

## The new face of regulation



**Peter Smith, Head of Distribution Engagement at TISA recently facilitated a 'Meeting of Minds' discussion group which outlined the Financial Conduct Authority's position and new approach. In this article Peter shares his thoughts on the event and the road ahead:**

The most common question I am currently asked on my travels is "How is the FCA any different from the old FSA, particularly when it comprises nearly all the same people?"

Martin Wheatley the FCA Chief Executive has publicly stated that the new regulator is "a very different animal to the FSA" – a direct response to critics who state that it is the same organisation simply with a different name. This regulator is not purely asking whether a product is compliant and ticks every legal box, but rather is the outcome good, is the market competitive and is fair treatment of consumers at the heart of a firm's business model.

It has been stressed quite forcefully by the FCA that wherever possible they really want to work closely and collaboratively with the industry, and that the new regime will have a more judgement-led philosophy. Regulators need to serve the market better by acting more swiftly and by intervening earlier and more intelligently to avoid crises down the line. The FCA is promising to do just that.

Under Wheatley's stewardship, the FCA is determined to be a forward looking, preventative organisation. This will help us all and by listening to the consumer and asking for whistle-blowing, the regulator will be able to more quickly identify what may be going wrong.

### New culture

A cultural shift within the new regime is happening right now. The FCA has expressed a desire to enter into dialogue, listen to views, study and examine data and pick up intelligence and feedback from market practitioners. This typically involves business models, professional standards and a focus on consumer outcomes. The ongoing theme is to continue to reduce risk in the advice sector.

### How can the industry & FCA improve communications & understanding?

It was encouraging that at the recent TISA event suggestions from the session delegates regarding communication were warmly received by the regulator. These included the issuing of more practice notes with a focus on what 'good' looks like, together with indications of the core points to note and the priorities to which firms should pay attention.

There were a number of requests to allow the market to communicate with the regulator via social media, specifically around how the industry can attain good customer outcomes. Thematic work will naturally bring out good and bad practice and publication of both was considered extremely helpful for practitioners, particularly around risk controls and future risks. Delegates requested reports of when failure is noticed, giving an indication of its source, whether bad practice, an incorrect business model or a failure in risk controls.

### The future and what to expect

In summary, the regulator demonstrated a real keenness to listen more, and to obtain views from a cross-section of the market. The regulator was aware of concerns about the previous rotation of staff under the FSA and acknowledged practitioners' pleas to keep the same people in their roles to help build relationships with firms.

When the FCA is saying something, the market needs to understand what the driver is. Certainly the experience so far within a number of the current TISA projects and special interest groups is that the new regulator is far more communicative and willing to collaborate and provide input to industry work. We should all be encouraged. Whilst essentially FCA is the industry policeman, it appears to be the old fashioned kind, one you can approach to point you in the right direction with some authority. When I was a boy you respected that!

## FCA CP13/9 backs TISA Exchange (TeX)

<http://www.fca.org.uk/news/cp13-09-quarterly-consultation-paper-2>

In its CP 13/9 Quarterly Consultation Paper No 2 the regulator, writing in the chapter on platforms, says:

"3.7. b. COBS 6.1G – on re-registration of assets, refers to 'client'. The Tax Incentivised Savings Association (TISA) has introduced a new register (TeX), designed to meet this rule and speed up re-registration to six working days (from July 2013), which covers all clients, not just retail clients. So, we do not propose to amend this rule."

A further update on TeX developments can be read on page 6 of this newsletter.

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## TISA Conference programme expanded

TISA's popular Annual Conference will take place on Wednesday, November 13th and this year, due to popular demand, we have expanded the programme. Once again, the venue will be Plaisterers' Hall in London.

Our conference theme is 'Improving the Consumer Experience'. As well as discussing areas for improvement we will be considering potential solutions and identifying the next steps to put these into practice.

As usual the programme will feature eminent speakers and I am delighted that those already confirmed include Christine Farnish, Chair of Consumer Futures, who will chair the conference; Christopher Woolard, Director of Policy, Risk & Research FCA, Elissa Bayer, Senior Investment Director, Investec Wealth & Investment, and Natalie Ceeney, CEO & Chief Ombudsman, Financial Ombudsman Service.

In addition there will be a panel of industry speakers:

Bella Caridade-Ferreira, Fundscape (chair)

Tom McPhail, Hargreaves Lansdown

Jasper Berens, JPMorgan

Geoff Towers, L&G

Nick Hungerford, Nutmeg

Andrew Fisher, Towry

TISA member firms will continue to benefit from one free delegate place and reduced prices for subsequent delegate bookings. In response to feedback we are also starting the conference earlier and there will be a buffet lunch.

