Quarterly
Investment & Distribution Newsletter
Summer 2013/Issue 10
TISA

TISA survey

Our Purpose, Mission and Intent

Towards the end of last year TISA engaged Stratcom to carry out a survey and analysis to support the Board in its deliberations on defining the future role of your Association. I would very much like to take this opportunity to thank all of those who contributed to this work.

One of the outputs that became very clear throughout the exercise is that, although the participants were very positive about TISA's contribution to the development of the industry, there was a very strong desire for greater clarity of its role. There was also considerable support for the view that TISA can do much more to further enhance the industry's contribution to the financial well being of the Nation and its citizens.

The Board and Executive have, on your behalf, put in considerable time and effort to try and distill your input into a future agenda for the next few years. Their thinking is summarised below:

The Primary Purpose of your Association is:
To increase overall savings and investment.

Its Mission is:
To work with all relevant stakeholders to review, develop and implement effective policies, regulation, products, advice and services; thereby encouraging individuals to have the appropriate savings and investments to support them, and their families, throughout their lives.

Its Strategic Intent is:

- To further national, consumer and the industry's interests by promoting sound and objective policy, regulation,advice, products and services.
- To deliver practical improvements through collaborative and constructive dialogue with the industry, government, regulators, consumer groups and sector trade bodies.
- To increase the interaction, communication and understanding across all sectors of the industry.
- To improve the industry's infrastructure, its processes and operations to make firms more efficient and their products and services more straightforward and effective for the customers they serve.

Hopefully these statements not only resonate with your view of TISA but your aspirations for our industry. They are today merely an ambition, but with your active support they can be a reality.

Thank you so much for your support to date and also for your contribution to the future.

Pensions and Savings Policy briefing

Malcolm Small, Director of Policy at TISA, will be presenting one of his periodic Pensions and Savings Policy Briefings, on the afternoon of 26th June. He will be sharing the latest thinking from inside government and will also announce the findings of some new research conducted amongst 1300 Institute of Directors members, learning about their current views on pensions and automatic enrolment. This research tracks work undertaken two years ago and has highlighted some interesting changes – as well as some things that have not altered! This interactive Briefing will be of interest to those working in the UK savings and pensions markets, in particular those involved in marketing, product design, distribution, technical functions and external affairs. **To book your place, please click here or call us on 01642 666999.**

TISA at the Houses of Parliament

Our latest Senior Executive events both proved very popular. In March at the House of Commons our guest speaker was Martin Wheatley, the CEO of FCA and in May we held our Annual Reception with Sajid Javid, The Economic Secretary to the Treasury, as speaker. For the first time it was in the Peer's Dining Room at the House of Lords, rather than the HoC Terrace and feedback from both events was excellent.

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CTF/JISA consultation

In the 2013 Budget, the Government announced that it would be issuing a consultation to investigate the merits and feasibility of allowing transfers from Child Trust Funds (CTFs) to Junior ISAs (JISAs). Since then, TISA has attended several meetings with HMT/HMRC to discuss the options, risks and potential outcomes. Member firms have had the opportunity to provide input on the questions to be included in the consultation and HMT/HMRC attended the recent meeting of the Children's Savings Advisory Council to talk directly with industry representatives.

TISA's view is that the key consideration is to support the primary aims of the schemes and provide the best outcomes for the majority of children. We believe that, should the CTF be retained, it would be sensible to allow it to default to an Adult ISA at maturity. We also advocate a swift decision to draw to a close current uncertainty.

Data Quality

Unclaimed assets are a key focus of attention for both The Pensions Regulator (tPR) and the Financial Conduct Authority (FCA). At a recent meeting with the FCA, it was confirmed to TISA that the regulator is continuing to review the client asset and client money regulations.

Our recent industry survey revealed that there are many billions of pounds of unclaimed assets sitting in policy benefits and investment accounts as a result of loss of contact with the customer. Firms would apparently welcome greater guidance and clarity about what action they should take.

