



Annual Review 2016/17

Overview

TISA's growing membership comprises over 170 firms involved in the supply and distribution of savings and investment products and services. These members represent all sectors of the financial services industry, including asset managers, insurance companies, fund managers, distributors, building societies, investment managers, third party administrators, FinTech, consultants and advisers, software providers, financial advisers, pension providers, banks and stockbrokers.

TISA develops thought leadership across a wide range of strategic initiatives including helping consumers to save more at all stages of their life, financial education and guidance and the digitisation of financial services. We have established a number of projects to implement our strategic proposals with the objective of delivering tangible value to consumers, the industry and the UK economy. TISA also provides support on a range of operational and technical issues targeted at improving infrastructure and processes, standards of good practice and the interpretation and implementation of new rules and regulations. TISA has a successful track record in working cooperatively with Government, regulators, HMT, DWP and HMRC to improve industry effectiveness by reducing cost and risk and to enhance customer outcomes. This technical work currently includes: MiFID II, CASS, the UK Fund Settlement initiative and Payments Strategy Forum. TISA Exchange (TeX) is providing a model for transfers and re-registrations.

You can find out more about TISA, including our list of members, on our website.

TISA is a unique, consumer focused membership organisation. Our aim is to improve the financial wellbeing of UK consumers by aligning the interests of people, the financial services industry and the UK economy. We achieve this by delivering innovative, evidence based proposals to Government, policy makers and regulators.

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Overview

2016/17 highlights



Brexit Strategic Options paper

(including Global Growth proposals) submitted to HMT



KickStart Money financial education initiative successfully launched

Digital Identity customer testing phase successfully completed



and emulation of how the Digital Identity will operate has been shared with a wide range of members and industry stakeholders. Project is now moving in to pilot phase

In collaboration with TISA, UK Finance, BSA and the FCA, the industry achieved the target of



80% cash ISA transfers being completed in 7 days

25

 new TISA members from across all industry segments

2

 new policy councils launched – Consumer Engagement and Digital Innovation

Publication of 4 key MiFID II industry good practice guides that are now being used by members to secure their delivery of MiFID II

21

 consultation responses

including FAMR, the definition of financial advice, the PFGB, non-advised services, streamlined advice, AE Review, client money and unbreakable deposits

Expanded technical and training capabilities



to include Cyber Security, GDPR, PSD2, MiFID II and Complaints Handling

Clive Shelton, Chairman

From the Chairman

TISA's unique ability to develop policy for the benefit of the consumer, a well-functioning financial services market and the UK economy is what sets us apart.



TISA has enjoyed another extremely busy and highly successful year. You will find details in this Annual Review on the wide range of policy initiatives and technical infrastructure support work that we have been concentrating on. Where appropriate these initiatives have been framed within the context of Brexit and the implications and opportunities this presents for the savings and investments sector.

It's pleasing that our efforts are being recognised with a number of new members joining during the past year to increase our membership to 172 firms. Over the past year, we have continued to develop our thought leadership across a range of areas including digital innovation, financial education, financial guidance and addressing under-saving for retirement. Together with our expanded training course provision and acclaimed conference and seminar programme, we continue to invest in the services and support we provide to members, whilst achieving a small financial surplus at the year end.

In particular, this investment has allowed us to bring in additional expertise to support both our digital innovation and consumer engagement policy development. We have also boosted the TISA technical team with additional highly skilled resources to support our growing range of technical services for our members.

Membership increased to

172*



*as at 30 June 2017



I am also hugely appreciative of the support and commitment from our members, be it active involvement in our councils and working groups or more broadly in making the case for our recommendations to policymakers and opinion formers.

I am also pleased to welcome Katrina Sartorius of Aegon and Richard Freeman of Old Mutual Wealth to the TISA Board as Non-Executive Directors (NED). Both are giving us valuable additional insight as we develop our digital policy and guidance work. We are in the process of appointing a consumer focused NED as we move to strengthen the Board and the support it provides to the Executive. My thanks go to all of the Board and our political advisors – Baroness Drake and Lord Flight – for their strategic counsel, enthusiasm and ongoing commitment to the work of TISA.

