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**TISA**times

## CHAIRMAN'S VIEW



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### NEW BENEFIT AVAILABLE TO MEMBERS

We are introducing a new benefit for members with regards to the qualifying status of investments queried with the technical team. This information is now available at:

<http://www.tisa.uk.com/investments.html>

and can be accessed by logging in to the members' area. This page will be regularly refreshed and kept up to date with incoming enquiries from members. Details will also be uploaded for investments that the BBA/APCIMS have researched which we are made aware of.

For further details please email: [enquiries@tisa.uk.com](mailto:enquiries@tisa.uk.com)

Happy New Year!

Yes, it seems unbelievable that another year has passed. A year that has brought great challenges for the Association which have been met with the usual enthusiasm and professional approach that I have come to expect from the TISA Board, staff and Councils.

We all operate in an ever changing world, one in which TISA's role as a facilitator has become even more important. Each of the TISA Councils has played a major role in defining the best results for the investor and the industry. It is by utilizing the expertise within the Councils that TISA can bring the industry together to deliver better outcomes for the investor and to lobby government and regulators knowing that we have the support of a wide variety of sectors within the savings industry.

I use the term "savings industry" so as not to distinguish between the much used terms of Retail, Institutional and Wholesale as ultimately the beneficiary is the consumer. This has been my obsession during 40 years in the industry; we must never forget who we ultimately work for.

During the year we have been extremely fortunate to have recruited Ian Watson, Helen Coulson and Jill Crowell. I am sure that they will not mind me revealing that they have many years of experience between them and they bring with them the knowledge, skills and experience that will enable TISA to further enhance the quality of information and services that we deliver to our membership.

I look forward to the year ahead with great confidence. TISA grows from strength to strength each year, our membership embraces a more diverse range of industry sectors and services, we remain experts delivering on the original aims of the Association, while we continue to investigate and deliver in new areas where we can see benefits for the existing membership while bringing new members on board.

I would like to congratulate Carol Knight on joining the TISA Board. Carol has made a fantastic contribution during the seven years that she has been with the Association. Carol's industry experience and understanding of the TISA values make her an excellent addition to the Board and I look forward to working with her during the new TISA year.

Finally, by now you will have received your membership invoices and I encourage you to continue your support of an Association that can be seen to make a difference.

JOHN BRASINGTON **Chairman**



## TO CONTINUE...

Working in this industry has many challenges of its own, it does not really need collapsing economies, tsunamis, soaring commodity prices and conflicts to add to its inherent interest and provide stimulation. But here we are.

Moving to the more positive for the industry we have had continued low interest rates and inflation edging higher which continues to stimulate interest in tax efficient savings of all types.

The markets, like the weather, could be described as confusing at best. At least currently we seem to be on an upturn, hopefully this will continue and the external factors will start to stabilise and improve.

This still leaves us as an industry with many ongoing issues of our own, some of which TISA, through you its membership, is very actively trying to address - thankfully in a number of cases with a high degree of success such as electronic messaging and transfers.

Other miracles take longer, but we will not be discouraged, and we indeed continue to identify other opportunities for review and possible improvement in order to improve the long term success, perception and value of our industry.

The future, both short and medium term, continues to hold many challenges for the industry and for us all, be it the completion of RDR requirements, continued economic and international turmoil, interest rates and inflationary pressures, a changing regulatory regime and increasing overseas regulatory intrusion. TISA will continue to provide information, guidance and support where it can.

In truth the past few months has been very successful for TISA, as you will discover as you read the rest of this review. Be it in delivering services, information and support to members, the progress of its many projects or in the deepening and broadening of our membership. Thank you all so much for your help and support in achieving this.

It is always our driving intent to deliver value to you our members and hopefully you continue to believe we are achieving this.

Certainly the recent increase in members and the significant number of renewals we have already received at the start of our new financial year would suggest we are so thank you for your endorsement.

All the very best for the rest of the year

TONY VINE-LOTT **Director General**



## UPDATE FROM MALCOLM SMALL, DIRECTOR OF POLICY

Over the past six months, we have seen continued activity and progress across the areas of interest represented by our Advisory Councils. Significant progress has also been made across the range of pan-industry projects we are running.

### Retirement

The blizzard of consultation papers about pensions over the last year is now showing signs of slowing down, although the increased presence of the Pensions Regulator in the Defined Contribution market, including, for example, Group Personal Pensions is noted. There is a sense in Whitehall that no further initiatives are envisaged before auto-enrolment into pension saving commences, although differences between occupational schemes and contract based schemes remain to be ironed out. We have seen progress on two of our policy aims in the retirement market, namely a raising of the state retirement age and a proposed move to a level, single, state pension. The huge complexity of the current pension architecture remains an issue. We engage regularly with policymakers on these and other matters.

### Wraps And Platforms

The re-registration project we have been running in this market has now reached the stage where live “testing” has taken place between groups of market participants, and the original objectives of the project have almost been delivered. The legal workstream of the project have recommended the formation of a pan-industry utility called a Contract Club to provide secure identification of market participants and to hold standardised legal agreements which can be relied upon for re-registration purposes. TISA supports this initiative, which could save the industry very considerable sums of money as well as time. The policy statement following Consultation Paper 10/29 is expected at the time of writing from the Financial Services Authority (FSA). A proposed ban on cash rebates from fund managers to platforms could hamper delivery of this project quite seriously, as it would lead to the creation of multiple share classes and differential pricing.