Networking is an important aspect of the conference and our earlier start time, together with an evening drinks reception at the close of the conference, will allow delegates plenty of opportunities to meet exhibitors and each other.

We know that this will be a not-to-be-missed event – topical, insightful, practical and entertaining. Make sure you and your firm do not miss out. We look forward to seeing you in November. For more information or to book a place click here.

## Savings Policy Update



This quarter has seen progress on a number of fronts; most recently in discussions around a project examining savings policy for the UK. There have been a number of initiatives from governments over the years in the field of saving – the most recent, and largest, being automatic enrolment into pension saving – but there has been no over-arching policy framework providing an appropriate and attractive savings architecture for every need and life stage. Today the UK has a financial culture based on debt, rather than assets. This needs to change if we are to have a financially resilient population able to cope in financial adversity. As the welfare state recedes, as it surely must over coming decades, this resilience will become all the more important in policy terms. Recent discussions in Whitehall have encouraged us to believe that this realisation is being acknowledged in government circles. A wide range of senior individuals in member firms have expressed interest in, and commitment to, the sort of work we are envisaging in this area and the first meeting of the prototype Savings Policy Project Executive Committee is expected in October. Those interested in learning more should contact Kim Holloway by clicking here.

## TISA Policy Councils – sharing thoughts and ideas

As TISA continues to grow and support the Investment and Savings Industry the activities of its Policy Councils are increasing at a fast pace.

In June 2013 TISA held its first Chairmen's review day which allowed the Chairs and Deputy Chairs of the various Policy Councils to meet and present the work and successes of their Councils. This event gave representatives of each forum and the TISA Board and Engagement team the opportunity to understand the work being undertaken and to discuss how this work can be leveraged to underpin our industry. In particular there was huge support for the proposed Savings Policy initiative.

The slides from the event are available to view here.

If you would like more information on the TISA Policy Councils go to the Councils and Committees section of the TISA website by clicking here. If you are a member of TISA and would like your firm to be represented on a TISA Policy Council please call us on 01642 666999 to discuss availability and options.

The dates for the meetings of Policy Councils and their associated groups and committees for the remainder of 2013 are:

**17th September & 3rd December**  
Cash & Investment Savings  
Technical Committee

**16th October**  
Children's Savings Policy Council

**10th December**  
CIP Policy Council

**24th September & 12th November**  
Distribution Policy Council

**25th September & 10th December**  
Retirement Policy Council

**25th September**  
Retirement Technical Committee

**24th September & 12th November**  
Wrap & Platform Policy Council

**17th September & 5th November**  
Wrap & Platform Technical Committee

## Consultation response – CTFs and Junior ISAs



TISA is backing the Government's proposal to allow a CTF to transfer into a Junior ISA, provided that on maturity remaining CTFs are allowed to roll over into adult cash or stocks & shares ISAs, outside the normal ISA subscription limits.

In response to the HMT consultation TISA argued that allowing the migration of CTFs into adult ISAs would encourage CTF providers to continue to invest in existing products and compete to retain maturing business. This, TISA contended, would act as a spur to competition, deliver greater choice and more attractive products for CTF customers.

TISA also recommended that lifestyling in a stakeholder CTF be made optional for providers to encourage longer term investment by remaining in a stocks and shares ISA on maturity.

In consideration of its response to the consultation TISA was keen to ensure that the Government understand that we are firmly in favour of providing CTF and JISA customers with greater choice in a market that promotes competition. We believe that the proposals outlined in our response offer the best chance of achieving this aim if the Government decides to allow the voluntary transfers of a CTF into a JISA.

However, some of our members are concerned about the risks for the existing CTF market. There is a danger that many of the higher value CTFs may transfer to JISAs making it difficult for CTF providers to continue to service the high volume of remaining low value accounts. This would be particularly damaging for those of the 6 million children who have modest amounts in their CTF and would be to the detriment of consumer choice and product competitiveness. Recognising this, it is important to ensure that the final decision on the consultation is made focussing on the best outcomes for the consumer.

TISA and its Children's Savings Policy Council are in dialogue with HMT and HMRC to develop options to make children's savings part of a long term strategy for encouraging savings in the UK.

