Welcome to TISAtalk, this week –

- Malcolm Small, Director of Policy at TISA, outlines how the distribution significance of platforms is increasingly being recognised.
- Jeffrey Mushens, Technical Director at TISA, comments on working with the FSA.
- Peter Smith, Head of Distribution Engagement at TISA, discusses the 2012 trend of platform pricing reductions and simplification of pricing models.

PREFERENTIAL PLATFORM PRICING

The importance of wraps and platforms in fund distribution has been highlighted this week. Under the impact of the Retail Distribution Review, we have seen fund management groups move to "clean" share classes, with "flat" pricing usually around the 75 basis point level as a starting point across the piece. It was therefore interesting to see one fund management group announcing differential pricing based on the source of the business. Artemis have announced that business through platforms will attract a preferential annual management charge (AMC), compared with non-platform business which will continue to have the standard 1.5% AMC.

It's not so long ago that fund managers regarded platforms as something of a market intrusion, so recognition in this way of their distribution significance is interesting and a departure in approach from what we have seen thus far. However, there are some issues lurking in the wings, one suspects, potentially around what happens if such funds are to be held in a self-invested personal pension "off platform", for example. It will be interesting to see how this development plays out in the market.

Malcolm Small, Director of Policy

WORKING WITH THE FSA

TISA had an interesting meeting with the FSA and HMRC this week to discuss platforms and unit rebates, which was very helpful and informative. We appear to be seen as the go-to people for the wraps and platforms community by the FSA, HMRC and the Treasury.

Firms are continuing to sign up to TeX, the re-registration Contract Club, and most of the major platforms and fund managers have signed up or committed to do so. We expect TeX to go live in January, as live testing continues to go well. Pensions and offshore fund providers are looking at joining TeX whilst our focus is doing whatever is required to help them achieve this.

As far as the FSA is concerned, they've indicated they are willing to engage with TISA and our members in more detail regarding Client Assets and CASS. We're also starting a dialogue about the implications for legacy unit and share classes post January-2014.

Jeffrey Mushens, Technical Director

END OF ANOTHER YEAR – DON'T LOOK BACK!

The year 2012 has seen an obvious development in the convergence of platform pricing. 7IM is the latest group to announce a reduction in their fee at 30 basis points (bps) for the first £500,000, 25bps for the next £500,000 and 15bps for portfolios over £1m, with no transaction fees or charges levied on cash or 7IM funds. The 2012 trend has seen platform pricing reduce across the market and pricing models simplified.

In addition, new entrants True Potential and Zurich have brought in some interesting new developments at the web portal end, Nucleus also added protection to the platform, Ascentric added legal products and Cofunds put annuities on a platform.

Looking forward to 2013, the non-advised channel is on most advisers' radar more than ever, plus D2C platforms are poised for change to address the advice gap and those customers potentially disenfranchised from full advice post-RDR – welcome the New Year, don't look back!

Peter Smith, Head of Distribution Engagement