



TISA Achievements

Q1 2024



GROUPS & COMMITTEES

Strategic Policy Committees

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

Consumer Committee

Digital Innovation Policy Committee

Financial Education Committee

Strategic Policy Working Groups

Financial Guidance & Simplified Advice Working Group

Later Life Lending Working Group

Retirement Strategy Working Group

*This group is currently at full capacity, speak to us for more information

Social Care Working Group

Retail Access to LTAFs & High-Risk Investments Working Group

Strategic Policy Projects

Stocks & Shares ISA Simplification Project

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

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

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

- Financial Education: Discussion at the second council meeting focussed on identifying and agreeing priorities including: inclusion in Ofsted framework; use of volunteering structures to expand delivery; channels of access other than schools. Future work will finalise actions and timelines. Appointment of a part-time Head of Business Development and Strategy (Financial Education) to take forward promotion and success of Essentials of Money Management programme.
- The Centre for Financial Education (TCFC): Briefing note submitted to DCMS and HMT proposing structure for effectively using dormant assets to enhance financial literacy among children and young people . Launched a new Financial Literacy Innovation Fund to help more children and young people in the UK learn about money with the objective to support organisations with innovation in the sector, with available funding between £20,000 and £80,000. Appointment of a new Trustee: Marcel Lukas, Senior Lecturer in Banking and Finance at the University of St Andrews Business School.

Financial Guidance and Simplified Advice

- Engagement and inputting into Labour Party Financial Services policy review process.
- Significant engagement taken place with the FCA and HMT on Consumer Body challenges on its Regulated Financial Guidance policy proposal.
- FCA-HMT Joint Advice-Guidance Policy paper released, whereby the FCA and HMT are consulting on 1) making clarifications in the PERG on the boundary between advice & guidance; 2) a Targeted Support regime (that will allow firms to take personal circumstances of customers into account to be able to issue ‘people like you’ style courses of action and product suggestions); and 3) a simplified advice regime. The Targeted Support regime announcement represents a significant “policy win” for TISA.
- Significant engagement with FCA and TISA Working Group on the Policy Paper.

Stocks & Shares (S&S) ISA Communications

- Customer communication prototype concepts (for S&S ISAs) were developed together with a highly energised group of volunteers and industry experts – including University of Nottingham, Amplified Global, CMS Lawyers, Oxera. Significant amount of consumer testing conducted.
- Increasing consideration of investments: TISA, Schroders, Mentora Money and Alpine Films have completed three social media videos aimed at encouraging more women to consider investing.
- Improving the consumer journey (simplifying language): The TISA Working Group created three versions of an S&S ISA KFD: i) original industry-standard pre-consumer duty version, ii) simplified post-consumer duty version, iii) reconfigured and layered digital version (with EY Seren). Qualitative testing with consumers (by the University of Nottingham with Amplified Global support) now complete with research findings being compiled.
- More informed decision making (of risks and benefits): University of Nottingham has conducted a Randomised Control Trial to test with consumers how people allocate hypothetical £10,000 (between cash and investments) when presented with different risk/reward statements (e.g. ‘The value of investments can fall as well as rise. There is a chance you may not get back what you put in.’ versus ‘The value of investments can fall as well as rise. There is a chance you may not get back what you put in. But over longer periods of time (e.g. 5 years or more) riskier investments, such as stocks, shares and funds usually give you higher returns compared to cash savings.’ Testing now complete and findings being compiled. NB: Testing has found more than a 10% increase in allocation of moneys to investments resulting when people are presented with an expanded and more nuanced risk statement.



STRATEGIC POLICY INITIATIVES

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 TISA policy develop and keen for TISA to engage with HMT on our remaining policy asks. Work has focussed on a number of areas to further refine: HNW/Sophisticated Investor exemption regime to "one-size-fits-all"; poor understanding of FCA authorisations by households; and categorisation of Long Term Asset Funds ("LTAFs") still unnecessarily excluding certain retail investors.
- TISA are shaping a proposal with members on an alternative to the current exemptions regime - whereby households would need to obtain an 'investing licence' to evidence their understanding and capability to assess risk and ability to bear loss, enabling retail investors to invest into Non-Mass Market and Restricted Mass Market Investment products. TISA have had initial discussions with members on an alternative regime being- a licence to invest (in RMMI and NMMI). TISA have had initial discussions with the Chartered Institute of Securities and Investment to gain a view of if, and how, such a proposal might work. CISI have taken away to form further thoughts.