TISA's unique ability to develop policy for the benefit of the consumer, a well-functioning financial services market and the UK economy is what sets us apart. This approach is being ably demonstrated in the projects initiated by our Savings and Investments Policy project (TSIP) and now being taken forward under the auspices of the TISA Strategy Committee (TSC) and a reinvigorated policy council structure.

We have new Digital Innovation and Consumer Engagement Policy Councils to compliment the Children's Savings and Retirement Policy Councils, providing a fully integrated approach that enables us to coordinate strategic and sector specific policy development

and implementation. Coupled with our excellent technical work on the key regulatory topics such as MiFID II, GDPR and CASS, it means TISA is well-placed to tackle the key savings and investments issues of the day.

The TISA Executive and staff work tirelessly on your behalf and I thank them for all their efforts. I am also hugely appreciative of the support and commitment from our members, be it active involvement in our councils and working groups or more broadly in making the case for our recommendations to policymakers and opinion formers.

We will continue to work in cooperation with Government, regulators, industry and consumer groups. Our firm belief is that a collaborative approach between these groups and TISA members is essential if we are to achieve the meaningful change in peoples' savings habits, and improvement in the financial resilience of UK households, that we aspire to.

Clive Shelton
Chairman

David Dalton-Brown, Director General

Director General's review



Our intention is for TISA to be recognised as the UK's pre-eminent thought leader in the development of savings and investment policy that underpins good outcomes for the consumer and the nation.

We have been working hard over the past year to develop TISA's operational infrastructure and strengthen the team. This has built up our capabilities allowing us to broaden our remit in tackling strategic and technical policy development across all the major areas of savings and investments. It has also enabled TISA to participate in a range of key industry developments including the UK Fund Trading & Settlement initiative, the Transfers and Re-registration project and the UK Payments Strategy Forum.

TISA's reputation as an organisation that delivers evidence-based strategic policy recommendations reflecting the best interests of the consumer, industry and economy has been further enhanced by our proposals and submissions in a number of key areas, including: Brexit strategic options proposals; a Digital Identity for UK consumers; FAMR – where we are putting the case for an effective mass market guidance service and the role the industry can play; retirement issues including the AE Review, decumulation options, including the role of housing wealth to boost retirement income and the needs of the self-employed; financial



We have built a track record of producing implementation guidelines on a range of regulatory and technical issues, together with good practice standards on areas like unclaimed assets.

education in the classroom and the very successful launch of the KickStart Money initiative; LISA introduction and our ongoing engagement with Government to improve this proposition while protecting the importance of pensions savings; the Asset Management Market study and MiFID II, where we have published interpretation and guides to implementation. You can read about these in detail later in this review.

In turn, this has allowed us to strengthen our relationships with Government bodies, regulators, consumer groups and industry bodies. Our refreshed mission statement to more accurately articulate our objectives and unique industry body position, new corporate identity and a more proactive communications approach, is also helping to raise TISA's profile.



Structured plan over the next 3 years

These developments form part of a structured plan towards an ambitious set of goals over the next three years. Firstly, our intention is for TISA to be recognised as the UK's pre-eminent thought leader in the development of savings and investment policy that underpins good outcomes for the consumer and the nation. We aim to lead and facilitate delivery of these policy proposals, with recent examples including working with Government and industry to develop solutions for a Digital Identity that can be used across financial services, the introduction of financial education to primary school children through the KickStart initiative and our work on FAMR that is seeing a growing body of support for our recommendations both within the industry and Government bodies.

Secondly, we are focusing on the digitalisation of financial services. In addition to our Digital Identity project, our strategy encompasses data handling including the interpretation of GDPR enforcement, cyber security and providing a wider voice for the emerging FinTech community. This will help to position TISA as a digital leader in our industry.

Over the years TISA has built an enviable reputation for the quality of the training courses that we provide. Traditionally these have focused on the ISA regime and the practical implementation of new and existing ISA products. More recently we have expanded the programme to cover a range of technical areas such as MiFID II and CASS, general management topics and on demand bespoke consultancy level Board presentations. Our training is now being extended to include GDPR, PSD2 and Cybercrime. We know that for many member firms these represent a cost-effective way to train staff.