## Client Assets – Best Practice project and consultation

A Consultation Paper on Client Assets (CP13/5) was published by the FCA in July 2013. This fits in well with the work TISA's Client Money Best Practice Working Group is undertaking to develop statements of good practice for members in areas where the existing rules are unclear. The FCA is interested in the output from this working group and at a recent discussion with the regulator we provided an update on the investigations and tasks undertaken so far, and sent them our questions on CMAR (Client money and assets return). Next up for debate within the Working Group is 'Interest'. There is much in the Consultation Paper and the FCA have agreed to meet us in mid September for a Q&A session ahead of the close of the consultation.

TISA believes that development of good practice is helpful for members, the industry as a whole and for the FCA, not as an additional form of regulation, but as useful industry guidance that the regulator can point to. The FCA can never be as close to the detail as industry practitioners, who generally just want to comply fully and accurately. Helping them do so in a consistent way will be a positive outcome of TISA's involvement.

## TISA website – Out with the old ...

**You may have noticed that the TISA website looks a little different and a lot better!**

Earlier this year, TISA embarked on a project to modernise the site – introducing some new areas of interest as well as revamping the existing content. The new site launched in June and feedback has been positive, with members commenting favourably on the more contemporary design and ease of navigation.

Newly introduced, the 'TISA Observatory' showcases areas where TISA is involved in innovation and research on behalf of, or in conjunction with, our members and the industry generally. Contributions so far include State Street's 'Focus on the Future: Designing Tomorrow's Pension

Plan' and Linedata's 'Transfer Agency Market Outlook' and we anticipate further offerings from both TISA and our members in the very near future.

A combined and revised Councils & Committees section provides a more descriptive overview of each Policy Council and Technical Committee's remit, in addition to outlining specific areas of focus and objectives. Details of TISA's numerous Special Projects have also been expanded to include greater information on what each project has been tasked to investigate and corresponding output from the group where appropriate, such as industry good practice procedural guides and consumer focussed brochures.

As featured in the last edition of Quarterly, TISA recently agreed its Primary Purpose and Mission statement – these take pride of place on the new homepage and additional information on TISA's strategic intent and key features of membership are located in the new 'About Us & Membership' section.

Work continues behind the scenes to review and refresh any areas that are still in need of an upgrade. In the meantime, your feedback is important to us – please feel free to make us aware of any suggestions that you may have where we could improve on or add to the new site. Click here to contact the project team.



## People News...

September sees the arrival of Alison Kennedy, as a new member of the TISA team. With a background of over twenty years in Financial Services Alison will enhance our team of dedicated experienced industry experts to support the many projects, seminars and Policy Councils we run. With her administration and planning skills we look forward to welcoming Alison to the team.

The arrival of Alison marks another step forward for the recently formed Engagement Team as it will allow Jill Crowell to join Kim Holloway, Peter Smith and Jen Donohoe to work on enhancing the membership experience and allow us to spend more time with our members to talk about what they want from TISA. The Engagement Team is also responsible for planning new events and seminars, social media, sponsorship and the look and feel of member communications. If you would like the opportunity to discuss these or other topics of interest to your organisation please [click here](#).

TISA will be providing two new pensions courses during the last quarter of 2013 and running into Spring 2014.

Venues and course dates available in both London and Edinburgh will be announced shortly.

### **SIPPs – a beginners guide to the Self Invested Personal Pension**

- This TISA training course has been designed to provide staff with an overview of the key facts that make SIPPs the most flexible pension of its kind.
- The content of this session would be especially suitable for those who are new to the industry and pension products in particular. It is a useful refresher course for administrators and operations staff to ensure that they are up to speed with the key facts.
- Attending this half day session will also provide an ideal opportunity for delegates to ask questions of an experienced pension administrator discuss issues relating to all aspects of pensions administration and relate them to their own workplace. It will also provide opportunity to gain insights into the processes and procedures used by other pension firms.

### **Pensions Liberation – are you involved?**

- This TISA training course has been designed to provide an overview of the dangers and risks associated with the unscrupulous activity known as "Pensions Liberation"
- Delegates will receive tips on how to identify suspect transfers, what controls are needed and understand both their legal and regulatory obligations to manage risk.
- This course will be of interest to those working in the pension administration, advisory and compliance fields.

## Share class conversions

TISA held an industry meeting in May to launch a project to simplify and automate the existing re-registration and share class conversion process.

Increasing demands on platforms and Third Party Administrators set the background. Adviser and client driven conversions from legacy share classes and re-registrations together with an industry process, that works, but is clunky, prone to error and expensive determined the need for attention. The recent announcement by HMRC on the taxation of rebates, the rules coming out of the platforms paper and the live date for the TeX SLA on re-registrations provide added incentives to find a more efficient process.