In order to assist, TISA held a series of workshops throughout May to enable industry representatives to discuss current practice and recommendations on how to achieve better results. We intend the outputs to be used to formulate a 'Best Practice and Guidance' document which will be shared with both the FCA and tPR and made available to all firms in order to help establish internal processes. We are currently in discussion with the British Standards Institute as to the professional support they might provide in the development and publication of the agreed document. This may result in a standard for which firms could achieve accreditation.

For more information on these interesting developments contact Carol Knight by clicking here.

Children's Savings Advisory Council

At the last meeting of the Council, David White, Chair of the group, stepped down after more than 7 years at the helm. We thank David for his unwavering enthusiasm and support for this topic. Nominations for the new Chair are being collected and a number of new firms have recently been appointed to the Council. It is an important time, especially with the imminent consultation on CTF and Junior ISA. However, it is important to remember that this Council addresses all Children's Savings and not just the CTF and Junior ISA. If your firm has an interest in savings for children this forum needs to be aware of your thinking. **For information please contact Carol Knight on 01642 666989.**

Automatic Enrolment into Pension Saving – the story so far...

A number of TISA members attended a Seminar on 27th February at the Institute of Directors, to examine the lessons learned from automatic enrolment so far, and what we might expect in the future. The Pensions Minster, Steve Webb MP, opened proceedings and Tim Jones, CEO of the National Employment Savings Trust (NEST) was amongst the eminent speakers. With the very largest employers already on board, it is encouraging to see "opt-out" rates at the lower end of expectations, around 10% of those enrolled. However, the sheer number of employees scheduled to be enrolled during 2014, combined with the number of companies taking up their new duties, could mean that the pensions industry runs into capacity issues. There will certainly be insufficient "boots on the ground" to help employers face-to-face. It is also becoming clear that the sheer complexity of the current automatic enrolment procedures and rule set may be all but impossible for Small and Medium Enterprises ('SMEs') with limited support resources. Accordingly, many are preparing to go beyond the basic requirements, for example contribution levels, in order to make compliance simpler. We will watch developments with interest.

Recognition of TISA's contribution to the AIM share debate

In Issue 05 of Quarterly we wrote about a petition requesting the ban on Alternative Investment Market (AIM) shares in Stocks & Shares ISAs be lifted.

We are pleased to report that Budget 2013 included a announcement that the Government planned to consult on AIM shares inclusion in Stocks & Shares ISAs and shortly afterwards it was confirmed that this policy was to be introduced.

Tony Vine Lott, Director General of TISA, also received a letter from Xavier Rolet, CEO London Stock Exchange Group thanking TISA for its support in their campaign to abolish stamp duty on AIM shares.

London
Stock Exchange Group

Xavier Rolet
CEO

21 March 2013

Mr Tony Vine-Lott
Director General
Tax Incentivised Savings Association
Dakota House
25 Falcon Court
Preston Farm Business Park
Stockton on Tees
TS18 3TX

Dear Tony

I am writing to thank you for your support in our campaign to abolish stamp duty on AIM shares. We were delighted that this measure was included in the Chancellor's Budget.

It was invaluable to be able to demonstrate to the Chancellor that investors have a wider choice, and that tax incentives have a key role to play in enabling savers to back UK growth companies.

We now have a real opportunity to show how powerful equity can be to the UK's innovative high growth SMEs. I and my team at the London Stock Exchange Group remain fully committed to playing our role in this. Next month, we will be launching our new High Growth Segment, designed to enable an exciting crop of innovative UK and European companies to use equity to grow and create jobs.

We look forward to working with the TISA as we continue to campaign for more measures to support equity finance and investor choice.

Once again, thank you for your support and please pass on my gratitude to Malcolm Small with my best wishes for his good health.

Yours sincerely

Xavier Rolet

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Wraps & Platforms Technical Committee

The period since the beginning of the year has been dominated by the gestation of the long awaited platform paper (FCA PS13/1). The contents had been discussed well in advance with the FSA, so there were no unpleasant surprises. The FCA 'platforms' team has now moved on but we are meeting with the new sector head in May.