Alongside our training programme we have built a track record of producing implementation guidelines on a range of regulatory and technical issues, together with good practice standards on areas like unclaimed assets.

Our third development goal will therefore see TISA expand on this activity so that we are recognised as the go-to body for the development of guidelines, training and support in the interpretation of regulation and standards that impact on consumers and firms in the savings and investments sector.

These are challenging, but exciting, targets that we believe will add considerable value to the benefits of being a TISA member.

David Dalton-Brown, Director General

Brexit report



Brexit and the UK savings and investment sector



It is important that we engage with TISA members and I am pleased that over 70 firms are actively involved in the working groups and workstreams considering the specific aspects of our Brexit work.

Following the referendum result in favour of the UK leaving the EU, we established a steering committee comprising TISA's Strategy Committee and the Chairs of our policy councils. This committee is overseeing our work creating proposals and briefing materials covering the savings and investment sector for presentation to the Government's Brexit negotiating team.

From the outset, we have sought to work with the relevant industry bodies in order to present a unified industry response to Government and to avoid any duplication of effort. This collaboration is seeing us work closely with CityUK, the Investment Association, CBI and the FCA.

It is important that we engage with TISA members and I am pleased that over 70 firms are actively involved in the working groups and workstreams considering the specific aspects of our Brexit work. HMT also reached out to TISA and asked us to look at the aspects of the current relationship with the EU that members would wish to keep and the things firms would like the freedom to be able to do differently.

This led to TISA submitting a high-level paper to HMT in September 2016 containing our initial proposals on how the savings and investment sector could thrive outside of the EU. Subsequent work to establish detailed, supporting evidence, has led to a Brexit Strategic Options paper and further work is underway to refine the recommendations as the Government's negotiating stance becomes more evident.

Key to our proposals is that we can use the challenge of Brexit to secure the growth of the UK investment market through expanding our global market opportunities. We believe that leveraging our Brexit negotiation position for global growth will benefit not only the UK but also the EU and the wider global markets to the benefit of UK and EU citizens.

Charles McCready, Strategy Policy Director

Policy progress

Strategic Policy – making the case for consumers

TISA has had a very successful year continuing the work started under The Savings and Investments Policy (TSIP) project. The 50 firms that contributed to that project identified education, guidance, digital identity and enhancements to retirement as key focus areas and we have made solid progress on all fronts.

KickStart Money

In seeking to contribute to enhancing financial education, we wanted to do something unique, tangible and have high impact. Our research identified very limited support at primary school age when children are forming lifelong attitudes on a range of factors including ecology, social habits and money. There is growing recognition that this is a key time to start instilling good practices that will emerge in adult behaviours.

We are delighted to announce that in 2017 we launched KickStart Money. 20 firms have committed to a 3-year programme for primary school children that is designed to provide the foundations of financial education and will develop evidence on the benefits of the programme to share with Government in requesting that this be added to the curriculum. This programme is live today and plans to extend to 100 schools by the end

of 2017. The 20 firms have pledged over £1 million, plus the Money Advice Service (MAS) has contributed a further £90,000 to pay for evaluation of the programme as part of the MAS What Works initiative. KickStart Money is being delivered by MyBnk, a specialist provider of financial education to children and who have designed a programme that can link to financial education already being offered in secondary schools. KickStart Money aims to get 20,000 children through the programme over the next 3 years and is building in the ability for volunteers to also participate.

We are extremely grateful to everyone who has been involved in making this groundbreaking programme a reality and wish to extend special thanks to Rupert Pybus of Columbia Threadneedle and Jane Goodland of Old Mutual Wealth, for their drive and passion which helped bring life to this important initiative.

In addition to bringing financial education to children, we are also focusing on building support for this initiative and have begun to engage with MPs, Peers and Government as part of our strategy to get financial education onto the curriculum in primary schools.

Further details on KickStart Money can be found at www.kickstartmoney.co.uk



The 50 firms that contributed to the TSIP project identified education, guidance, digital identity and enhancements to retirement as key focus areas and we have made solid progress on all fronts.



Building foundations for a better financial future

has been developed as a mechanism for the financial services industry to proactively and collectively transform the long term savings behaviour of a generation.

