

12<sup>th</sup> December 2014

Laura Forster  
ISA peer-to-peer consultation  
Pension and savings team  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Dear Laura

### **ISA Peer-to-Peer Consultation**

I am pleased to attach TISA's formal response to this Consultation.

TISA is a not-for-profit membership association operating within the financial services industry.

TISA's membership comprises over 145 member firms involved in the supply and distribution of savings and investment products and services.

These members represent many different sectors of the financial services industry, including banks, stockbrokers, asset managers, insurance companies, fund managers, distributors, building societies, investment managers, third party administrators, consultants and advisers, software providers, financial advisers and pension providers.

Many ISA managers are members of TISA and this response has benefitted from the expertise of its members. TISA has held an open meeting for members to discuss the issues arising from the consultation, as well as continuing discussions with member firms on the practicalities and implications of the inclusion of peer-to-peer loans in ISAs.

We should like to thank staff of HM Treasury and HMRC for their willingness to engage with the industry about the inclusion of peer-to-peer loans in ISAs. This inclusion within ISAs is something TISA has long sought and we welcome the Government's commitment to ensuring this.

### **Summary of response**

Our key recommendations are

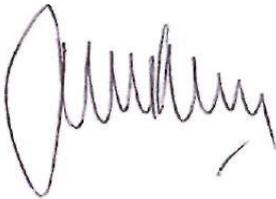
- Peer-to-peer loans should be invested in a separate ISA type. This will permit appropriate regulation and controls over transferability and liquidity to be controlled in ways that do not impact stocks and shares ISAs and cash.

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- Care should be taken to ensure that the costs to the existing market of complying with the additional reporting and compliance requirements are minimized. Many, perhaps most, of the existing market will not, initially at least, offer peer-to-peer loans. The impact of amendments to HMRC reporting, to disclosure, and to systems should be minimized. This applies in particular to the introduction of a peer-to-peer ISA.
- The Government should look to amend regulations (including the RAO) to permit qualifying loans to be included in collective investment vehicles, whether closed end or open ended, as this will make such loans more accessible to retail investors, and thus enable retail investors to get exposure to this asset class through existing ISA managers, without forcing existing ISA managers to become peer-to-peer platforms to offer exposure to their retail customers.

We should welcome the opportunity to discuss our response with you in more detail, and see how this extension to ISAs can work for customers, the industry and in the wider interests of the country in encouraging innovation and stimulating competition.

Yours sincerely



Jeffrey Mushens  
Technical Director