



POLICY & TECHNICAL UPDATE

Q1 2023



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

A row of light bulbs is shown against a light gray background. The bulbs are arranged in a slightly curved line. The central bulb is illuminated with a bright white glow, while the others are dim. A teal square frame highlights the glowing bulb, and a smaller teal square frame highlights the base of the bulb to its right. In the top left corner, the letters 'TISA' are displayed in a white, bold, sans-serif font, enclosed within a white square frame.

TISA

A solid teal vertical bar is positioned to the left of the text.

**STRATEGIC POLICY
INITIATIVES**



Financial Education

- The Centre for Financial Education (TCFC): Grants received for research into needs of teachers in delivering financial education and the potential development of resources.
- Financial Education: Essentials of Money Management course has achieved its first booking for in-house delivery to new intakes of staff (Lexis Nexis).

Financial Guidance and Simplified Advice

- The Minister Andrew Griffith MP responded to the joint trade body letter (IA, PIMFA, ABI and TISA) – which called for legislative change to enable Regulated Personalised Guidance and Simplified Advice – saying we have made a strong case for looking at more fundamental change and that he welcomes constructive debate on this topic.
- Harriett Baldwin MP tabled our amendment to the FS&M Bill 2022 at Report Stage, having achieved significant cross-party support. The amendment was successful in the Minister Andrew Griffith MP undertaking in response to look at the Advice-Guidance boundary issue with urgency and to use the amendment as a potential way of moving forward.
- Significant press attention achieved in both industry and consumer press on need for a Regulated Financial Guidance regime to support unadvised consumers – 3 articles in consumer press (The Times, the Mail) and c.30 articles in the Industry Press.
- Continued engagement taken place with the FCA on their plans to launch a Simplified Advice regime for S&S ISAs, along with significant work progressed on TISA's upcoming consultation response.

Stocks & Shares (S&S) ISA Simplification

- Customer communication prototype concepts (for S&S ISAs) are being developed, together with a highly energised group of volunteers and industry experts – including University of Nottingham, Amplified Global, CMS Lawyers, Oxera.
 - Improving consumer consideration and awareness: Together with Schroders, we are facilitating development of an unbranded promotional video for S&S ISA, particularly aimed at women. Plan is for the video to be launched in the Summer at an event to raise awareness of the importance of 'levelling up' investing
 - Improving the consumer journey (simplifying language): Agreement in -principle reached with University of Nottingham and Amplified Global to assess and test with consumers an industry standard (but fictional) Key Features Document, a simplified version and digitised version. Outputs will include a digital prototype and policy report.
 - More informed decision making (risks and benefits): Agreed to work with the University of Nottingham on a Randomised Control Trial to test different wording of benefits and risks with consumers. Output will include digital prototype with the revised wording that was most effective. Further work dependent on funding.
- Sponsorship proposal circulated to a selection of TISA members to fund the necessary consumer testing above: £30k just about secured with one further sponsor being sought for £10k.



High Risk Investments

- Building on the FCA’s final Policy Statement on Strengthening the Financial Promotions Regime, 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, 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.
- TISA are shaping a proposal with members for an alternative regime to the exemptions-being an investing ‘licence’ to be used to evidence understanding and capability to assess risk and ability to bear loss and enable retail investors to invest into NMMI and RMMI products.

Pensions

- The Retirement Strategy Group has been refreshed with a new Terms of Reference and a new group of 12 members. More governance and structure will be placed around the group, which will be tasked with formulating thought leadership and evidenced-based strategic retirement policy which aligns to TISA’s overarching objectives. Objectives and milestones to be discussed in the initial meeting scheduled for February 2023.
- 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. The Government has again voiced its refusal (in January 2023) to provide more specific details around implementation dates for AE reform.
- 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. Following discussions with DWP, TPR issued guidance in January 2023 urging trustees to support DC savers during cost-of-living crisis. TISA discussions with the Auto Enrolment DWP team have had an influence in this regard.
- We have made significant headway with Privacy Electronic Communication Regulations (PECR) and the restrictions that these create for AE schemes looking to enhance member outcomes through communications. An initial meeting with TPR has taken place with follow up inputs from Aviva, L&G, Scottish Widows and Aegon. Another meeting with TPR and FCA booked in with a view for the ICO to create specific guidance for AE pension schemes and for the regulations to be amended through primary legislation to allow a default opt-in for AE scheme members.
- A roundtable lunch has been arranged with Sir Stephen Timms MP (23 February 2023) to discuss retirement related mutual areas of interest and form a working relationship with Work & Pensions Select Committee.



Later Life Lending

- Following our policy recommendations made to MAPS in 2022, they have now convened a Later Life Advisory Group as part of their overarching transformation programme and plans to launch a Later Life guidance proposition. The initial meeting held looked at the various challenges and experiences consumers face in Later Life (which is deemed post pension access). The first meeting was a brainstorming session which considered all aspects – MaPS to reconvene in Spring.
- 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. We have concluded that Consumer Duty is unlikely to create improvement for a significant proportion of issues, which may give rise to TISA formulating sector-specific regulatory proposals aimed at improving the outcomes of UK households needing to utilise their housing wealth.

