



Welcome

Welcome to Issue 14 of Engage, TISA's regular newsletter.

Highlights include:

- TISA's Executive Team consider how to refresh our identity to reflect our ever-expanding areas of focus.
- Our Director General David Dalton-Brown provides an overview of the many diverse and crucial areas in which TISA is focusing its attention in 2019.
- The latest from our Strategy Policy development and digital projects.
- Chancellor Philip Hammond experiences a KickStart Money session.
- Our MiFID II Industry Solution project celebrates a major milestone, plus we report on the project's Hackathon event.
- Find out about STAR, a joint initiative from TeX and Criterion.
- Brian Smith, Senior Director of Product and Innovation SS&C DST, steps up to Chair our Digital Innovation Policy Council alongside Helen Oxley, Solutions Director for the SEI Wealth PlatformSM, as Deputy Chair.
- The TISA MiFID II product governance distributor reporting guide gets a refresh for 2019.
- Our Technical and Consumer ISA guides are not to be missed, plus the latest handy guides and information from our SM&CR and Financial Crime working groups.
- Our Annual Conference enjoys its' most successful year to date.
- Guest contributors The Return Hub and Huntswood consider – respectively – how to build a more gender balanced organisation and the contentious extra prescribed responsibility for Enhanced Authorised Fund Managers (AFM) (as described in PS18/08), as well as the attached "Value for Money" rule.

We hope you enjoy the latest issue and welcome your feedback – feel free to contact us with your views at engagement@tisa.uk.com

TISA to reflect increased scope

We invited members to take part in a Survey Monkey questionnaire last year to help us to better understand how you viewed our brand. Thank you to all who participated, as promised, here is a report on the key findings.

The survey followed an audit we conducted with representatives from our key stakeholder audience. This highlighted that our name – the Tax Incentivised Savings Association – is no longer representative of our broad spectrum of activity. For those unfamiliar with us it also led some to misunderstand our role.

We wanted to find out how you viewed our name, logo and brand and received a good response to the Survey Monkey questionnaire from a range of member firms and individuals at differing levels of seniority. On the main question: *Does our name – Tax Incentivised Savings Association – fully reflect the range of strategic policy developments and the work we do to improve how the industry works and fits together?* 64% of you told us that no, it doesn't.

Respondents were less concerned about the logo with half feeling that it reflects what we do. However, when asked if you feel that we would benefit from a rebrand 64% said yes and when asked what we should change, 70% favoured a change of name.

But we were also keen to test your perceptions of how well we live up to our brand values. Pleasingly all our values scored well with the top three being 'Informative', 'Collaborative' and 'Consumer focused'. 85% agreed/somewhat agreed that we are a *Non-commercial, independent facilitator*; 81% that we are an *Open, proactive, passionate provider of support* and 79% that we are a *Trusted, independent educator*.

Our brand values are clearly resonating with the broader industry as new firms are joining us every month and in November, we welcomed our 200th member.

The Executive Team have been reviewing the research with the Board and Strategy Committee. Our conclusion is that the research findings are telling us that the letters TISA have a high brand equity – most of the industry refer to us by our abbreviation. But that we should look to change the underlying name and refresh our corporate identity.

Further work is therefore taking place on how best to maintain all the TISA attributes that members feel positive about, whilst more clearly articulating our mission and scope of activity. We'll be announcing further developments shortly.

Director General's Update: Our focus for 2019

TISA would like to thank our members for their continued support during 2018. This is enabling us to deliver on a range of strategic policy, industry infrastructure improvements and regulatory interpretation initiatives. Our focus, as always, is on providing value for our membership by helping to minimise operational cost and risk, but above all, to create better financial outcomes for consumers.

Our reputation as an organisation that 'gets things done' continues to grow and our views and input are regularly sought by policy makers and regulators. Recognition of our work within the industry is spreading too, resulting in an increase to our membership. In November 2018 we were delighted to welcome our 200th member firm.

We have a packed programme of activity lined up in 2019, I have highlighted the key areas of focus below.