We have spent much time working with HMRC and HMT on tax issues around rebates, also with the FSA on matters relating to Transaction Reporting. The outcome for the taxation of rebates was as we might have anticipated, although we were disappointed that the Government was not prepared to introduce legislation to delay the impact of the taxation rules until April 2014. Nevertheless, writing off the past was a big tax and operational concession, and we are meeting HMRC towards the end of May to look at practical implementation issues.

Access to HMRC permitted us the opportunity to raise a number of technical issues, as well as to make proposals relating to ISAs, which will simplify administration for product providers.

Matters relating to rebates, share classes, conversions and transfers/re-registrations between platforms became sufficiently complex for us to call an industry meeting for late May. There is a clear need to address and, if necessary, implement an industry project to resolve the complications. Progress will be reported in future editions of Quarterly.

In the meantime, some points concerning information provision by intermediate unit holders to their customers have re-emerged. TISA continues to believe that the proposals by the FCA are unnecessary, expensive, will destroy the economics of stakeholder CTFs and are inconsistent with the provisions for shareholders as set out in Companies Act 2005 Schedule 9.

Foreign Accounts Tax Compliance Act (FATCA)

Working group progress update

FATCA (Foreign Accounts Tax Compliance Act) comes into effect on 1st January 2014. TISA has set up a project to help members address some of the issues. Working groups have been established and issues surrounding contingency, roles and responsibilities of the various investment entities and the sharing of best practice are being addressed.

The contingency working group is looking at what happens if a firm has failed to register within the required timeframe – 1st July to 25th October 2013.

In Issue 09 of Quarterly we explained that TISA understood that US custodians may withhold from 1st January 2014, but this now appears to have been put back to 1st July 2014, although some anxiety about this process and deferral remains.

The working group is looking to create an industry protocol should a firm not be on the register, so as to avoid any risk of withholding. As it is unlikely that the regulators or the tax authorities would be willing to develop this, it has become one of TISA's priorities.

Another working group has identified seven different roles and is working towards agreeing the market best practice responsibilities for each of these roles. It receives input from other industry working groups and itself, feeds into the HMRC working groups.

In March TISA held a popular and useful industry forum including a Q&A session with HMRC. A further seminar is scheduled for 3rd June and speakers from HMRC, fund managers', platforms and lawyers will contribute. TISA's strong relationships with HMRC and HM Treasury are proving invaluable at this important time for the industry.

Meetings are at capacity. If you would like to learn more, please contact us by clicking here.

Introduction to Cash ISA Administration

This TISA training session is currently being updated and the first revised version will run in London on 9th July.

The session aims to address and focus on the key ISA regulations and guidance that apply specifically to cash ISAs, in addition to some of the key rules that apply equally to both cash and stocks & shares ISAs.

Specific areas, where the ISA regulations either differ from those applying to stocks & shares ISAs or where the application of the ISA rules are noticeably different, include ISA transfers and the repairing or voiding of ISAs. There are still places available for the July session which can be booked by clicking here or calling us on 01642 666999.

ISA Transfers and ISA Repair/Voids

The ISA Regulations and application of the rules relating to transfers, repairs and voids are different for cash and stocks & shares ISAs. To help members to understand these differences, TISA is currently considering whether to split the current joint training sessions into separate workshops to allow clearer focus and to avoid potential confusion by addressing different rules and regulations across both types of ISA in the same workshop.

Our current plan is to present the first of the new separate workshops towards the end of 2013 but we are keen to hear members' views. If you have any comments or questions please email enquiries@tisa.uk.com or call Dave Beaston at TISA on 01642 666999.

TISA training Treating Customers Fairly ('TCF')

As we reported in the last edition of Quarterly TISA strives to ensure that our training programme continuously develops in order to support the industry and the aims of the FCA. We are introducing three new sessions on Treating Customers Fairly (TCF) with each one targeting a different element of TCF.

The first module (30th May in London and 11th June in Edinburgh) provides an overview of TCF and aims to impart a broad understanding to allow the six TCF Outcomes to be applied in general business use. The content of this module is suitable for those who are new to the industry or require a refresher course.