Financial guidance

On the theme of financial education, TISA has been a champion of financial guidance to help the mass market make informed decisions about some basic financial actions, such as rainy day saving, putting aside a pot of money for a specific purpose or boosting savings for retirement.

We were delighted when the Financial Advice Market Review (FAMR) was launched with the objective of addressing the advice gap and we have been actively involved in working with TISA members to develop policy and respond to the consultations.

The FCA recently published a Baseline Report that set out how they intend to measure the uptake of financial advice over the next two years. The report also included FCA research that points towards 40 million people who are not expected to receive financial advice and for whom financial guidance will be their primary means of helping decision making. It is therefore critical that we develop solutions that will meet this need.

We have developed a model that has three types of solution for addressing the advice gap. The first is extending advice, the second is the provision of financial guidance through the soon to be created Public Financial Guidance Body (PFGB) by combining MAS, The Pensions Advisory Service (TPAS) and Pension Wise, with the third strand being the role of financial services providing guidance.

Our responses to FAMR, the definition of financial advice, the PFGB, non-advised services and streamlined advice have consistently presented a strategic vision on the need to empower industry to support consumers in a meaningful way and that the industry and the PFGB need to work collaboratively in meeting consumer needs. Industry can help the PFGB be more effective as a service and closer relations could also facilitate the ability to action the guidance consumers receive from the PFGB.

In addition to engaging with our members on the above, TISA is also actively engaged with the FCA, HMT, DWP, MAS and TPAS to promote our strategic vision and explore opportunities for tangible ways of working together for the benefit of consumers.



TISA has been the champion of financial guidance to help the mass market make informed decisions about some basic financial actions.



40 million

people rely on financial guidance to make key decisions on how they manage their money



of people entering retirement by 2030 have made insufficient provision for their retirement

Boosting retirement income – the role of equity in the home

TSIP research clearly identified that the generation following the baby boomers into retirement have significantly smaller pension pots to see them through their dotage. We have undertaken further research that focuses on those aged 50 to 65 to explore what this means for them in practice.

Our research points towards over 10 million people entering retirement by 2030, of whom up to 7 million have made insufficient provision for their retirement. We are particularly concerned about the self-employed, another theme that TISA has been championing.

For the vast majority of the people that have under-saved, the equity in their home will be the primary fallback option. Whilst downsizing is an option for some, the costs and social impact of moving will deter millions and equity release will become a more viable mechanism for releasing capital to provide an income.

However, this brings several challenges. There are 5,000 advisers that are qualified to provide advice on equity release, but only 400 of them currently have permission to provide advice. The nature of long term funding for equity release loans necessitates solutions that will enable sufficient capital to be accessed by the providers of those loans and projections for demand point towards a squeeze on the traditional sources of capital. The regulations still classify equity risk as a high-risk product and make taking out this form of loan more difficult than other forms of financing.

TISA are therefore campaigning to address the challenges ahead of the expected increase in demand so that industry can support the needs of consumers at the time that these services will be required.

Looking ahead

We expect to have initial evaluation results from the KickStart Money programme in Q1 2018 and will be sharing these with the What Works initiative run by MAS. The programme is also developing a public affairs campaign to begin raising awareness of KickStart Money amongst politicians, peers and Government influencers. This first tranche of evaluation data will be a key component of starting to make the case for getting financial education onto the primary school curriculum.

The Financial Guidance Working Group is planning to develop a strategic vision for how consumers can be better supported in their financial decision making plus create a set of strategic objectives that will help to deliver that vision. We will continue to actively engage with the key regulatory and Government stakeholders to influence FAMR outcomes in the best interests of consumers, with a focus on the mass market. In parallel, we will also continue working with MAS and TPAS to explore ways that we can collectively enhance the financial guidance available to consumers.

The work on the role of equity within peoples' homes will continue to press for changes to the regulations and increasing the number of advisers with qualifications and permissions to provide holistic financial advice that includes equity within the home and how this contributes to a household's overall retirement income solution. We anticipate that this work will become more closely aligned with the strategic work being undertaken by the Retirement Policy Council in the coming months.