Digitalisation

- The **Digital ID** project is making good progress and will move from pilot testing to a prototype phase involving consumer assessment of the user experience at the beginning of the year. The project will continue to collaborate with the Government Digital Service and the Department of Culture, Media and Sport to smooth interoperability between private and public identity verification services. This will pave the way for applications far beyond financial services.
- We will be finetuning TISA's **Fintech Forum** including further liaison with the regional Fintech envoy network to establish the areas not being addressed by current support services.
- Building on TISA's development of the open, interoperable standards for both downstream and upstream MiFID II dataflows, together with an agreed EMT, we'll be looking in detail at the potential for Blockchain to underpin a **MiFID II data industry service**. The first task for our MiFID II Project Governance Committee will be to evaluate the output from our Hackathon held in mid-December.
- We will also launch our **Open Savings & Investment project** – which will have similar objectives to the Open Banking initiative. Members have requested that we do this and there is strong support for the project following two recent exploratory open meetings. We will announce the initiation and the full scope of this project following the inaugural meeting in January.

Consumer engagement

- We will continue the push to make meaningful **financial guidance** available to the 45 million UK citizens who rely on it to make informed decisions about their money. Our focus is the development of a financial guidance and engagement framework and on establishing how the industry can best work with the new Single Financial Guidance Body to meet the needs of consumers.
- Following the success of our **vulnerable customers** conference we will continue to raise awareness and develop solutions that will improve the experience that vulnerable people have in their dealings with the financial services industry. We also aim to launch an initiative to improve the **savings culture**, with an emphasis on millennials.

The TISA & KMPG Savings Index

- Having successfully launched the **Savings Index** we'll be making it available to TISA members wishing to purchase a licence. This

interrogable database of total savings of typical UK households is proving to be an invaluable tool providing firms with marketing insight and assistance to ensure compliance with target market data regulations. While the 'households like mine' application allows customers to compare their savings with the typical savings of people of the same age and location. **Find out more.**

Retirement Savings

- An initial focus in 2019 will be our response to the **Pensions Dashboard** consultation and feasibility study. We'll be working with members to present a pan-industry viewpoint, outlining our proven experience of developing and implementing open standards solutions that drive digital innovation benefitting the consumer and industry (e.g. TeX); and how our work on the Digital ID and leadership in enabling consumers to access financial guidance could be deployed to make this a meaningful solution for the consumer.
- We'll also be revealing a **strategic vision** looking at the interplay between factors such as automatic enrolment, working patterns, inheritance, lifestyles and housing on the future retirement savings landscape.

Children's Financial Education

- The TISA initiated project – **Kickstart Money** – goes from strength to strength and is on target to meet its objective to deliver financial education to 18,000 primary school age children over its three-year programme. Our Policy Council has also relaunched to focus fully on **Children's Financial Education** and in 2019 will be announcing its plans to help fill the gaps in provision or better meet the needs of youngsters of all ages.

Cash & Investment Savings

- Established during 2018, the new **Cash & Investments Savings** Policy Council is enabling TISA to consider industry initiatives to benefit the consumer, whilst at the same time provide an essential overview for our technical work on behalf of members with government departments, regulators and interest groups.

Technical Support

- As you will read elsewhere in this issue, our **MiFID II Project** has now successfully completed the first phase of its programme to develop the open standards for the downstream and upstream reporting of Costs & Charges and Target Market Data and achieve ISO accreditation. As highlighted above, the project is now examining the feasibility of an industry service built around a Blockchain model. We'll continue to liaise with the European Working Group on the development of the European Feedback Template. Support is also available for members through our **implementation guides** and highly popular MiFID II seminars.
- Other key areas of technical support that we will be providing to members during the year include the **Senior Managers & Certification Regime** where we have just launched an **information and help resource**, combatting **Cyber and Financial Crime**, simplification of the **ISA regime** and **Client Assets**.

Strategic Policy for 2019

TISA Strategy Committee

The main policy focus for the committee is the development of Vision 2025 that articulates how the consumer experience will be different in 2025 and what other key changes we are seeking to make in the industry. The Vision will pull together the key strands of policy work being undertaken within the Policy Councils, plus proposals that are being developed within the committee. The Vision will provide TISA members, industry and government with a joined up picture of the changes that TISA will seek to deliver through facilitating change implemented by its members and working with government and regulators to provide support as required.