The second module (scheduled for 5th June and 11th July in London and 12th June in Edinburgh) focuses on management and culture and aims to provide leaders with tools to communicate TCF more effectively, to increase TCF awareness, to improve TCF engagement and to measure the moving target that is 'culture'. The content of this module is suitable for leaders at all levels and includes both factual information and interactive elements.

A further module, planned for Q4 2013, will focus on measuring TCF Management Information (MI) and the governance of TCF. Other modules are also under consideration to cover areas that are of a particular interest to regulators and details will be announced later this year.

As with all TISA training, the TCF modules can also be delivered as 'in-house' courses which allows for some content to be tailored to include company specific information and to focus on business specific areas.

Training dates for the remainder of 2013 are detailed on the TISA website. For more information on these or other TISA courses please click here.

Contact us

Comments and questions about Quarterly are welcomed. Contact: Jill.Crowell@tisa.uk.com

Structured Deposits – what a difference a year makes!

In October 2011, Structured Deposits came under close scrutiny as Which? challenged the industry, accusing it of selling customers badly designed products and offering poor value. At the same time, the FSA placed these products on high risk.

In response, TISA arranged to work with sector trade body, the UK Structured Products Association (UKSPA), to see how the FSA's concerns might best be addressed. TISA and UKSPA have now prepared a Consumer Guide to be adopted by providers and distributors to ensure that customers are fully aware of what they are buying, and in particular, alert to the possible downsides of their purchase.

Balancing the requirements of detailed disclosure whilst providing a helpful document that customers could and would actually want to read, was no mean achievement.

Sally Rigg of KPMG has chaired this project which is now close to completion. It clearly demonstrates that legitimate issues are best tackled by working with the regulator and bringing together the knowledge and experience of the industry.

2013 Planner

June and July dates are listed for your convenience but additional dates for 2013 can be found on the TISA website by **clicking here.**

Councils, working groups, projects & committees

Monday 3rd June
Data Quality Executive Committee

Thursday 6th June
D2C Special Interest Committee

Tuesday 11th June
Retirement Technical Committee

Tuesday 18th June
FATCA Roles & Responsibilities

Tuesday 18th June
FATCA Contingency Planning Working Group

Tuesday 18th June
FATCA Executive Committee

Tuesday 25th June
Retirement Advisory Council

Tuesday 2nd July
Cash & Savings Technical Committee

Wednesday 10th July
Data Quality Executive Committee

Thursday 11th July
Adviser Protocol Executive Committee

Tuesday 16th July
FATCA Roles & Responsibilities

Tuesday 16th July
FATCA Contingency Planning Working Group

Tuesday 16th July
FATCA Executive Committee

Training and Events

Monday 3rd June
FATCA Seminar

Tuesday 4th June
ISA Key Facts workshop (London)

Wednesday 5th June
Treating Customers Fairly Management & Culture (London)

Thursday 6th June
Power of Attorney Key Facts (London)

Tuesday 11th June
Treating Customers Fairly Key Facts (Edinburgh)

Wednesday 12th June
Treating Customers Fairly Management & Culture (Edinburgh)

Thursday 13th June
ISA Key Facts workshop (Edinburgh)

Thursday 20th June
European & Regulatory Seminar
Junior ISA Key Facts workshop (London)

Tuesday 25th June
ISA Repairs & Voids workshop (London)

Wednesday 26th June
Pension & Savings Policy Briefing

Tuesday 9th July
Introduction to Cash ISA Administration (London)

Thursday 11th July
Treating Customers Fairly Management & Culture (London)

Tuesday 16th July
ISA Applications workshop (London)

TeX has 52 members. Of those, 46 have also completed the registration process and are listed on the secure contact database – thus signing up to the full membership agreement and planning to meet the service level agreements which come into effect on 1st July 2013.

In terms of industry coverage, asset managers responsible for the management of over 79% of industry funds and platforms managing over 90% of platform assets have joined or committed to join TeX.

The register, hosted securely by SWIFT, is live and, as foreshadowed last year, now has interest from Luxembourg and Dublin managers.