### Distribution

Here, the focus remains on the Retail Distribution Review, due for implementation at the end of 2012, and in particular the new forms of distribution that might emerge. A lively and well attended series of Seminars is helping to examine trends and emerging models. The Distribution Advisory Council has sponsored the creation of a project to examine the operation of Distributor Funds in the market place, and how best to ensure these deliver good outcomes for consumers. Members of the project’s Executive Committee have funded an external, independent, report to be undertaken by Eversheds, the law firm, to identify the characteristics of such Funds that are likely to indicate good outcomes – and equally, those that might not. We have kept the FSA informed of progress on this project, as we have on re-registration.

### Other News

The last quarter has also seen the rules for the Junior ISA take shape, and TISA has been heavily involved with HM Treasury in this respect. The Cash ISA Transfer project, driven by Carol Knight, continues to make rapid progress. We are also examining the potential for new Advisory Councils in areas of interest to members, such as Regulation, with Europe very much front of mind here. Scope remains for further projects in areas of concern for the industry and regulators, limited only by our capacity to support them.

TISA is increasingly seen by policy makers and regulatory stakeholders as a credible, thoughtful voice on the retail financial services market in the UK. It is also seen as having the capability to resolve consumer-facing industry issues in an effective and timely manner. We could do none of this without the support and enthusiastic participation of our members, for which we are very grateful.

MALCOLM SMALL **Director of Policy**



## THE YEAR TO DATE: MEMBER SERVICES 2011

2011 has got off to a great start. We have had a number of new members join over the past few months and have received many membership renewals already for 2011-2012. All of which has given us great encouragement that we are on the right track. So welcome everyone, old and new. We very much appreciate your support and endorsement. And we very much welcome your thoughts and input on ways in which we can further help your business - either through involvement with our Advisory Councils or projects or by utilising our technical expertise.

There is lots going on at the moment including the Junior ISA taking shape, continuing activity in the pensions arena, on-going debate around aspects of the RDR and platforms, positive steps forward with electronic messaging for re-registration; the first tranche of data being collected for Cash ISA transfers not to mention the impact of FATCA, MiFID2, Distributor Funds (DiFs), Property Authorised Investment Funds (PAIFs), PRIIPS and much, much more. So what has been TISA's involvement with all these matters?

### Saving Schemes

**Cash ISA Transfers.** Jan 2011 saw the start of collecting data on how long transfers take. The first of the monthly stats were passed to the FSA in February. The data for the first couple of months was encouraging but it was recognised that the information was perhaps not truly representative as by the very nature of the first run of data collection it did not take into account any transfers which were already outstanding on 1st January. The FSA were keen to ascertain what was causing delays and took an active approach in following up instances where the specified 15 days had been exceeded. Everyone involved was also very aware that the main risk was over the TYE period and therefore was keen to manage expectations in light of the anticipated difference in performance.

However, we have now gathered 5 months of data, including the inevitable spike over tax year end and these figures indicate that between 91% and 98% of cash to cash ISA transfers are consistently being completed within the 15 day period.

**Junior ISA.** This has been an area of great activity over the first 6 months of this year. TISA and its members have continued to take an active role working with HMT/HMRC to determine the shape of this new scheme. Draft regulations were published at the end of April which provided the first detail of what the scheme will look like. Feedback was requested by end May 2011 and TISA gathered views from member firms on a variety of features. The latest document from HMT provides confirmation on nearly all of the outstanding questions, and we are delighted to note that the annual subscription rate has been confirmed as £3,600, up from the original £3,000. More details are provided in the article here by Peter Shipp. Final regulations are expected mid July.

TISA ran a series of update sessions end June/early July to provide firms with a view of the regulations. Training sessions will be run in Sept/Oct covering all the detail of administering this new scheme. Dates of these sessions are now available on our website.

**Retirement Planning.** A plethora of consultation papers has continued to emerge from the various government departments and regulators on matters relating to pensions and the debate on raising the retirement age continues although it doesn't take a deal of thought to realise that our increasing life expectancy makes the issue an inevitability. TISA has been a key contributor to these debates and our Retirement Planning Advisory Council has played a major role in representing the industry perspective on all these issues. Further details of work in this area can be found in Malcolm Small's article.

### Projects

**Nominee/Platform re-registration.** TISA's project on nominee re-registration is drawing to a successful conclusion with the first set of messages being transmitted successfully earlier in June and a number of pilots now underway to test the process end-to-end. These pilots are inevitably identifying areas within the message set and the best practice guidelines where further consideration/change may be required. These issues are being addressed by the UK Market Practice Group who drew up the original standards and updates will be made as appropriate. There are of course still some matters to be resolved - the question of indemnity as a result of the removal of wet signatures and the question of contracts between all the participating firms being perhaps the highest profile. Solutions to these matters are currently under discussion. Our thanks go to Pinsent Mason for their work, help and support in resolving these issues. Further detail on this project is provided in the article by the project manager Alistair Reid.