STRATEGIC POLICY INITIATIVES

Retirement

- The Retirement Strategy Group has now finalised its set of strategic proposals covering pension adequacy, providing policy stability, assisting consolidation and focusing on the self-employed. The associated political wins and supporting work has been completed for inclusion in the upcoming 2024 TISA Policy Manifesto. Key stakeholders to be engaged with are being identified, with engagement being scheduled with the Labour Party and DWP.
- TISA continues to engage with key stakeholders on the Privacy Electronic Communication Regulations (PECR) and the restrictions that these create for AE schemes looking to enhance member outcomes through communications, the DWP and DCMS have raised reservations (though the TPR and FCA were keen for the changes to be pushed through). TPR have raised this again with the Work & Pensions Select Committee.
- TISA has discussed on a 1:1 basis with TPR and DWP their Decumulation framework proposals. This included concerns in potentially having very different journeys for FCA/DWP schemes, the likely options schemes would take, the effectiveness of such approaches, the remit of the consultation and the limitations. Also discussed briefly with FCA who acknowledged concerns and await to see how this progresses.
- TISA continues to engage on the Lifetime Provider model having attended a roundtable including Michael Johnson and the Pensions Minister proposal. A working group TISA meeting was held, and the consultation response written and submitted. Also discussed briefly with FCA who await the DWP response.

Later Life Lending

- Consensus reached on TISA Policy Manifesto positioned with regards to Later Life Lending. TISA will be calling for: i) Greater collaboration between advisers/brokers that are currently operating in silos (through formal hand-offs and referrals), ii) MAPS make better Later Life guidance available to consumers; iii) Wealth advisers to consider the role that housing wealth can play in financial planning for their clients; iii) the FCA to provide more clarity on the types of practices they consider to be poor, in order to encourage standards to be lifted; iv) the Later Life industry to address commission bias in the advice process.
- Formulation of 2024 planning commenced with the working group.

Social Care

- TISA Policy Manifesto positions formulated, which will include:
 - Recommending to Government to work with industry on raising public awareness of the need to plan towards meeting future care need costs.
 - Recommending to Government to work with the FCA on introducing social care planning into the mainstream regulatory regime for financial advisers.
 - Recommending to Government to provide a tax exemption (in an equitable manner) for the withdrawal of funds from a pension for the specific purpose of funding care, either: i) for monies going to a registered carer; or ii) for lump-sum used to purchase an INA; or iii) for lump sum used to invest in a specific drawdown care product. This would provide a strong incentive for consumers to contribute towards their pension over their lifetime.
- Consideration being given to the policy proposal for Government to provide incentives to allow the aged to make energy improvements to their homes, given the link to health.

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TISA

TECHNICAL POLICY
INITIATIVES



TECHNICAL POLICY INITIATIVES

Vulnerable Customers

- The working group is 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. Recent speakers include the RNIB and Vulnerability Registration service.
- A guide for firms in dealing with bereavement process is underway, working with partners AGE UK and Estate Search.
- Vulnerability Conference is planned for Q1 2024.

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).
- TISA response to the FCA's Diversity and Inclusion consultation was finalised in collaboration with members and has been submitted to the FCA.
- New Best practice around conduct scenarios relating to social media usage is progressing.



TECHNICAL POLICY INITIATIVES

New Consumer Duty

- TISA has taken 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. In addition to working collaboratively with other industry bodies, to produce V 4.1 of European MiFid Template (EMT), TISA has produced an additional template with additional data that sits outside of the EMT, to support Consumer Duty Outcomes 3 and 4. This template is being integrated into the TURN offering to facilitate dissemination of the data across the fund industry. In addition, TISA has worked with industry group to produce a framework for the Distributor Feedback Data, also planned for integration into TURN.
- Whilst there is broad agreement as to the data points to be shared across the distribution chain, there are still significant challenges outstanding as to the method, especially where there are layers of distribution. TISA is leading on solving these issues, with a very productive meeting with the FCA taking place in January 24, to iron out some of the issues and timings. This also means the TURN proposition can be aligned to regulatory expectations.
- Following the release of its full set of Best Practice Guides in March 2023, TISA Working Groups are authoring Version 2 of the BPG, with the addition of additional topics, largely focussing on legacy business, and the review of existing topics post implementation.
- Member attendance continues to be high, with over 180 individuals now registered for the groups. TISA has responded to a large number of member queries in relation to the Consumer Duty.
- TISA's Consumer Duty Conference, focusing on post implementation took place October 2023, and was very well received by attendees.

Retirement

- Working group held to review LTA abolition draft regulations. Big attendance and significant areas of concern identified and documented. Ongoing interaction with HMRC through roundtables and individual discussions on high volume areas of concern. Handling a large ongoing volume of technical queries from members in this area.
- Attended the first meeting of a small industry initiative run by Schroders – the Lifetime Savings Summit which is focused on providing solutions to meet the fundamental challenges that most people face in understanding and managing their money. This meeting was focused on defining the issues – future meetings to consider potential solutions during 2024 to create a lifetime savings model.
- Ongoing input into the VfM framework through the industry roundtables currently running



TECHNICAL POLICY INITIATIVES

Client Assets

- In relation to the impact of crypto assets and blockchain technology on Client Asset and Safeguarding. TISA's Best Practice Guide will not be updated as yet to include these areas, as so little is currently known or understood. However, these areas will stay on the radar of the Committee.
- Client Assets Conference held October 2023, with good feedback received.

