronic transfers and the potential impact on the ISA market
- ▶ Clarification of the new ISA regulations relating to compensation payments
- ▶ An update on the proposals for the new 'Junior ISA' to be launched in Autumn 2011
- ▶ Clarification of recent changes to the Child Trust Fund (CTF).

The sessions will be run by Peter Shipp (Technical Director, Savings Schemes) and Carol Knight (Head of Member Services) and will be held in **Manchester** on 16th February, **London** on 17th February and **Edinburgh** on 22nd February 2011. For more information or to book a place please see our website www.tisa.uk.com or call 01642 666999.



■ Mark Hoban MP, Financial Secretary to the Treasury.

Annual ISA Report

On 1st March, TISA and Cimetric are jointly publishing the ISA Industry Report which will provide a wealth of information, consumer research and insight into the UK's most popular savings scheme. The report, which is sponsored by the Telegraph Media Group and includes an introduction by the Financial Secretary to the Treasury, Mark Hoban MP, will examine the challenges facing the industry and consider the issues critical to the future health and direction of ISAs.

The ISA Industry Report is available to TISA members at a preferential price. Furthermore, there is a 15% discount for orders placed in advance of the launch date of 1st March.

TISA members are also able to use the report to support their marketing and business development activities by including their corporate branding on the report and distributing it to their network of clients and business relationships. Special discounts are available for bulk purchases.

For more information, please contact Roger Colletta at roger.colletta@cimetric.co.uk or visit www.cimetric.co.uk

Did you know?

Attendance at many of our courses and seminars will help you with your Personal Development objectives and assist you with your professional success. Upon request a certificate of attendance and your allocation of CPD points will be provided after each event.

In the Chair!



John Brasington elected as Chairman for the 11th successive year!

Diary dates!

Friday 4th March

– Financial Crime Seminar, London

Tuesday 8th March

– Discussion forum, London

Thursday 24th March

– UK Retail Distribution Seminar, London

Tuesday 29th March

– VAT round table, London

Tuesday 10th May

– Wrap & Platform Seminar, London

Wednesday 11th May

– Plenary session, Re-registration Project, London

Thursday 16th June

– Discussion forum, London

Thursday 23rd June

– Pensions Seminar, London

Thursday 15th September

– Corporate Wrap Seminar, London

Thursday 6th October

– Distribution Seminar, London

To book a place at any of these events go to our website at www.tisa.uk.com or call 01642 666999.

PAIFs set to impact £10 billion authorised property fund sector

5 out of the top 10 property fund managers have already signalled their intention to offer PAIFs – Property Authorised Investment Funds – by the fourth quarter of 2011. This key finding from a recent paper published by TISA's PAIF Technical Committee indicates that the introduction of PAIFs is set to have significant implications for the financial services sector.

Based on its long experience of managing change, TISA identified the need for a Technical Committee to be in place to assist the industry in the development and introduction of these funds. Whether property managers are looking to convert existing authorised funds or to launch new ones, there are perhaps inevitably challenges to face and, more optimistically, opportunities to explore. They all call for expert input and appropriately TISA's Technical Committee is predominantly made up of industry practitioners, currently represented by:

- ▶ property fund managers
- ▶ investment administrators
- ▶ pension providers
- ▶ life offices
- ▶ wrap and platform providers
- ▶ distributors
- ▶ relevant trade bodies.

The Committee's discussions have already shed light on some potential issues – in particular, difficulties that ISA, SIPP, wrap and platform providers may have to face as they try to offer fully automated solutions for PAIFs to meet the requirement to stream distributions. As a result of this, a proposal has been put forward to allow fund managers

to convert existing funds to the PAIF structure pending an automated solution from the ISA, SIPP, wrap and platform providers.

This proposal can be found on the 'What's New?' section of the TISA website at www.tisa.uk.com.

TISA will shortly be establishing a new Working Group to provide a forum for Platforms to meet and share knowledge on a non-competitive basis. If you would like to join this group please email us at enquiries@tisa.uk.com and we will be in touch to confirm dates and an agenda later in the month.