**Distributor Funds.** Following concern raised by the FSA on these investment products, TISA has formed an executive group of interested parties and commissioned Eversheds to produce a paper giving guidance to firms offering this type of funds. This is an on-going project and more information can be found in Malcolm Small's article.

**Structured Products.** Concerns around these products, particularly Structured Deposits, were voiced by Which? in the ISA Industry Report published by TISA in conjunction with Cimetrix earlier this year. These concerns appear to be shared by the FSA with the release of a consultation document focussing on these products. TISA is running an open meeting 27th July to provide an opportunity to air views and draw out the issues which are generating such concern. Outcomes from this session will feed into TISA's response to the consultation.

### Events

The first half of 2011 has once again had a large number of successful events, across a number of different subjects pertinent to our industry including training sessions on ISA administration; a range of seminars on retirement, VAT, Wraps and discussion forums, giving a very full programme throughout the year helping our members stay fully informed and at the forefront of changes in the industry.

We held our usual programme of events for Senior Executives including an evening drinks reception and two lunches all at the House of Commons. Attendance at these events were at record levels and much enjoyed by those attending. Attendees at the evening drinks reception were treated to an excellent speech from Lord Lamont. Guest speakers at the lunches were Sheila Nicoll (FSA) and Gerard Lyons (Chief Economist and Group Head of Global Research at Standard Chartered Bank). This programme of events provides exceptional networking opportunities for senior executives from member firms across the industry and also the chance to meet and question the high-profile speakers in an informal environment. Attendance is by invitation only.

### New TISA publication

2011 saw the introduction of our new 'Quarterly' publication – a further step in improving our communication channels to help keep you updated on what is happening and what TISA is doing on behalf of our members. This publication is designed to be lively, very readable and full snippets of information which we hope you will find of interest. If you haven't received your copy and wish to be added to the distribution list, please let us know at [enquiries@tisa.uk.com](mailto:enquiries@tisa.uk.com)

### Coming Soon

**Regulation.** European and US legislation is having an ever greater impact on the UK industry with FATCA currently causing great debate and concern and the potential amendments to MiFID could mean fundamental changes to the way retail financial services operates in this country. TISA is getting increasingly involved in these debates and to enable us to take a pro-active approach to identifying forthcoming issues and to provide an effective forum for such conversations we are looking to create a new forum within the next 12 months. Member firms will be well aware of the central role played by our Advisory Councils and this new one will enable us to provide a greater range of strategic debate and events to help firms better understand potential impacts, respond to consultation papers, lobby for change and implement outcomes. Senior executives from member firms will be invited to join on this forum.

**Pensions.** For some time we have been building up our involvement in the policy debate on pensions and retirement issues and have come a long way in working with the various government departments and regulatory bodies such that TISA, supported by our very active Retirement and Distribution Councils, is regarded as a key

participant in these debates. We are looking to extend that support to providing a greater level of information and training in the relevant technical and administration areas. To help us do this, we are looking to recruit a new member of staff with practical experience in this field. Details of this vacancy is included elsewhere in this publication but if you know of anyone who may fit the bill, please pass them this information!

**Training.** Alongside the very popular ISA administration courses, we are looking to introduce a new high-level half-day session providing a first level introduction to ISAs specifically aimed at those very new to the industry or those who need just a high level overview of the main features of the scheme.

We are also looking to expand training on broader regulatory issues. Working in conjunction with some member firms, we are planning to introduce a series of regulatory updates on a variety of topics which will count towards CPD requirements and provide a wider range of support and information to help you stay ahead of the wave of information needed within the compliance world.

**Events.** We have a full program of other events lined up for the remainder of 2011 including sessions on Corporate Wraps, Retirement Planning, and our Annual Conference. Again, dates for these and all other events can be found in this newsletter and further details on our website.

**TISA website** As well as all the above, we are in the process of updating our website to further expand the amount of information we provide both to members and also to the wider industry. Look out for more information on this later in the year.

### In conclusion

2011 has got off to a very busy and eventful start – which we see continuing for some time to come. The opportunities for the future are ever-challenging so there is much work to be done and much to achieve. As ever, we appreciate your input into ways you feel we may be able to improve our service to you so always feel free to send me your thoughts.

I look forward to hearing from you.

CAROL KNIGHT  
Director of Member Services



## RE-REGISTRATION PROGRAMME

As many TISA members are aware TISA is currently facilitating the automation of platform-to-platform re-registration. This is an industry initiative to meet the FSA's determination as part of the Retail Distribution Review (RDR) to have re-registration of assets in place from 1st January 2012. The objective is to increase flexibility and improve services to consumers as currently the process of moving portfolios from one platform to another is a manual and complex process.

The current phase of the Re-Registration Programme was started in July 2010 and is progressing well. The project has been split into a number of workstreams (you will find an overview of each of them below, along with their current status) and an Executive Committee was formed to monitor progress against the overall aims, to drive the project, decide difficult issues referred to it by the workstreams and review/endorse decisions made by the workstreams. The Executive Committee is chaired by David Dalton-Brown (Barclays Wealth) and formed of leading market participants. We have also worked collaboratively with other organisations which have an interest in re-registration. The UK Market Practice Group (UKMPG), the Investment Management Association (IMA) and the Association of Private Client Investment Managers (APCIMS) are amongst those who are involved.