TSIP research clearly identified that the generation following the baby boomers into retirement have significantly smaller pension pots to see them through their dotage.

Carol Knight, Chief Operations Officer

Children's Savings Policy Council

Adult spending habits are set by



Initiatives like KickStart Money aim to instil positive financial attitudes and behaviours in young people.



A small working group is in the process of undertaking a gap analysis of financial education for the family unit and the issues young adults face.

The past year has seen a degree of change for the Children's Savings Policy Council. Nigel Banfield stepped down as Chair when he joined TISA to add depth to our Technical Policy team. We would like to thank Nigel for his work and support in steering the council through the implementation of the Junior ISA and the questions surrounding transfers of CTFs into JISAs.

We were fortunate in welcoming Robert Gardner to take on the role of Chair. Robert is co-founder of Redington and also launched Redstart, a financial literacy programme.

The council has been working on revising its manifesto for the coming year, with a focus on extending its work to embrace aspects of financial education not being covered by the KickStart Money programme. This includes investigating the possibility of expanding the provision of financial education to other organisations, such as Girl Guides and Boy Scouts, and

looking at how technology innovation could be a positive influence in helping to instil financial awareness skills in young children. A small working group is in the process of undertaking a gap analysis of financial education for the family unit and the issues young adults face, building on and in conjunction with a MAS survey. The council is also producing a poster to be circulated to all schools to raise awareness of the CTF and encourage children to engage with their account.

Elsewhere, the 'CTF-Gone-Aways' Working Group continues to work on building a best practice document for the industry as a guide in reducing 'gone-aways' for CTF accounts. Currently the group are collating data on the volume of accounts and examining how to publicise to parents and guardians the importance of keeping track of their child's CTF investment.

Stephen Gay, Policy Team Manager

Consumer Engagement Policy Council

The need to establish a **meaningful free guidance service**, that can leverage the capability of the industry alongside a public sector service, is crucial.

This year has seen the establishment of a new council, replacing the Wrap & Platform, and Distribution bodies, focused on working to improve consumer outcomes through an improved experience of our industry.

This change recognises the enduring problem of under-saving in the UK, and creates a forum to focus on finding solutions that will move us towards a more financially resilient society.

Tom McPhail (Hargreaves Lansdown) and Nicola North (Nationwide) were elected Chair and Deputy Chair respectively of the council, following which the group decided on a clear manifesto that prioritises a small number of issues, and which is already making progress in the development of policy positions and solutions. TISA would like to extend our gratitude to David Moffat and Kate Webber for their support and dedication to the Distribution and Wrap & Platform Policy Councils, and particularly for their help in ensuring that the transition to the new council was seamless and successful.

The primary focus of the Consumer Engagement Policy Council in its early months has been to advance the cause of consumer access to advice and guidance. This has been a long-running issue which has undermined efforts to improve financial resilience, an issue which was exacerbated by the RDR reforms which focused on solutions for improving the quality of advice. Now we are working through the FCA's response to the FAMR initiative, through a Financial Guidance Working Group, shared with the TISA Strategy Committee. The working group has responded to two FCA consultations, flagging concerns that the advice and guidance gap is not being adequately addressed.

Our agreed position is that clarifications to the definition and rules on financial advice is not likely to address the bulk of the UK population who will not pay fees for a regulated advice service. As highlighted earlier in this Review, it is these people who are most in need of meaningful support from the industry, assistance we are unable to provide without straying into chargeable regulated advice, with all the risks and costs that entails.

The Consumer Engagement Policy Council has also begun work on Smarter Communications, establishing a working group to look at how well the industry supports vulnerable customers. We recognise that vulnerability comes in many different forms, some based on capability and others on circumstance, and that the skill and empathy we show in assisting such customers is fundamental to the level of trust we may hope to engender in the public at large. At the moment, there is a wide disparity in the degree to which policies have been developed by member firms and our aim is to establish a common view of good practice that may be widely and consistently adopted.

While the council's approach is one of focus on priority issues, we are still looking ahead to broader strategic aims, and co-operating with other TISA councils to build a 5-year vision. We are of the view that saving in the UK has suffered from a cultural shift over a generation or more from one of deferred gratification to borrow and spend. Whilst there are various policy and regulatory changes that will be required to alter this trend, so also are there cultural drivers which we think are worthy of exploration, given the pace at which the world is changing and the shift in behaviours occurring in the digital and social economy.



