



POLICY & TECHNICAL UPDATE

Q4 2022





GROUPS & COMMITTEES

Strategic Policy Committees

Influencing UK policy and the environment affecting savings & investment to benefit the consumer

Consumer Policy Committee

Digital Innovation Policy Committee

Financial Education Committee

Later Life Lending CEO Advisory Board

Strategic Policy Working Groups

Financial Guidance & Simplified Advice Working Group

Stocks & Shares ISA Simplification Working Group

Later Life Lending Working Group

Retirement Strategy Working Group

Social Care Working Group

TISA Working Groups support the work of TISA's Policy Committees

Technical Policy Committees

Supporting the industry through regulatory and government consultation, and best practice implementation

Cash & Investment Savings Technical Committee

Client Assets Technical Committee

Governance, Culture and Conduct Committee

Operational Resilience Committee

Responsible & Sustainable Investment (RSI) Committee

Taxation Technical Committee

Retirement Policy Committee

Technical Policy Working Groups

Client Assets Working Group

Child Trust Fund (CTF) Rollover Working Group

Financial Crime Working Group

New Consumer Duty Working Group

Operational Resilience Working Group

Responsible & Sustainable Investment Working Group

Retail Access to LTAFs & High-Risk Investments Working Group

UK Distributor European ESG Template (EET) Working Group

VAT Reform Working Group

Vulnerable Customers Working Group

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TISA

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STRATEGIC POLICY
INITIATIVES

Financial Education

Submission made in September 2022 in response to DCMS’s Consultation Paper on dormant assets scheme funding, arguing the case for funding to be provided for financial education to children.

Financial Guidance and Simplified Advice

- Joint letter agreed and sent to Government by trade bodies (IA, PIMFA, ABI and TISA) calling for legislative change to enable Regulated Personalised Guidance and Simplified Advice.
- Significant pre-consultation feedback considered and provided to FCA (and HMT) regarding their plans for a Simplified Advice regime for S&S ISAs. TISA has voiced its non-support for the regime on the grounds that Simplified Advice won’t solve the engagement problem and would only be worthwhile if MiFID Suitability rules were amended (which would require legislative change).
- Significant work has been carried out with ex-City Minister Harriett Baldwin MP (who is now the Chair of the Treasury Select Committee) on an amendment to the FS&M Bill 2022 going through Parliament to enable HMT to create a Regulated Financial Guidance regime. Harriett Baldwin MP tabled the amendment (as part of Report Stage of the Bill) on 25 November 2022.

Stocks & Shares (S&S) ISA Simplification

- Our primary research report – The Keys to Unlocking Greater Investing in Stocks & Shares ISAs – was published early November (sponsored by abrdn, Baillie Gifford, Coutts & Nationwide), attracting significant interest from FCA, HMT and industry along with significant industry press coverage.
- Customer communication prototype concepts (for S&S ISAs) are now being developed, together with a highly energised group of volunteers and industry experts – including University of Nottingham, Amplified Global, CMS Lawyers, Oxera. NB: Sponsorship interest being sought from members to fund the development and consumer testing of S&S ISA Comms prototypes.

Pensions

- Our long-term policy “asks” of Government have been discussed and refined. Though we acknowledge that we can’t be “tone-deaf” to the current cost of living crisis and the Government’s budgetary agenda, which make it currently hard to argue for reform of AE.
- We continue to work on voluntary-type initiatives to improve pension outcomes - we are working with MAPS and DWP on what employers need to signpost employees to sources of guidance and advice, to support them in their financial planning; and we are engaged with a major national employer on a trial that nudges non-eligible employees to take-up of AE.

NB: In the latest Autumn Statement, the Pension Triple Lock commitment has been maintained and Pension Allowances have not been reduced but are now frozen for several years.