The workstreams are:

- (a) **Business Case:** The initial goal of the workstream was to construct an industry Business Case and transaction volumes were collected and assessed. Further discussion and review by the participants concluded that an Industry Level version would not be required as individual companies would only base their commercial decisions upon their own business case.
- (b) **Business Processes:** The aim of this workstream was to produce and agree a set of standard message formats and document the associated business process guidelines. The UK Funds Market Practice Group (UKFMPG) produced and issued the UK Market Practice Investment Portfolio and Fund Transfers document (which is

available on TISA's website) as guidance on the usage of the seven different transfer processes. This workstream has completed its work and is now closed. The processes are being tested as part of the Proof of Concept workstream.

- (c) **Quality Performance/SLA:** This workstream defined realistic and acceptable performance targets and timings i.e. a service level agreement (SLA). The workstream successfully issued a generic Service Level Agreement for use by market participants and no adverse comment has been received. As well as setting standards for the routine parts of the business the SLA also addresses more difficult aspects (e.g. bulk transfers) and suggests how the standard messages may be used to introduce automation into each of the difficult areas. The Proof of Concept workstream is testing that the standards in the SLA can be achieved in practice.
- (d) **Legal & Compliance:** The objective of the Legal & Compliance workstream is to resolve legal, regulatory and other compliance issues, and define standard contract terms, mutual indemnities etc. These issues are being addressed in a way that tries to have a fair and logical apportionment of risk and liability, achieves a simple structure that decreases disputes and uncertainty, and which will work alongside existing agreements between platforms and fund managers. This workstream is still very active and with the help of the solicitors Pinsent Masons has laid out proposed principles for review and agreement by the industry at a Legal Seminar to be held on 30th June. If the principles are agreed the workstream will ask for industry participation in drafting the detailed clauses. In addition, the industry will be faced with implementing over 7,000 agreements or forming a "Contract Club" that achieves the same legal affect with less than 400 contracts, and this will be the last topic at the legal seminar. We will report conclusions from the legal seminar on the TISA website.
- (e) **Proof of Concept & Pilot:** The goal of this workstream is to encourage

the formation of test groups by various systems providers, platforms, fund managers, registrars and other outsource service providers; co-ordinate the testing of the message formats, delivery mechanisms, processes/procedures and timescales to prove the concept; and build the test volumes and range of activities from proof of concept to pilot to volume test and finally to live running. Each transfer process as set out in the UKFMPG document will be tested by the relevant combination of systems providers, platforms, fund managers and registrars. Currently Altus, Calastone and Bank of New York Mellon have announced test groups and we hope that further groups will be announced soon as the workstream is in active discussions with Origo and Euroclear/EMX. Since the start of the proof of concept testing in early May Fidelity, Ascentric and Schroders (in the shape of their registrars IFDS) have announced that they have successfully tested the first platform-to-platform asset transfer over SWIFT using Altus's Transfer Gateway. This is a great achievement and we look forward to welcoming further such developments. We are also starting to plan the testing of how messages sent by one participant using any system can be received and processed by another participant using a different system – in the parlance of the workstream we are planning to test interoperability.

The Proof of Concept and Legal workstreams are the current focus of the programme. The legal seminar on 30th June should signal the start of the last phase of putting the legal arrangements being put in place and this will in turn lead to testing taking place with live data.

ALISTAIR REID **Programme Manager**

## TECHNOLOGY COULD HAVE GREATER IMPACT THAN RDR, TISA CONFERENCE HEARS

With only 18 months to go until the Retail Distribution Review comes into effect the wrap and platform industry is desperate for final rules to be published but some think technology advances could have a greater impact than the RDR, a TISA conference heard.

TISA's "Wraps and Platforms in the post-RDR World" conference heard that the industry was virtually "on hold" until the Financial Services Authority publishes its final rules on wraps and platforms. The FSA was due to publish a policy statement and final rules in the second quarter but has delayed publication until the third quarter. David Moffat, group executive at International Financial Data Services, said he hoped publication would be by the end of July or early August rather than at the end of the quarter.

Despite the fast-approaching RDR deadline of December 31, Moffat welcomed the regulator taking more time in order to offer "greater clarity" for the industry.

Nonetheless, David Reed, director, distribution special projects at Threadneedle, said there was "a degree of holding pattern while the industry awaits the FSA's response".

Reed said that while the original objectives of the RDR were fair, the best intentions could lead to "unintended consequences". He questioned whether banning commission but allowing product providers to "facilitate" the payment of adviser charging might lead to confusion, for example.

If cash rebates were banned, necessitating the creation of different retail share classes, this could also have unintended consequences, not least making re-registration a serious issue, he said.

"I have concerns that we still don't fully understand all that RDR entails with only 18 months to go," Reed said. He said the clock was "ticking rapidly" and that there were still some major issues to resolve, such as whether cash rebates would in fact be banned.