Around 150 people from across the industry attended the meeting to hear presentations from M&G, IFDS, Fidelity, IMA, Cofunds and TISA, together with a supplier panel.

It was agreed to establish an Executive Committee (chaired by Hugo Thorman of Ascentric) and a Steering Group (chaired by Richard Barrett of IFDS) to drive the project through.

The purpose of the project is to develop a roadmap for an automated share class conversion and re-registration process. This solution should drive down costs, reduce

timescales and simplify administration for members, thus delivering better outcomes for consumers. The current SLA for re-registration is 6 working days for funds and delivery of an automated process will enable SLAs for re-registration to become much quicker.

The project objectives are:

- To achieve bulk conversion, with 2-10 days' notice, from dirty/bundled units to clean units by the end of the fiscal year.
- To establish an automated concurrent re-registration and conversion process as soon as possible.
- To install an elective individual customer conversion process and automated concurrent customer conversion process as soon as possible.
- To formulate an effective communication strategy on what the issues are, how these affect the industry and what needs to be done as a result, detailing clear structured requirements and deliverables.
- To produce an industry best practice guide.

There have been 4 project meetings to date and there are plans to issue an industry protocol shortly giving guidance, with a view to the industry delivering automated solutions over the following year.

## Diary Dates

### Committees, Events, Projects and Working Groups

*Monday 23rd September*  
CASS Seminar

*Wednesday 25th September*  
Data Quality Executive Committee

*Thursday 26th September*  
Client Money Best Practice Working Group

*Tuesday 1st October*  
CASS workshop

*Thursday 3rd October*  
FATCA Executive Committee

*Tuesday 8th October*  
Autumn Wrap & Platform Seminar: The Need for Innovation & Change

*Thursday 10th October*  
Adviser Protocol Executive Committee

*Tuesday 15th October*  
Retirement Seminar

*Wednesday 16th October*  
AGM and Discussion Forum

*Thursday 17th October*  
House of Commons lunch

*Wednesday 13th November*  
Data Quality Executive Committee

*Wednesday 13th November*  
TISA Annual Conference

*Thursday 21st November*  
Adviser Protocol Executive Committee

*Tuesday 26th November*  
House of Commons lunch

### Training and Events

#### ISA and Junior ISA Training

*Applications – ISA*  
29th October, Edinburgh

*Key facts – ISA*  
8th October, London  
27th November, Edinburgh

*Key facts – ISA*  
8th October, London  
27th November, Edinburgh

*Key facts – Junior ISA*  
18th September, London  
3rd October, Edinburgh

*Qualifying Investments – ISA*  
24th September, Edinburgh  
5th November, London

*Repairs & Voids – Cash ISA*  
14th October, Edinburgh  
22nd October, London

*Repairs & Voids – Stocks & Shares ISA*  
26th November, London  
10th December, Edinburgh

*Transfers – Cash ISA*  
19th September, Edinburgh  
1st October, London

*Transfers – Stocks & Shares ISA*  
12th November, Edinburgh  
19th November, London

#### Regulatory

*Powers of Attorney Key Facts*  
23rd October, London  
4th December, Edinburgh

*TCF Management & Culture*  
2nd October, London  
9th October, Edinburgh  
21st November, London

*TCF Key Facts*  
14th November, London  
5th December, Edinburgh

### Contact us

Comments and questions about Quarterly are welcomed. Contact: [Jill.Crowell@tisa.uk.com](mailto:Jill.Crowell@tisa.uk.com)



### Data quality

In the last issue of Quarterly we reported that TISA was running a project to look at the quality of data and unclaimed assets. As part of this ongoing work an open industry meeting took place earlier this month to provide an overview of the project to date and to give attendees the opportunity to hear about ways to improve the quality of customer data, enhance the success rate of tracing 'gone aways', listen to consumer views and hear from BSI about how they can assist the industry in the development of data quality standards.

An update on this open meeting and the subsequent work on the production of standards will be reported in the next issue of Quarterly. If this is an area of particular interest to you keep an eye on the Special Projects area of the TISA website or call us on 01642 666999 for further information.

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To book a place at any of these sessions please click here or call us on 01642 666999 to discuss training requirements for your firm.

## AGM and Board Members

Wednesday 26th June – will go down as an historic day – the first TeX AGM took place. With sufficient members and associate members to ensure the financial viability of the company TeX was able to secure member firms nominations for directors.