Social Care

- TISA’s advisory input into MAPS has commenced (covered above) which also looks at the needs of UK households for Social Care guidance.
- Following the successful roundtable held with HMT and DHSC in the Summer-2022, TISA is focusing activity on determining whether new Social Care-type savings/investment products are required (or whether current ecosystem of products is sufficient). We are awaiting DHSC plans to be communicated in relation to their general consumer awareness plans, before we feed into those plans.

A row of light bulbs is shown against a light gray background. The bulbs are arranged in a slightly curved line. The central bulb is illuminated and highlighted by a teal square frame. To its right, another teal square frame is partially visible, overlapping the edge of the frame. The other bulbs are dim and unlit.

TISA



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.
- Vulnerability Conference planned for March 2023.

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).
- Group has begun to prepare for industry response to the anticipated Diversity and Inclusion consultations.

New Consumer Duty

- Following the FCA releasing its final Policy Statement rules and guidance on the Consumer Duty, TISA's eight sub working groups continue 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 are nearing finalisation and will be completed by end of 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 an 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.
- TISA met with the FCA in December to discuss specific points concerning our members on Consumer Duty. FCA has issued a series of 'Dear CEO' letters to each sector of the industry following findings from a review of the implementation plans from a sample of large firms. TISA is supporting members in working through these findings and incorporating any points into the Best Practice Guides.
- TISA's Consumer Duty Conference is planned for March 2023.

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 provided an inadequate response which did not address the queries and merely referred to the guidance (which does not cover the questions raised). A further response has been sent and we await the next HMT communication – it could be linked to the State Pension Age review which potentially impacts NMPA. Also, the proposals for Small Pots being treated as Block Transfers also impacts on NMPA but are being considered in silo. The group will address these issues also.
- We remain engaged with the Government’s Pensions Dashboard Programme team on industry’s requirements for pensions dashboard compliance. We have responded to the TPR/DWP/FCA/PDP consultations and discussed the concerns relating to the proposed regulatory regime directly with FCA. This covers the restrictive nature of where data can be exported to within the Dashboard ecosystem.
- The Consumer Duty Pensions sub-group have identified pension specific challenges. TPR and FCA have agreed to meetings to discuss challenges – dates TBC.
- 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 involved in a joint industry group and the ongoing DWP industry meetings to effect necessary change.
- DWP/TPR/FCA have introduced a new Value for Money consultation which proposed extending the existing framework. TISA will be responding to this consultation and has also been contacted by FCA who would like to discuss with us in person during the consultative period. Date for this TBC and will take place after the working group which will formulate the draft response.
- DWP have released a Small Pot consultation looking at the challenges and identifying potential solutions - TISA will be convening a working group and responding to this.
- DWP have release a consultation considering the extension of CDC - TISA will be convening a working group and responding to this.

Client Assets

- Following the completed review and expansion of the Best Practice Guides previously produced, following regulatory changes in 2015, new versions have been published.
- New WG is being established to look at the impact of blockchain technology on Client Asset and Safeguarding.
- Client Assets Conference planned for April 2023
- TISA (LL) is speaking at one forthcoming external event on Client Assets.



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) Trusts Registration (where there is overlap with work in the Taxation Committee) and Companies House Verification (which also has some links with Sanctions).

Taxation

- The group continues to keep a 'watching brief' on many areas of taxation and is discussing the content and potential speakers for a future Taxation conference.
- TISA has responded to the HMT Consultation on VAT Reform and made recommendations to widen its scope.
- The working group will be looking at issues relating to taxation of capital gains and dividend income for customers investing in funds outside ISAs.
- We have identified issues arising from guidance that unauthorised funds are to be treated as funds and therefore need registration as a trust – linking to the work in Financial Crime.
- Work to produce a new Best Practice Guide in relation to US withholding tax is nearing completion.

Operational Resilience

- With all the TISA Best Practice Guides having now been published and Operational Resilience regulatory requirements now live, the group is now transitioning to BAU and has been discussing its future direction with members. Potential focus areas going forward are Critical Third Parties and Cross industry testing.
- TISA responded to the joint PRA & BOE Discussion Paper: Operational resilience: critical third parties to the UK financial sector on 23 December 2022. Key issues arising, which are being followed up with the FCA, include: the definition of Critical Third Parties and reaching consensus on what collaborative cross industry testing can be done to mitigate costs and identify key risks for FS firms.



TECHNICAL POLICY INITIATIVES

Responsible & Sustainable Investing (ESG)

- Work has completed 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. Publication on the FinDatEx website (and other channels) to be done imminently.
- ESG conference held on 7th December, with speakers from FCA and UNPRI, with significant support communicated for TISA’s development of industry templates and Best Practice guides.
- Our active participation in the FCA’s Disclosures and Labelling Advisory Group continues. TISA completed its response 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. Two working groups have been established – i) Suitability and Reporting (including net zero transition), ii) Labelling.
- The groups are looking to develop reporting templates, which the TISA groups have agreed to deliver, agree on the content and format of data requirements to enable funds and portfolios to be labels to be appropriately labelled, 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.
- House of Commons luncheon held with the Sacha Sadan - FCA Director of ESG on 26 January 2023 (attended by over 30 of TISA’s members), who was very complimentary about TISA and its work in this area.



www.tisa.uk.com/tisa-groups-projects