TISA provides the administrative support for TeX and we have working groups looking at offshore funds and pensions. Member firms have indicated that they would like, as far as possible, to have one set of SLAs for assets in portfolios, rather than different ones for assets in pensions or offshore funds. Indeed, we are now receiving requests for CREST to be brought into the scope of the SLAs.

We understand there are no legal barriers to extending the scope of TeX to include offshore funds and a draft of an SLA including such funds is in progress. This will go the SLA Advisory Council and then, if approved, to the TeX Board.

A similar process is underway for pensions. If approved by the SLA Advisory Council and TeX Board any consequential legal changes will be under the oversight of the new Legal Advisory Council, which met for the first time on 22nd May.

The priority now is about ensuring that the live operation of the timings in the SLA, scheduled to come into effect on 1st July, goes smoothly. Industry attention has switched to the design of the regular MI of TeX. The first reports are scheduled for November.

In the meantime the Operations Advisory Council has been working on implementation issues arising from re-registration in practice.

Two forums on TeX were held to update existing and potential members and to deal with questions. Representatives of the solution providers addressed the questions and the forums were very well attended.

The TeX model of open standards, an industry led body to ensure good outcomes for customers and the delivery of significant improvements in efficiency for the industry are achievements to be proud of. The adoption of published open standards, based on ISO20022 and UKFMPG message standards has encouraged competition and innovation.

We know that the Department for Work and Pensions (DWP) is looking at the success of TeX as a possible model to resolve the issue of the Transfer of Small Pension Pots.

TeX AGM and Seminar

PwC has completed the first year audit and we are finally in a position to hold our first AGM where a full Board of Directors can be elected. The date for this is 26th June 2013 and the AGM will be followed by a seminar exploring a range of issues, including the impact of re-registration and electronic messaging, as well as providing a brief look ahead to future opportunities.

To be eligible to join the board of TeX a firm must have completed both the joining and registration process and appear on the TeX register. The board will be formed of a maximum of three representatives from each membership category (Asset Manager, Service Provider and Multi-Role) and three TISA representatives.

The closing date for nominations for the TeX board is 12th June 2013.

Further information can be requested from Carol Knight, by clicking this link.

TeX Members the following groups have joined TeX

- A J Bell Holdings Ltd
- Aberdeen Unit Trust Managers Ltd
- Alliance Trust Savings Ltd
- Allianz Global Investors (UK) Ltd
- Artemis Fund Managers Ltd
- AXA IM UK Ltd
- Barclays Bank
- BlackRock Group Ltd
- BNY Mellon (International) Ltd
- Brooks MacDonald Asset Management Ltd
- Capita
- Cavendish Asset Management
- Cazenove Capital Management Ltd
- Close Asset Management (UK) Ltd
- Cofunds Ltd
- F&C Asset Management PLC
- FIL Holdings Ltd
- First State Investments (UK) Ltd
- Franklin Templeton Global Investors Ltd
- Fundsmith LLP
- GLG Partners Investment Funds Ltd
- Hargreaves Lansdown Asset Management Ltd
- HSBC Bank PLC
- Hubwise Securities
- IFDS Financial Services Ltd
- Ignis
- Invesco UK Ltd
- Investment Funds Direct Ltd
- Jupiter Investment Management Group Ltd
- Legal & General Group PLC
- Liontrust Fund Partners LLP
- M&G Ltd
- Martin Currie Investment Management Ltd
- Northern Trust Company
- Novia Financial PLC
- Nucleus Financial Group Ltd
- Premier Portfolio Managers Ltd
- Sarasin & Partners LLP
- Schroder Investment Management Ltd
- SEI Investments (Europe) Ltd
- Seven Investment Management LLP
- Skandia Multifunds Ltd
- Standard Life
- SVM Asset Management Ltd
- Transact Nominees Ltd
- T Bailey Asset Management Ltd
- UFC Fund Management PLC
- Unicorn Asset Management
- Zurich

Associate members

- Altus Ltd
- Calastone
- EMX

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