PAIFs – a quick refresher

- ▶ A PAIF is an open-ended investment company (OEIC) which meets certain conditions: these include investing mainly in property or property related interests and having made an election to HM Revenue & Customs to enter the PAIF regime.
- ▶ A PAIF is exempt from tax on the income and gains arising from its property related assets. No tax charge should arise on the residual income received by the PAIF because tax deductions are available in respect of distributions made out of that income.
- ▶ This serves to eliminate the tax inefficiency of authorised property funds which arises for tax-exempt investors and those who hold their assets in a tax-efficient scheme (e.g. ISAs and SIPPs).

Training

TISA offers a range of training on ISA administration. These include general courses providing an insight into all the key areas of ISA administration – as well as specialised workshops. These sessions cover areas such as qualifying investments, transfers, applications and repairs/voids. All the courses are publicly available and details are on the TISA website www.tisa.uk.com

Firms (both member and non-member) wishing to book these sessions as part of their in-house training programmes and any interested parties should contact TISA on 01642 666999.

In addition to specific training on ISAs TISA offers a number of courses run by external experts. The training section of our website gives full details of the options available. Should you have other training requirements get in touch with us to discuss options that may be available.

Contact us

We hope you have enjoyed this first edition and found it interesting and informative. Any questions or comments should be addressed to Jill.Crowell@tisa.uk.com



Coming Soon... VAT Workshop

Further details to be confirmed

Breaking News...

Two new speakers have been confirmed for the TISA Financial Crime Seminar to be held at Ernst & Young, London SE1 on the morning of Friday 4th March 2011.

The event now includes presentations from:

- ▶ **Keith Dewey**, Ernst & Young
- ▶ **David Swanney**, Joint Money Laundering Steering Group (JMLSG)
- ▶ **Charlotte Hill**, Stephenson Harwood
- ▶ **Nick Matthews**, Kinetic Partners
- ▶ **Martin Churchill**, Serious Organised Crime Agency (SOCA)

For more information or to book a place please see our website www.tisa.uk.com or call 01642 666999.

See you
in the next
issue!



Cash transfers

Following the super complaint and the subsequent response from the OFT last summer, TISA has been working closely with the BBA, BSA and an industry working party to identify and implement changes to provide a better and faster service for customers who transfer their Cash ISAs.

A key part of that work was implemented from the beginning of January 2011 when the Industry Guidelines for Cash to Cash ISA Transfers was issued in revised format, bringing the recommended time for completion of the transfer down from the previous 28 days to 15 working days. This has been achieved by a) requiring first class postage b) reducing the time available for the old provider to process the application from 10 to 5 days and c) faster application of transfer monies received into the customer's ISA account.

To provide surety to the FSA that ISA providers are complying with the new guidelines, all firms who process more than 5,000 Cash ISA transfers a year are obliged to report data to the FSA through the appropriate trade body on the time taken to process their transfers.

Alongside the changes listed above, providers have had to amend their procedures such that no customer suffers a gap in earning interest. From the beginning of January 2011 the new provider will have to pay interest from the day the customer's old ISA account was closed or day 16 following receipt of the transfer request, whichever is the earliest.

Work is on-going to improve the speed of these transfers still further by undertaking an investigation into the potential for electronic messaging. Updates on this will be provided as work progresses.

People news

This section of Quarterly is dedicated to news from our members on appointments and will also give information on changes to TISA councils, speakers at our events and all other people related news.

Moves to note:

Mary-Anne McIntyre moved from FIL and is now COO at Openwork Ltd.

Andy Willerton moved from RBS and is now Head of Operation Taxes, Platform Business at Standard Life.

Matt Dickson, Head of Elevate Investment Office, AXA Wealth has joined the TISA Re-registration Executive Committee.

Mike Morecroft, Head of European TA – Invesco Perpetual joined the TISA Re-registration Executive Committee.

Simon Chamberlain, Chief Executive Officer, Succession Advisory Services has joined the TISA Distribution Advisory Council.

Peter Smith, Legal & General Group has joined the TISA Distribution Advisory Council.

Gillian Boston, Barclays Wealth has joined the TISA Investment Advisory Council.