Reed was particularly concerned about whether firms would have sufficient resources to implement the RDR changes once the final rules were published. "We don't have a room full of an RDR implementation team ready to leap into action once the rules are published. There are lots of other things going on. We are already on a tight schedule," he said.

Reed said many firms in the industry were still maintaining a "watching brief" and taking a "wait and see" approach. Until the rules were finalised, he did not see that they had much choice.

"The timetable is tight and time is running out," Reed said.

Meanwhile, he thought that although new regulation and in particular the RDR had the potential to change the shape of the industry, technology could, within five years, drive more players out of the industry than regulation itself. He pointed out that as recently as 2006 no one had heard of Twitter or even Facebook. The financial services industry had not exactly been at the forefront of new technology, Reed said, yet this was perhaps the "elephant in the room" as far as the industry was concerned.

There is still a widespread expectation that as a result of the RDR, with its ban on advisers earning commission from product providers and its increased qualification requirements, many advisers will leave the industry. Reed said there was still a question as to whether the banks or life companies would step in and fill the advice gap. Some firms had even looked into the idea of bringing back a direct sales force, although this was expensive. Others were considering beefing up their execution-only or "guided sales" propositions.

Technology developments could overtake these considerations in the next five years though, Reed thought. He said convergence meant that people now watched television on their PCs and surfed the internet on their TVs. Broadband bandwidth was doubling every twelve months and an increasingly ageing demographic was now more than happy to both research and buy online.

New players such as Google would become even more of a threat, particularly as the amount of assets under management on wraps and platforms continued to increase. The current estimate is that some £160bn of assets is currently managed on platforms, and that sum is expected to rise rapidly, particularly with the addition of "corporate wraps" serving the employee market.

### Enticing

Reed said that as assets on platforms grew, so the market would become even more "enticing" to new players such as Google.

In order to get consumers to use new technology firms had to learn how to "engage" with people and get them to engage in the idea of saving and investing rather than simply buying a new car or taking a holiday. Reed said there was some "interesting stuff" happening in the US.

Holly Mackay, managing director of consultancy The Platform, said in the UK the focus around platforms was moving away from the "gadgets" they offered such as stochastic modelling to their basic use as an administration platform and provider of services. Unlike many in the industry who suggest that platforms are viable only for high net worth individuals, Mackay

said they were very definitely for the mass market. Banks have a great opportunity as they could talk to people about their wealth and their money in terms that their customers understood. Customers would see platforms simply as a "one-stop shop", Mackay said.

She cited foreign exchange trading site eToro as a good example of innovative technology changing the way financial business was done. eToro offers the ability to trade currencies, commodities and indices online. Users of the site can view, share and even copy their chosen trader's moves in real-time.

Carl Howard, head of direct investments at Barclays, has led the development of the firm's direct to consumer "platform", a service called Barclays Investments. Not surprisingly, he thinks such technology-driven direct to consumer offerings will become "very big" in the future.

Consumers though are not even aware of the concept of platforms. "Consumers don't talk about platforms. They might talk about savings or long-term savings. The platform is just a means to an end," Howard said.

Jonathan Gunby, executive director at NMG Group, said platforms had the potential to have "huge market penetration". The general insurance aggregators, or price comparison sites, could become a "big threat" to existing players though, particularly with the amount of client data they held and their significant marketing spend, Gunby said.

Ian Taylor, managing director of Transact, thought the current distinction in the market between funds supermarkets and wrap platforms would eventually blur. He thought the funds supermarkets would be forced to find a mechanism to handle adviser charging post-RDR and once they had done this they "might as well" go ahead and offer the full range of products and wrappers that wraps support.

In the medium term Taylor thought technology would mean that all platforms looked similar and that prices would therefore get "more suicidal". Service would end up being the key differentiator, he said.

JOANNE WALLEN

Senior Editor, Retail, Thomson Reuters GRC



## TISA has a vacancy for a Technical Director

### Job Description

TISA is looking to recruit a Technical Director who has extensive experience in the retail savings and investment market, with good knowledge and understanding of FSA regulatory matters. The position will form a key part in the development of TISA's planned expansion to provide greater support across a wide range of technical areas.

The position would require the individual to work with member firms as well as government and regulatory representatives on the development and communication of new and changing regulations, identifying how these regulations impact on the operation, administration and distribution of saving schemes/products/services of all types.

This role is likely to start as a part-time position with the expectation that the successful person may build the role over time.

### Overall Purpose:

Responsible for the provision and dissemination of Technical policy, information and advice; management and control of technical work, issues and technical aspects of projects; contact with executive and senior operational and regulatory management of Member Firms; primary technical interface with government, regulators and media; keeping the Chairman, Director General and Members of the Board updated and informed on technical or regulatory changes and developments which may affect the Association or its Members, and contribution to the overall development and standards of the Association.

### Key Responsibilities:

- Provision and dissemination of Technical policy, information and advice
- Management and control of technical work, issues and projects
- Development and quality assurance of Technical Services
- Contact with senior operational and regulatory management of Member Firms
- Keep the Director General and Members of the Board updated and informed of technical changes which may affect the Association
- Contribution to the overall development of the Association

### Desired Skills & Experience

- Extensive experience of the retail savings and investment market.
- Will have worked in a senior operational, administrative or regulatory role.
- Must have extensive management experience in the industry,
- Must be used to interacting with executive management and have good presentation skills.