Cash and Investment Savings

A new Policy Council that met for the first time in November 2018, having been created at the request of TISA members. Initial debate has identified a number of themes that the Council will be prioritising in February 2019 for delivery later in the year and is expected to complement the suite of proposals being developed elsewhere within TISA.

Children's Financial Education

This Council will be seeking to develop and promote policies that enhance financial education for children and particularly those in primary school. KickStart Money is now in full swing and 2019 will see the start of its third year in delivery, on target to reach the 18,000 children we set out to help. Other policies will be looking at how technology can be employed to advance education, plus the group will continue its work on helping to re-unite owners of Child Trust Funds who have forgotten about these valuable savings with their cash.

Consumer Engagement

We expect financial guidance to continue featuring prominently as we push the debate on how access to guidance can be increased and the delivery of guidance better tailored to help consumers make informed decisions and/or help them prepare for advice. We are seeking to work with the newly formed Single Financial Guidance Body, plus HMT and the DWP to enhance access and let regulated financial services firms play a greater role in supporting better consumer outcomes, plus we want to see guidance playing a key role in the delivery of Pension Dashboards. Alongside this, the Council will continue to drive the debate on vulnerable customers and how financial services can continue to enhance services to these consumers. We will also continue looking at how the industry can better engage with the millennials, understanding how they want to manage their financial affairs and what we need to do differently to meet their needs rather than relying on methods that worked with older generations.

Digital Innovation

An exciting year on many fronts for this Council. Digital Identity will be tested with consumers in Q1 with a view to extended participation in the project and industry support over the course of 2019. The benefits and application of Digital IDs is growing and we look forward to when we can announce a live launch. The work on MiFID II has continued apace and we expect 2019 to see the development of an industry solution that will enable firms to meet their regulatory needs whilst letting consumers see all their related information in a single place. The Open Savings & Investment project is also due to be launched in 2019 and is seeing

considerable market interest. This initiative could complement the Pension Dashboard scheme to provide a single view of the assets not covered by the dashboard, in turn driving down advice costs, opening up a range of new propositions and opening the door to re-uniting consumers with unclaimed assets.

Retirement

The Council started a fresh wave of research in 2018 and is currently shaping policy proposals for a more secure financial retirement. The Council is looking at a range of different age cohorts, recognising that solutions differ according to the history, context and current status of these groups. Initial prioritisation will be on the younger generations for whom we are likely to have the greatest impact by helping them early in their savings journey. All asset classes are being included within the policy work as we expect the future of retirement to change significantly over the next 20 years.

We would like to thank all the members who have supported us in 2018 on both the Councils and the working groups and look forward to building upon your excellent work in 2019 and beyond.

Chancellor drops in on KickStart Money session

Chancellor Philip Hammond experienced a KickStart Money live session last month, courtesy of providers MyBnk.

The session was taking place at Lyne & Longcross School in Chertsey, Surrey, where MyBnk provided year 6 pupils with their final session learning about saving, risk and interest. Not only was it fantastic for the Chancellor to see how financial education can benefit primary school children, it was encouraging to have the children ask lots of questions around how they can look to be more savvy at savings in the future.

Speaking to Surrey Live, the Chancellor commented: "I must say for children they've all got the concept of borrowing for college," he said. "Some of them were even telling me they are saving for college now so they won't have to borrow. It's a good concept."

He added: "It's about getting children to think about some of the things that perhaps children haven't traditionally thought about. It's absolutely vital that children go into the world of work with a clear understanding of how basic finances work."

You can read the full interview with the Chancellor [here](#), and learn more about the KickStart Money initiative at www.kickstartmoney.co.uk



MiFID II Industry Standards and Solutions Project achieves ISO accreditation

Last month we celebrated a major milestone as our project to deliver a MiFID II solution achieved ISO accreditation for the open standards underpinning the downstream and upstream reporting of Costs & Charges and Target Market Data.