Financial Crime Prevention

- There are significant new requirements imposed on firms, especially following proposed changes to Companies House reporting and in respect of Trusts Registration where millions of trusts have come into scope - for many wealth management firms it is not unusual to have tens of thousands of trusts as customers, which need verification - and for which procedures need to be in place. Once the Reform has received Royal Assent the group will update the TISA Guide. A Companies House representative will be attending the next Working Group meeting to present on the reform – delayed from December due to delay in Royal Assent.
- Some member firms with a regulatory presence in Luxembourg are receiving complex due diligence requests from Fund Managers, relating to areas such as signatories on nominee accounts as they see platforms as sub-distributors. The Lux authorities are aware of the issues the requests are causing and have done webinars to assist firms in their understanding of what they require, but the members are sharing their challenges and discussing possible solutions. TISA has agreed to develop industry guidance and has reached out to Findel in Luxembourg to ensure the guidance meets the needs of Lux firms as well as UK firms.
- Pension administration – Financial Crime sub-group meeting held at the end of November to share financial crime related issues and seek agreement on priority to take forward, based on level of interest.
- Financial Crime Conference on 30th January, with HMT speaking.

Taxation

- We have been engaging with HMRC on a potential problem affecting investment and savings platforms. From 1st January the EU rules won't apply, affecting firms that introduce customers to deposit accounts (ie, lots of them). This would have a significant adverse affect on their business models. We raised the issue with HMRC, had a very constructive set of meetings with them and they are looking to publish Guidance for firms, after discussing business models, to make the position clear.
- Guidance has now been published and shared with firms
- The chair of the group is stepping down and we have 2 volunteers (for Chair and Deputy Chair) to take over.



TECHNICAL POLICY INITIATIVES

Operational Resilience

- The FCA and Bank have published the long awaited CP on Critical Third Parties, and we are meeting with them and members to discuss the response and hear from them. Next steps will be the development of a Working Group to coordinate our response and the implications for firms going forward.

Responsible & Sustainable Investing (ESG)

- The long awaited Policy Statement – 23/16 – was published in November 2023. We held a constructive meeting with FCA on this in December.
- Our active participation in the FCA’s Disclosures and Labelling Advisory Group continues. This is a restricted membership group, to enable open industry dialogue with FCA on SDR disclosures, including feedback on Sustainable Disclosure Regulation (“SDR”) covering a the planned regime plus its future development. The labelling regime covers 4 labels, initially restricted to funds, but we should like to expand it to include portfolios and take account of advisory businesses and overseas funds as well as wealth managers and funds.
- Two working groups have been established – i) Reporting (including net zero transition); and ii) Labelling and Suitability. The working 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. The first drafts have been published and we have shared with the FCA, The first meetings of the groups will be in the third week of February.



TECHNICAL POLICY INITIATIVES

Cash and Investments

- Since the Autumn Statement, TISA has provided feedback to HMRC/HM Treasury on some of the key ISA regulation changes coming into force on 6 April 2024.
- Detailed feedback has been provided to the HMRC policy team with regard to company liquidations. Current HMRC guidance is, arguably, having a negative impact on ISA customers who hold shares in liquidated companies in their stocks & shares ISAs. We await further feedback on this issue.
- A new TISA working group has been established to discuss the upcoming ISA regulation changes in more detail. The first meeting was held on 23 January and further meetings will be held prior to 6 April once the draft ISA regulations are issued.
- TISA has finalised some joint work with UK Finance, the Building Society Association (BSA) on the back of the FCA's 2023 Cash Savings Market Review.

Child Trust Fund maturities

- TISA has issued some new documentation/wording, in conjunction with the Ministry of Justice (MoJ), to help ensure that parents/carers with children who may lack capacity, are aware of the options available to them where there is a maturing Child Trust Fund (CTF).
- TISA continues to work with the Share Foundation to help launch a CTF conference in March 2024 with the goal of helping children locate their lost CTFs.



TISA

DIGITAL POLICY
INITIATIVES



DIGITAL POLICY INITIATIVES

Digital Innovation Policy Council

- TISA continues to participate in the Government's Smart Data Council – to help steer ongoing evolution of Smart Data policy development. A Government Smart Data Roadmap publication will be imminently released, setting out the Government's vision for Smart Data and its upcoming milestones. TISA continues to feed into the two sub-groups: Technical Infrastructure sub-group and Trust, Compliance and Consumer Protection sub-group.
- Beta phase closure report presented on TISA's Open, Savings, Investments & Pensions (OSIP) programme.
- Discussion initiated with members on the potential role TISA should play in corralling industry around tokenisation of funds initiative.
- Future policy development in relation to Open Finance commenced with the DIPC.



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