The full job description can be viewed at:

[www.tisa.uk.com/recruitment-details.html?type=job&recruitment\\_id=33](http://www.tisa.uk.com/recruitment-details.html?type=job&recruitment_id=33)

## TISA has a vacancy for a Technical Officer

### Job Description

TISA is looking to recruit a person with experience in either pensions and/or pension administration and/or FSA regulatory matters to provide technical advice, support and training. They will need to have the drive to grow and expand the technical services we currently offer so that we can provide similar support in the wider fields which impact on the operation, administration and distribution of saving schemes/products/services of all types.

This role will be a full time position based in Stockton but will require attendance at London meetings and events as appropriate.

### Overall Purpose:

Provision and dissemination of relevant Technical Policy; contact with technical/regulatory management of Member Firms, regulators and media; keeping the Director General, Technical Director, Policy Director and Director of Member Services updated and informed on relevant technical, scheme or regulatory changes and developments which may affect the Association and/or its Members; and contribution to the overall development and standards of the Association.

### Key Responsibilities:

- Provision and dissemination of relevant Technical Policy
- Contact with technical management of Member Firms
- Keep the Director General, Technical Director, Policy Director and the Director of Membership Services updated and informed of technical, scheme or regulatory changes which may affect the Association
- Contribution to the overall development of the Association

### Desired Skills & Experience

- Experience in the retail savings and investment industry.
- Will have worked in an operational, administrative or regulatory role.
- Must have management experience
- Must be used to interacting with senior management and have good present

The full job description can be viewed at:

[www.tisa.uk.com/recruitment\\_details.html?type=job&recruitment\\_id=34](http://www.tisa.uk.com/recruitment_details.html?type=job&recruitment_id=34)

For further information or to register your interest, please contact Carol Knight ([carol.knight@tisa.uk.com](mailto:carol.knight@tisa.uk.com)) in the first instance or send your CV to:  
Carol Knight, TISA, Dakota House, 25 Falcon Court, Preston Farm Business Park, STOCKTON-ON-TEES TS18 3TX

## SAVINGS SCHEMES REVIEW

### Children's Savings Schemes – Junior ISAs

In the Annual Review last December, I was able to write about the replacement for Child Trust Funds that had been announced by the Financial Secretary at the TISA Conference the previous month. Necessarily, details were thin on the ground but in the months that followed TISA had various opportunities to meet with HM Treasury officials to discuss government plans, draft regulations were published for consultation and a healthy dialogue with the industry followed in which HM Treasury involved a focus group of industry practitioners including TISA. As I write this column we are still awaiting actual regulations which we will not see until this year's Finance Bill receives Royal Assent and becomes the Finance Act, giving HM Treasury the powers needed to lay these particular amendments to the ISA Regulations. However many aspects of the Junior ISA have been clarified during this very constructive consultation period and more recently informal confirmation of the Minister's decisions on the major features of the scheme has been provided to enable the industry to develop plans for the anticipated launch of the scheme in November.

#### Junior is an ISA

One of the early and surprisingly widespread misconceptions was that the Junior ISA would be a totally new scheme with its own separate regulations. This is not the case. The existing ISA Regulations are being expanded to include some new regulations and amend others to enable ISAs to be opened on behalf of children. These regulations set out different rules for these 'Junior ISAs' – a term whose definition includes the requirement that it is an account held by a child. The effect of this is that, as far as the ISA Regulations are concerned, the ISA which was opened as a Junior ISA will cease to be a Junior ISA on the day the 'child' reaches 18 but it will still be an ISA. Whilst obviously ISA Managers will require the new adult to sign up to their (Adult) ISA terms and conditions in order to continue to actively manage the now grown-up ISA, we believe that their Junior ISA terms should make it clear that there is implied consent to enable the account to continue within the tax favoured ISA environment until such time as the adult relationship is fully activated. HMRC has made it clear that the ISA Regulations do not require an application to be completed when the account holder reaches 18 because the

account is already an ISA, although there is no reason why ISA Managers cannot, if they wish, ask the account holder to complete an application. The bottom line as far as the ISA Regulations are concerned is that the new adult will need to provide their National Insurance Number and confirm their current residency status before they can subscribe to the (Adult) ISA.

#### Economics for JISA providers

We have welcomed the Minister's decision to increase the JISA annual subscription limit from the £3,000 proposed in the draft regulations to £3,600 – although we would have been even more pleased if he had decided to accept our proposal that the limit should match the adult Cash ISA limit! The industry concern here is to enable providers to cross-subsidise JISA administration costs, given the possibility that some JISAs may be required to hold a very low balance for anything up to 18 years. (In the past, this was less of a concern to Child Trust Fund providers because every account was guaranteed to have at least £250 of government money in it from the start.) It has been suggested that, whilst the Junior ISA has a lock-in up to age 18 (apart from cases of terminal illness), ISA Managers should be permitted to close JISAs in cases where there has been a very low balance for a significant period of time. Others suggested that there might be a need to close a JISA if the child's residency status changed to a high-risk territory for anti-money laundering purposes, where normal industry practice would be to close an account. We understand that there will be no provision in the new regulations to allow managers to close JISAs in either of these circumstances, although HMRC has undertaken to monitor the issue of low balances in the early years of the scheme. It appears that, since Child Trust Funds were launched, there have been no reported cases of the registered contact moving to a high-risk territory. If such a situation were to arise in the future in relation to either a CTF or a JISA, it would be considered on the merits of the particular case.