The Consumer Engagement Policy Council has also begun work on Smarter Communications, establishing a working group to look at how well the industry supports vulnerable customers.

David Dalton-Brown, Director General

Digital Innovation Policy Council

This year has seen a number of TISA's technology initiatives begin the move towards practical implementation, with tangible results expected to be delivered in the course of the next 6 months.

Digital identity

Our Know Your Customer (KYC) and Anti-Money Laundering (AML) emulation has started its evolution into a fully-fledged digital identity pilot, which will help end the problems of fully online opening and transfer of financial products, a current challenge and hurdle for consumers and the industry. Over the course of the summer more than 60 companies have participated in workshops in preparation for the start of the pilot's build phase, and we are working closely with partners in Government and the public sector to see where other synergies may lie to help the consumer have a more holistic digital journey for accessing all their online services, as the digital identity becomes an enabler of additional opportunities.



more than 60 companies have participated in workshops

Data handling Code of Conduct

A connected and concurrent activity over the past year has been TISA's work on principles for sharing data. With the forthcoming General Data Protection Regulation (GDPR) coming fully into place from May 2018, a great deal of attention has been given to some of the underlying principles behind how business stores, processes, or otherwise

utilises their customers' data. Headline grabbing figures, in particular the threat of fines of up to 4% of an organisation's turnover, has focused attention on ensuring that an organisation better respects their customers' data, keeps consumers aware of what their data is being used for, and engages with them to obtain their informed consent. In preparation for the May timetable, TISA are building on the work of the Data Sharing Principles working group to develop a Code of Conduct for Data Handling, working with Government and regulators to ensure that the industry's views on how best to protect customers data are agreed and codified. With the simultaneous emergence of GDPR, the Network Information Systems Directive (NISD), the Revised Payments Service Directive, and the Electronic Identity, Authentication and Signatures Regulation, 2017 has been a busy year for regulatory reform, but this continues over the next 6-12 months.

Blockchain solutions could further improve consumer services, in addition to lowering costs for providers.

TISA FinTech development

Our monitoring of digital development continues, and whilst we are looking at a number of technologies, including Artificial Intelligence, Biometrics, and automated-advice, no digital update would be complete without the mention of the B-word – Blockchain. TISA is exploring applications of Blockchain and is assessing a number of industry Blockchain solutions that will further improve consumer services and lower costs for providers. Over the next six months TISA will be exploring the creation of a number of regional FinTech forums where we will reach out to support new and developing FinTech businesses through the application of TISA and its members' regulatory, legal and technical expertise to support the growth of this key industry sector.

Training

And as we broaden our long-standing training and seminar programme into the digital space, we are pleased to have established relationships to deliver GCHQ accredited training in cyber security, essential as GDPR and NISD are introduced, alongside specific regulatory focused events and technical training.

Renny Biggins, Pensions Technical Officer

Retirement Policy Council



A roundtable event was held with members attending to review manifesto items relating to retirement – the outcomes of which were shared with HMT.

The last year has continued to be a busy time in the pension landscape. A number of consultations have been issued which we have responded to with the engagement of the policy council and technical committee. These have included areas focusing on the Money Purchase Annual Allowance (MPAA), Scams, Information prompts for Annuities, DB scheme sustainability and the 2017 Auto Enrolment (AE) Review.

The AE Review is significant and broadly covers three main areas – coverage, engagement and contributions. A Retirement Policy Council subset formed a working group to consider these areas, which included Jamie Jenkins who is a co-Chair of the expert advisory group reporting to DWP. We do not yet know how industry responses will help shape the outcomes of this review.

We partnered with The Institute for Fiscal Studies and became part of the IFS Retirement Consortium, where the results of important and varied retirement and savings research was shared and discussed prior to the creation of several reports.

In 2017 we saw a snap general election called. A roundtable event was held with members attending to review manifesto items relating to retirement – the outcomes of which were shared with HMT. With technology playing an ever-increasing part in the retirement space, we held a successful Robo-Pension seminar in the spring where we looked at the impact and role that technology has to play from a variety of perspectives.