In developing the downstream (manufacturer to distributor) standards the project liaised with the European Working Group (EWG) to review and enhance the European MiFID Feedback Template (EFT) so that it incorporates country specific differences and requirements, standardises interpretation and meets any broader industry requirements.

The upstream standard provides a template to enable distributors to report, and product manufacturers to receive, information on target market sales in a standardised format. This enables firms to avoid having to develop their own bespoke systems for reporting and for receiving reports.

The upstream standard is now being taken forward by the EWG as the basis of a European Feedback Template (EFT). The EWG has previously developed the EPT (template for PRIIPs) and EMT (template for MiFID II Target Market and Costs & Charges). TISA are members of the EWG.

A standard for reporting is a huge benefit for distributors and manufacturers, as well as enabling information suppliers to develop standardised tools to serve the market. This will deliver significant efficiencies in building and reporting for firms, helping them drive down the costs of implementing MiFID II.

TISA's MiFID II Project is being overseen by a Governance Committee representing a cross-section of European asset managers, distributors and information providers. Work has now commenced on the second phase of the project to establish whether a technology-based solution will make implementation of the reporting standards easier and more efficient for firms. The project will be carrying out a Proof of Concept test to examine the feasibility of an industry service built around a Blockchain model.

To date the project has delivered:

- Development of downstream open standards – including making them ISO accredited.
- Development of upstream open standards.
- Working with the EWG to secure agreement on the EFT.
- Development of future governance for the standards.

TISA offers MiFID II training courses, seminars and a range of good and best practice guides. Visit our **MiFID II Hub** for more details.

TISA Digital Projects Update

Digital ID for UK Consumers of Financial Services

A first of its type in the financial services industry, our project to deliver a Digital ID for UK financial services consumers has moved into the pilot testing phase to understand consumer reactions to creating a Digital ID.

The pilot tests three key processes that matter to consumers: opening a current account, taking out an ISA and setting up a pension.

The success of the project to date is due to the collaborative nature of its approach, being supported by Accenture, Experian, Fidelity, FNZ, HSBC, LexisNexis Risk Solutions, SS&C DST and Zurich Insurance. The findings from the pilot will feed into the prototype phase during January 2019, and TISA is now inviting additional firms to come on board and to participate in this next stage of the project.

TISA's vision is to create a portable assured single Digital ID that meets all relevant KYC and AML regulatory requirements and that provides consumers with a single, secure and simple ID key for their bank, insurance, investments and savings. This would also support the development of Fintech services and initiatives like the Pensions Dashboard.

Justin Pearson, Product Innovation Manager at Zurich and project steering committee member said:

"Establishing a person's identity has traditionally been achieved using passports, driving licences and in-person checks together with a range of supporting digital services. Moving from a hybrid paper based to a full digital solution would mean consumers benefit from quicker account opening and transfers, enhanced online security and a more competitive market. Equally, a digital solution for establishing identity could deliver considerable benefits both in reducing costs and in preventing financial crime."

Lawrence Hopper, Head of Policy & Strategy at GOV.UK Verify commented:

"The Government Digital Service are appreciative of the TISA Digital ID pilot and are keen to work together to ensure interoperability of GOV.UK Verify and Financial Services digital identity schemes and standards, for the benefit of the customer."

Brian Smith, Senior Director of Product and Innovation SS&C DST and project steering committee member said:

"The successful adoption of a Digital ID would create immense value for both UK consumers and the financial services sector by increasing account openings, amplifying privacy by design and dramatically reducing the costs of AML and KYC checks. We are pleased to work with TISA on the user experience, technology and trust framework required to launch this solution."

If you are interested in the project, please get in touch with us at engagement@tisa.uk.com

Open Savings & Investment project (OSI)

The Open Savings & Investment (OSI) project is in the initiation stage where we are working with interested participants to form the project Steering Group. As such we are now well on the way to gaining the required number of participants and are planning the first steering group meeting on 28th January. From this point we will kick off phase 1 of the initiative, which will be looking at a number of areas including Project Scope and Customer Demand, the Legal and Governance aspects of managing the OSI standards and the overall business case for them.