#### Similarities with CTF

Many of the features of the new JISA are modelled on the equivalent CTF regulation. The concept of the 'registered contact' being a person who has parental responsibility is replicated. However there is a subtle difference when the 'child' reaches 16, at which point they can step forward and become the registered contact for their account. Under CTF Regulations, whether

or not this happens, the parent ceases to be the registered contact when the child reaches their 16th birthday, potentially leaving a CTF account 'rudderless' without any registered contact. This has not yet been put to the test for CTF accounts because no child eligible to have a CTF is more than 9 years old. However, with a Junior ISA, the situation could arise soon after the scheme launches and we welcome the fact that, if the child does not step forward at or after 16, the current parent can continue as registered contact until such time as the child steps forward or reaches 18. (When/if the 16+ child applies to become the registered contact, the parent's permission is not required and they will automatically cease to be the registered contact.)

#### Differences between ISAs and JISAs

One of the main differences between Junior ISAs and Adult ISAs is that the child can only have one JISA of each type (Cash and Stocks & Shares) from the start until they are 18. Others are that interest generated by cash on deposit (pending investment) in a Stocks & Shares JISA is credited gross and the 20% flat rate deduction applicable to Adult ISAs does not apply. Unlike the adult version, a Stocks & Shares JISA can be transferred to a Cash JISA.

#### JISA entitlement

The JISA is available for any child under 18 who is UK resident at the time the account is opened (the only point at which there is any residency requirement in the JISA regulations) and who does not have a CTF. In practice this will include all babies born on or after 3 January this year and also those children who were too old to have a CTF (currently approaching their 9th Birthday or older) but there may also be a few who were born in the CTF era but do not have a CTF because their parent did not claim Child Benefit.

#### JISA Subscription limits

Within the annual overall limit, subscriptions can be made to a child's JISA by anybody, they do not have to be related, nor do they have to be UK resident and this remains the case even if the child has ceased to be UK resident since the JISA was first opened.

The annual subscription limit of £3,600 applies across both types of JISA (if the child has both a Cash JISA and a Stocks & Shares JISA) and, as with Adult ISAs, is applied per tax year. The limit will be index linked annually from April 2013.

## SAVINGS SCHEMES REVIEW

### CTF Subscriptions

Many families will have children where one has a CTF and another is eligible to have a JISA. It would be patently unfair if these children's savings schemes were to operate with different subscription limits. The Minister has indicated that, from the JISA launch date – now confirmed as 1 November 2011 – the CTF Subscription limit will increase for all CTF accounts to an annual limit of £3,600. Because the CTF subscription year starts from the child's birthday, this may create a few anomalies where a child (e.g. with a birthday in early November) may have only a few days to utilise the increased limit for their current subscription year.

The CTF subscription limit will also be indexed annually from April 2013 (so that it remains the same as the limit for JISAs).

### The teen-age years

We anticipate that, where a JISA is held by (or on behalf of) a child approaching 16, the ISA Manager will, as a matter of good practice and commercial sense, provide suitable explanation of the changes that will occur when that child reaches 16. This will include explanation that, as we

have seen, they can apply to become the registered contact. It could also be pointed out that at 16 the child can apply for an Adult Cash ISA which could be held alongside any Cash JISA and/or Stocks & Shares JISA held by the child. As the child then approaches 18, explanation of the manager's process following their 18th Birthday can be explained and, where appropriate, Adult ISA documentation provided.

### ISA Managers' Returns

Junior ISAs will be reported separately to HMRC on the statistics returns ISA25(Stats) and ISA14(Stats) – or the combination ISA14a(Stats) – with revised versions of these forms expected to be published by HMRC fairly soon now. Separate entries on the ISACOM100/Magnetic Media Return of Information will be required for each ISA held by the person (e.g. for a 16+ child holding one JISA of each type and an Adult Cash ISA there would be three entries). Again a revised magnetic media specification from HMRC should be published soon.

### Watch this space!

We are in a fast-moving situation and, by the time you read this, things will almost

certainly have moved on. TISA will be highlighting JISA issues in the coming weeks with Technical Bulletins and we will be running further seminars in late September aimed particularly at those who will be responsible for processing JISA business. Full details and booking facilities can be found on the TISA website. If your firm is a member, remember to log in as a member before booking so that you take advantage of the member rates for our events.

We look forward to helping our members embrace this next stage of the developing ISA story.