High Risk Investments

- Following extensive engagement with the FCA, their final Policy Statement on Strengthening the Financial Promotions Regime was released. TISA was pleased to see its recommendations considered and reflected in the final policy. TISA continues to be in dialogue with the FCA, who are keen to see our policy develop and keen for TISA to engage with HMT on our remaining policy asks. There remains though, in TISA's opinion, a number of areas to further refine – HNW/Sophisticated Investor exemption regime too “one-size-fits-all”; poor understanding of FCA authorisations by households; and categorisation of LTAFs still unnecessarily excluding certain retail investors.
- TISA has met with HMT as is actively engaging on the subject. HMT are well versed with TISA's response to their consultation on raising the thresholds for exemptions and acknowledged TISA concerns, agreeing this is a complex area to get right. Work continues

Later Life Lending

- Following our recommendations put to MAPS at the beginning of this year on the type of guidance people need on Later Life planning, MAPS have now confirmed they are going to be building a Later Life consumer guidance proposition (H1 2023) and have asked TISA to sit on its Advisory Panel, which we have agreed to.
- TISA continues to explore what industry practices can be improved and whether the FCA's new Consumer Duty will solve issues for households needing to utilise their housing wealth in later life.

Social Care

- Following the successful roundtable held with HMT and DHSC in the Summer-2022, we have been engaging with the HMT Director, Deputy Director and officials on the actions from that workshop.
- Actions agreed with HMT and DHSC: 1) TISA to assist HMT on how Local Authorities should go about signposting people in need to financial advice; 2) TISA to assist (over the long-term) DHSC on their National Awareness plans; 3) HMT to consider various product and IHT recommendations that would incentivise people to save/invest/insure towards their future social care cost needs.

NB: In the latest Autumn Statement, the Government has delayed its Adult Social Care charging reform (including the introduction of the £86k cap) from October 2023 to October 2025.

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TECHNICAL POLICY
INITIATIVES



Vulnerable Customers

- Work has broadly concluded in this initiative - in so far as the successful completion of our Best Practice Guides and final updates and additions to the RADAR tool (that helps firms grade their adherence to FCA rules on the fair treatment of vulnerable customers).
- The working group is now largely concerned with acting in an advisory capacity to TISA's new Consumer Duty working groups.
- The working group continues to meet on a quarterly basis, to provide a forum for discussion, and as a mechanism to engage with the third sector, such as charities.

Governance Conduct and Culture (GCC)

- The Committee has overseen and acted as steering to TISA's work on Consumer Duty during the last period (see below Consumer Duty update).
- Further conduct scenarios relating to hybrid working practices have been added to the Best Practice guides. The group will support and inform TISA in its response to the FCA's Diversity and Inclusion Consultation Paper which is now expected in Q1 2023.

New Consumer Duty

- Following the FCA releasing its final Policy Statement rules and guidance on the Consumer Duty, TISA has now formed an additional eight sub working groups to support our members and produce Best Practice Guides. The work to produce the Best Practice Guides is being completed at pace, in order for a timely publication to maximise the value for our members.
- A Best Practice Guide aimed at assisting firms in developing their required Board approved implementation plans was published in September 2022. Remaining prioritised topics for Best Practice Guides will be completed by Q1 2023.
- TISA is taking a lead role in collaborative work with other industry bodies to implement a template for the sharing of data across participants within the distribution chain. Notably, there is a April 2023 regulatory deadline for the sharing of data from manufacturers to distributors. NB: TISA is working on this project with the aim of the templated data being made available for capture and dissemination via TISA Universal Reporting Network at a later date.

Pensions

- The joint industry group represented by TISA/PASA/ABI/PLSA (instigated by us) has progressed the report which details the industry approach to operationally deal with the implementation of the planned increase in the Normal Minimum Pension Age from 2028. In particular, details on how to deal with retrospective transfers which have taken place after 4 November 2021 and have a protected retirement age of 55 has been agreed within the group and more widely with respective memberships. HMRC have not responded to our technical queries and we have arranged a further WG meeting on 22 November to formulate what we believe the answers to the queries should be. We will share this with HMRC in the hope this will chivvy them along.
- We remain engaged with the Government's Pensions Dashboard Programme team on industry's requirements for pensions dashboard compliance. This continues to help ensure our impacted member firms have a full awareness of the requirements/timespans and can ask for clarification on any areas which are not clear.
- We have started a new Working Group focusing on the Consumer Duty requirements which specifically impact pension schemes. C.20 firms are represented and we are currently gathering key challenges from participants to determine whether they should be the focus of this group or are more generic and maybe more appropriate to be addressed by one of the other TISA Working Groups.
- We remain focused on the impact that the anti-scam pension transfer regulations are having on the transfer process and are participating in discussions with DWP to consider ways to mitigate the issues whilst ensuring the policy intent is not altered.
- We are also part of a small industry group including ABI and PLSA which has been created with the purpose of recommending changes to the policy to address the issues which include a lengthening of the average transfer time.