We have reactivated membership of the HMRC Pension Industry Stakeholder forum, where we will meet with other members biannually to look at various pension issues and learn what HMRC has in store for the coming months.

The Retirement Roundup is a new regular newsletter which commenced issue earlier this year, where we provide market and TISA updates from the Retirement team.

The next 6 months looks to have no let-up in activity. The AE Review is progressing and we will reconvene the working group at the appropriate time. We are currently finalising our policy statement for bringing the self-employed into this arena.

We responded to the FCA Retirement Outcomes Review Interim Report and attended an FCA Workshop on this topic. Looking ahead, we have representatives from the FCA attending our December council meeting, to hear further commentary from our members on all aspects relating to the review. That brings me nicely onto the autumn seminar. Decumulation continues to dominate discussions as the pension freedoms become embedded and trends can be identified. We will be running 'The Decumulation Deep Dive' seminar which will look at this area from various angles on 24 November.

We will also be holding some mini events in the form of quarterly roundtables. The Retirement team will be discussing topical areas with attendees in these sessions which commenced in September.

Technology will play an ever-increasing part in the retirement space.

Jeffrey Mushens, Technical Policy Director

Technical year in review

Head to TISA's website
for our essential guides to
MiFID II Implementation,
Costs & Charges Disclosures,
Target Market Reporting
Specification and Product
Governance.

The last year has seen TISA's Technical Policy work focus on three essential components to best offer support to our members and the wider industry – developing industry best practice guides in response to industry needs and regulatory or Government changes (across our Cash & Investment Savings, Client Assets and MiFID II member forums), provision of information and technical support, and training courses.

MiFID II

Regardless of Brexit, MiFID II continues to apply to UK financial services and will be incorporated into UK regulation in January 2018. This is a significant piece of regulation which will have a major impact on the financial services industry, requiring a great deal of preparation over a tight timescale.

TISA has focused its attention this year on responding to CP16/29, which covers Retail Conduct – Appropriateness, Product Governance and Costs & Charges – by establishing MiFID II working groups to develop guides in these specific areas. These groups aimed to establish standardised processes, common definitions and market practices that meet the needs of firms and customers, and that satisfy the regulatory obligations placed on firms. These groups are supported by a Legal group.



Focus shifted to sharing of information



The group drafted an industry good practice guide – Approach to Implementation of MiFID II – Costs & Charges Disclosures – which was reviewed and discussed with the wider MiFID II groups for input.

The MiFID II Appropriateness Executive Committee published the 'MiFID II Appropriateness – Approach to Implementation' guide in the autumn of 2016. A joint Investment Association (IA) and TISA 'Good Practice Guide for Product Distributors and Product Manufacturers' was published in April 2017. The guide covers specifically the definition of target market and responsibilities of Distributors as well as Product Manufacturers.

The focus has now shifted to examine how to operationalise sharing of information between Product Manufacturers and Distributors in the new MiFID II Target Market Working Group. This has resulted in the publication of the TISA MiFID II Target Market Specification, which is being used by firms to share necessary information between Product Manufacturers and distributors.

Elsewhere, our MiFID II Costs & Charges Working Group has been focused on the practical implementation of Costs & Charges reporting for MiFID II firms post 3 January 2018. The group has

developed templates for reporting to clients, covering pre-sale (so called ex ante) and post-sale (ex post). These were shared with delegates at our July MiFID II seminar and were well received.

In the meantime, the group drafted an industry good practice guide – Approach to Implementation of MiFID II – Costs & Charges Disclosures – which was reviewed and discussed with the wider MiFID II groups for input. The draft guide was launched at a TISA seminar in September and, following industry consultation and feedback from the FCA, we published the final guide in early October.

TISA are also members of a Europe wide group (including European equivalents of the IA, distributors, banks and fund managers), called the European Working Group. This group aimed to specify a European MiFID Template (EMT). A final document was published in early August, which TISA has endorsed (after consulting with members). You can find a copy of the template on the European Fund and Asset Management Association (EFAMA) website.