PETER SHIPP

Technical Director (Savings Schemes)



leading on investments and savings

## Annual Conference

The Plaisterers' Hall, London EC2 - Wednesday 16 November, 2011

### Confirmed speakers:

**Mark Hoban MP**, Financial Secretary to the Treasury **Margaret Cole**, Director of Enforcement & Financial Crime, FSA  
**Christopher Leslie MP**, Shadow Financial Secretary to the Treasury  
**David B Smith**, Chief Economist, The Tax Payers' Alliance, **Tim Shakesby**, Lead Policy Officer – PRIPs, European Commission  
**Steve Webb MP**, Minister of State for Work & Pensions, Department for Work & Pensions  
The Conference will be chaired by: **Charlie Parker**, Investment Editor of Citywire & Editor of Citywire Wealth Management

### The conference will also include a panel session

Sponsor: **iRed Partnership** Drinks Reception Sponsor: **Navigant Consulting**  
Refreshments Sponsor: **Kinetic Partners LLP** Exhibitors: **SWIFT, The National Skill Academy for Financial Services**

The TISA Conference offers you the opportunity to listen to high level speakers give their perception of the industry from different perspectives – government, the media, the economy, the industry, the regulators.

Each speaker will give their viewpoint on what is happening in the industry and what may be ahead of us in the future. This is an opportunity for you to hear from those at the forefront of the retail savings and investment industry. They will be discussing issues which affect you now and those which will influence your sector of the market in the coming years.

Registration from 12.45pm, the conference presentations will start at 1.30pm & finish at approximately 6.00pm.

A drinks reception will follow the conclusion of the conference.

Member rate: **£195 per person** | Non-member rate: **£345 per person**

Member firms are entitled to one free place at the conference (additional places £195)

Places are allocated on a first come first served basis.

To guarantee your place book on-line now at: [http://www.tisa.uk.com/other\\_event.html?event\\_id=224](http://www.tisa.uk.com/other_event.html?event_id=224)

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## DATES FOR YOUR DIARY 2011

### TRAINING

#### • JUNIOR ISA ADMINISTRATION

13TH SEPTEMBER: Edinburgh

14TH SEPTEMBER: London

27TH SEPTEMBER: Norwich

4TH OCTOBER: Manchester

5TH OCTOBER: Liverpool

#### • INTRODUCTION TO ISA ADMINISTRATION

29TH NOVEMBER: (London Chamber of Commerce)

#### • ISA REPAIRS & VOIDS

27TH SEPTEMBER: (London Chamber of Commerce)

#### • ISA KEY FACTS

6TH SEPTEMBER: (Edinburgh Training & Conference Centre)

3RD NOVEMBER: (London Chamber of Commerce)

#### • ISA TRANSFERS WORKSHOP

6TH OCTOBER: (London Chamber of Commerce)

6TH DECEMBER: (Edinburgh Training & Conference Centre)

#### • ISA QUALIFYING INVESTMENT WORKSHOP

13TH OCTOBER: (Edinburgh Training & Conference Centre)

10TH NOVEMBER: (London Chamber of Commerce)

### EVENTS

7TH SEPTEMBER: Interactive Pensions Briefing (London)

15TH SEPTEMBER: Corporate Wrap Seminar (London)

27TH SEPTEMBER: Distributor Funds Seminar (London)

6TH OCTOBER: Distribution Seminar (London)

19TH OCTOBER: AGM/Discussion Forum (London)

8TH NOVEMBER: Distribution & Pensions Seminar (London)

16TH NOVEMBER: Annual Conference (London)

29TH NOVEMBER: Auto-Enrolment Seminar (London)

7TH DECEMBER: Interactive Pensions Briefing (London)

For further information on any of the above, plus details of the many other events which are still on the planning stage, please visit the TISA website at <http://tisa.uk.com/events.htm>

## TISA ADVISORY COUNCILS

### TISA has six Advisory Councils: Cash Savings, Childrens' Savings, Distribution, Investment Savings, Retirement Planning and Wraps.

The Councils exist to serve the needs of senior figures from the widest range within the financial services industry in the UK, providing a meeting point where topical issues can be debated in confidence and responses formulated on behalf of TISA to, amongst other things, regulatory consultations. They act as senior level centres of expertise for TISA on matters pertaining to relevant aspects of all retail financial services schemes in the UK. As such, they inform, and participate in, engagement with HM Government, interest groups and Regulators.

### OBJECTIVES

- To consider, study and report upon to the TISA Board, as required, all initiatives, consultations or developments of any kind which impact retail savings and investment schemes in UK financial services
- To respond in writing or verbally to all such initiatives, after clearance from the Board
- To represent the interests of TISA members in doing so
- To inform the wider TISA membership in written briefings of the strategic and tactical impacts of such initiatives, through the administration team
- To formulate, and pursue, TISA initiatives designed to facilitate beneficial change or to share best practice
- To formulate the content (where appropriate) of at least one Seminar per annum in consultation with the administration team and such other events as may be deemed advisable from time to time
- To report formally upon its activities to the Board once a year
- To have regard, in all its activities, to the best interests of consumers of retail financial services in the UK.

Details of members of each of the Councils, together with the minutes from meetings (you will need to be logged in as a member for access to these) are available at: [www.tisa.uk.com/councils.html](http://www.tisa.uk.com/councils.html)