Each member category can have up to three directors. Those duly elected were:

**Service provider category:** David Archibald (Standard Life plc); Tom McPhail (Hargreaves Lansdown) and Paul Roberts (IFDS)

**Asset manager category:** James de Salis (Barclays) and Paul Wilkinson (L&G)

**Multi-Role category:** Ian West (Fidelity) and Jon Willis (BNYMellon)

TISA also has three seats on the Board. Carol Knight remained in place but having overseen the establishment of TeX, Tony Vine-Lott stood down and was replaced by David Dalton-Brown. Jeffrey Mushens of TISA has the third seat.

The following morning saw the first board meeting where the role of the Board was one of the key discussion items. David Dalton-Brown was confirmed as Chair; Jon Willis elected Treasurer and Jeffrey Mushens Finance Director. Carol Knight remains Company Secretary.

It was agreed that the primary focus is to make TeX financially stable and to ensure the success of the current scope. The aim then is to look at taking the company forward to meet other needs identified by members.

Another decision reached was to ask the SLA and the Operational Councils to merge. This is a practical way to streamline the decision-making process and has subsequently been agreed by members of the two councils.

We are delighted to have such a strong team in place and look forward to seeing TeX grow into a major company providing a valuable utility to the industry.

## Critical mass – the numbers

TeX has achieved critical mass.

By 15th August, 61 groups had joined TeX, with a further 13 groups committed to signing up. Those that have enlisted are asset managers responsible for over 82% by value of UK funds<sup>1</sup> and platforms administering over 91% of industry assets under administration<sup>2</sup>.

This is a wonderful result for the industry and for customers. For most retail customers and their advisers, the platforms and fund managers they use have signed up to TeX, with a commitment to re-registration within a reasonable time-frame and at a fair cost.

It is good news for the regulators as well. They have supported the TISA initiative since 2010 and have seen how the industry can deliver good outcomes for customers without the FCA having to develop its own specific rule book.

## Service Level Agreement now live

The TeX SLA went live on 1st July. Members of TeX are bound to achieve re-registration in 6 working days, and the TeX SLA Advisory and Operations Council has agreed a process for MI reporting to monitor compliance with the SLA. The first reports will be reviewed by TeX members at the end of 2013, and thereafter monthly. As a comparison, the FCA has agreed with Cash ISA providers 15 working days from the initiation to transfer and 5 working days to move the cash. So the dates in the TeX SLA are very challenging. Encouragingly, we have heard reports – anecdotal at this stage – of re-registrations where all parties are automated, in a single working day.

This outcome will be good for customers, and the industry.

## A new website

As part of the ongoing project to modernise the TISA website, TeX also received an upgrade to improve the look and feel of its homepage to provide easier access to information.

Navigation is now simpler, with links to the TeX Register and important information and documentation regarding TeX User Guides and explanatory documentation, such as the TeX Briefing Note and Introduction to TeX, take a more prominent place on the homepage to ensure the most relevant and important information is easier to locate.

Work to the site to revise the content and add new items is ongoing. If you have any suggestions how we can improve the site, please click here to contact the project team.

<sup>1</sup> IMA Statistics Company Rankings June 2013

<sup>2</sup> Source: Fundscape LLP data

## Management information

The TeX Councils and Working Groups have devised a standard set of requirements for Management Information (MI) which is to be collected from October 2013 for the period July – September 2013.

It has been agreed that this MI will be primarily for the benefit of members and will require an additional legal document in respect of confidentiality and data sharing. All information will be submitted securely to TeX and a peer to peer group is to be established to allow discussion and understanding of the data.

For additional information on the progress of these discussions contact us at: [tex@tisa.uk.com](mailto:tex@tisa.uk.com)

## TeX Members The following firms have joined TeX since the last edition of Quarterly:

- Actuate Ltd
- Aviva Life Holdings UK Ltd
- Barclays Plc
- Baring Fund Managers Ltd
- CIS Unit Managers Limited
- Euroclear UK & Ireland Ltd
- Henderson Global Investors Ltd
- Investec Fund Managers Ltd
- JPMorgan Asset Management (UK) Ltd
- Kames Capital Plc
- Lazard Investment Funds
- Legg Mason Investment Funds
- Neptune Investment Management Ltd
- Parmenion Capital Partners LLP
- Phoenix Fund Managers
- River and Mercantile
- Santander Asset Management UK Ltd
- Scottish Widows Investment Partnership Ltd
- Thesis Unit Trust Management Ltd