Client Assets

- Work has now been completed on the review and expansion of the Best Practice Guides previously produced, following regulatory changes in 2015, to ensure they remain up to date and relevant, and encompass recent issues and themes. New versions will be published in December 2022.
- A very successful and well attended CASS Conference took place in October 2022. The themes of the conference were to look back at the evolution of CASS and to look forward to how technology and particularly block chain will impact this regulation in the coming months and years.

Financial Crime Prevention

- The group has been engaged and active in drafting additional sections to be included in TISA's Financial Crime Prevention Best Practice Guides, including Sanctions (especially in relation to Russian investment sanctions and registration of trusts).
- The working group has also prepared some feedback to the Joint Money Laundering Steering Group ("JMLSG") regarding guidance on anti-money laundering checks for nominee accounts, and equivalence with other jurisdictions, in particular Luxembourg. TISA, together with three other member industry bodies have raised concerns with JMLSG on the lack of forward planning and thinking on changes impacting the Guidance. TISA is looking to implement a Members Charter to implement a framework on how matters of concern are included in the agenda.

Taxation

- The group continues to keep a 'watching brief' on many areas of taxation.
- TISA have led engagement with HMRC to discuss certain unintended consequences that have resulted from the rule changes relating to registration of trusts. HMRC have taken on board some of these concerns and will address them in forthcoming guidance.
- Work to produce a new Best Practice Guide in relation to US withholding tax is underway. The Chair of the industry level working group on VAT reform in financial services, which TISA is an invited member, has written to Ministers in an attempt to re-engage on this subject.

Operational Resilience

- All the TISA Best Practice Guides having now been published, with complimentary feedback received from members and the FCA.
- With Operational Resilience requirements now live, the group is now transitioning to BAU and will be planning its future direction with members.
- The FCA and the Bank of England attending our last meeting to discuss potentially extending Operational Resilience regulations to cover critical infrastructure suppliers, effectively bringing them in scope of regulations. Work is underway on TISA's response to the joint PRA & BOE Discussion Paper: Operational resilience: critical third parties to the UK financial sector due 23 December 2022.



TECHNICAL POLICY INITIATIVES

Responsible & Sustainable Investing (ESG)

- Our Best Practice Guide to Task Force on Climate-related Financial Disclosures (“TCFD”), which includes examples of how disclosures can be framed (Governance, Strategy, Risk Management, Metrics and Targets) has now been published, with a positive meeting had with the FCA on 19 September 2022.
- Work has commenced on Version 1.1 of the European ESG Template (“EET”) as well as Version 1.1 our ‘Guide to completion of the EET’, to cover member feedback on Version 1.
- Our active participation in the FCA’s Disclosures and Labelling Advisory Group continues. Work has commenced on responding to the FCA’s recent CP22/20 on Sustainable Disclosure Regulation (“SDR”) – which will cover a future labelling regime for funds/portfolios and reporting requirements for asset managers/platforms/wealth managers. Three groups have been established – i) Reporting (including net zero transition), ii) Suitability and iii) Disclosures. NB: The FCA’s CP reflect many of our recommendations made in in our response to the FCA’s 2021 Discussion Paper. Outstanding issues remain around mapping to the EU SFDR regime and US SEC proposals.
- The FCA have invited the industry to develop reporting templates, which the TISA groups have agreed to deliver, as well as Best Practice Guides. We will be developing our proposal for an investment factsheet, covering key regulatory disclosures, especially ESG, to sit above/replace KIIDs and above prospectuses.



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