Client assets

Following sold-out Client Asset conferences in the autumn last year, TISA arranged a further four seminars in both London and Edinburgh, during February and October 2017. These conferences remain hugely popular with the industry due to their strong focus on Governance and Oversight, particularly where firms outsource their work, as high profile cases in the last year have highlighted weaknesses in these areas.

The Client Assets Technical and Best Practice Committee continue to develop guidance around prudent segregation and prefunding as well as address the issue of Unbreakable Term Deposits in the context of the stress on placing client money with banks. The FCA recognised that industry concerns in this area are well founded, launching Consultation CP17/29 (Client money and unbreakable deposits) and the committee took an active role in providing a comprehensive response.

The committee will further continue to develop good practice for the industry considering Resolution Packs, the FRC CASS Audit Assurance Standard, dormant accounts and mandates. The committee assisted the Dormant Assets Commission's work into how the industry can best tackle 'gone-aways' and dormant accounts.

Cash & investments savings

The Cash & Investment Savings Technical Committee continue to engage with HMT and HMRC in respect of LISA, Making Tax Digital and other tax issues.

In the autumn, following discussion with members, the Technical Committee became a Policy Council, in order to increase the coverage of cash issues. This reflects the importance of cash as

part of ISA savings, and the increasing numbers of cash providers joining TISA. The new council will focus on two key elements (cash savings and investment savings) while retaining the current level of technical scrutiny and debate.

ISA update

The last year has seen most focus on the development and launch of the Lifetime ISA in April. TISA played a significant part in shaping the launch content of the product, through workshops with its members, discussions with HMRC and providing key opinions to Treasury. In particular we played a key part in the removal of the withdrawal charge in the first year. We also carried out a survey of members for recommended events for inclusion in future updates of the product, which we intend to pursue going forward.

From the beginning of this year, in collaboration with UK Finance (previously BBA), BSA and the FCA we successfully introduced a target of 80% to be completed in 7 days for Cash ISA transfers. This was reduced from the regulatory 15. At the time of this report this target has been met by the industry, whilst the same collaboration is reviewing what barriers there might be to improve the percentage still further. A report was submitted to the FCA in the autumn.

The process for the introduction of a potentially enhanced Additional Permitted Subscription (APS) value has been based on a draft produced from within TISA along with its members and again, some collaboration with trade bodies. This would mean the potential for a higher value being made available to the surviving spouse. This goes before parliament later this year for introduction next April.



The Client Assets Technical and Best Practice Committee continue to develop guidance around prudent segregation and prefunding as well as address the issue of Unbreakable Term Deposits in the context of the stress on placing client money with banks.

P2P

In 2016, TISA launched the P2P Steering Committee, providing a focal point to enable those involved in the peer to peer lending sector to develop policy recommendations for regulators and legislators, address operational challenges and determine best practice.

The committee is currently focused on building an effective dialogue with the FCA, HMRC and HMT on key issues (authorisation, tax, SIPPs) and developing standardised terminology, operational technology, data governance principles and best practice.

Training & seminars

TISA prides itself on providing our members and the wider financial services industry with essential seminars and training courses, from high level technical detail aimed at experienced staff to introductory overview courses for those who are new to the industry. What’s more, many of TISA’s seminars and training courses are now accredited by CISI for their CPD programme.

Our highly popular Client Asset and MiFID II seminars continue to sell out, and we have taken these events north of

the border to Edinburgh to ensure our Scottish members have access to the same expertise as those based further South. Our seminar programme is also branching out into more specialist areas such as RegTech, Robo-Pensions and Decumulation.

During 2017 we added essential new training sessions to our established member training programme to provide support on the latest technical developments and regulatory requirements. These include MiFID II for Project Managers, Risk & Compliance; Complaints Handling; Product Management & Governance, and Demonstrating and Evidencing Suitability.

Looking ahead, we have recently launched Anti-Money Laundering and Senior Manager & Certification Regime working groups to assist members in dissemination and implementation of the new regulatory requirements. We are also delighted to announce that we have expanded our training programme further to include sessions on crucial topics such as GDPR, Cybercrime and the Senior Manager & Certification Regime (SMCR).



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The committee is focused on building an effective dialogue on key issues





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