Whilst we have not formally started the project we have made one change for the sake of clarification, and that is giving it the new name of Open Savings & Investment, rather than Open Asset management. This is in response to some confusion from some members and reflects the intent to cover as much of a customer's savings and investments as possible, whether they be unwrapped, in an ISA, an Investment Bond, Term Deposit or whatever. The ultimate aim is that alongside Open Banking a customer can see their total wealth and be able to act on this information.

Hackathon success for MiFID II Project

The MiFID II Governance Steering Committee, supported by 9 member firms, held a successful Hackathon on 10th December 2018 which demonstrated costs and charges can be delivered on a Blockchain and raised key considerations including operational and business issues that would need to be addressed. This includes the permissioning rules, interoperability issues and the need for an identity for users of the network to ensure full transparency and audit purposes.

Two different technologies were used in order to test inter-operability (Hyper Ledger and Ethereum). The Hackathon included asset managers, distributors and a number of information and infrastructure firms from Europe as well as the UK.

In terms of next steps, we are hosting an Open Industry Meeting in early February to test industry appetite and support. If you'd like to come along, or find out more about the project, please do get in touch with us at engagement@tisa.uk.com

TISA engages members on Pensions Dashboard

The long-awaited Feasibility Report and Consultation for the Pensions Dashboard was issued at the beginning of December 2018. This provides industry with an excellent opportunity to help influence the design, functionality and ongoing governance framework to ensure the dashboard meets its potential and provides maximum benefit to the consumer.

TISA has the expertise and a proven track record in several areas that the dashboard covers and as such, we are placing a high level of importance on this consultation. We are actively engaging with our membership, seeking consensus on the key areas that need to be addressed and will be providing a collective view to DWP, with a view to making the dashboard an industry and consumer success.

TISA's response to Treasury Committee's Inquiry into Consumer Access to Financial Services

In December, we submitted our response to the Treasury Committee's Inquiry into Consumer Access to Financial Services by drawing the attention of the Committee to TISA's interest and work on customer vulnerability.

For some time now, a key focus at TISA is the need to foster a more financially resilient society. Our view is that as an industry improving the way we respond to situations with vulnerable customers will in turn deliver improvements for all customers.

Our Vulnerable Customers Working Group was established in 2017 and it is proving a useful forum for firms to share knowledge and experience of dealing with vulnerable customers. Our September 2018 conference

on vulnerability received an unprecedented response with places over-subscribed, a lively audience engagement and overwhelming sense that this is an issue widely recognised as something that we need to address.

Our working group is in the early stages of formulating a plan to tackle these pressing issues, and we hope to update you very soon on its progress. In the meantime, you can read our full response [here](#).

Updated MiFID II Product Governance Distributor Reporting Guide Published

In December 2018 we published our updated MiFID II Product Governance guide and template to assist product distributors report to manufacturers on target market sales.

The Guide – MiFID II Product Governance: Approach to implementation for Distributor Reporting – has been jointly authored by TISA and PIMFA and members of TISA's MiFID II Upstream Distributor Working Group which is comprised of asset managers, distribution businesses and information providers from across Europe, not just the UK.

Under MiFID II there are requirements for product distributors periodically to make available relevant information to product manufacturers. This, in turn, assists manufacturers with their ongoing product monitoring and review processes. The Guide provides detail on these obligations and a good practice approach for the industry.

The associated template for this guide is being taken forward by the European Working Group to become a European Feedback Template, a standard for businesses across Europe.

Jeffrey Mushens, Technical Policy Director at TISA said:

"We first published the Guide and Template in June 2018 and asked for industry views. These new versions reflect that feedback and the on-going dialogue that we are having with the Financial Conduct Authority (FCA) and the European Securities and Markets Authority (ESMA). This is helping us to ensure that the needs of firms across Europe are being addressed.

"Our aim remains to provide clarity and consistency for the reporting process. But this is more than just helping firms to meet their MiFID II obligations, we believe this is the best way to help distributors and manufacturers deliver a better service to customers and at the same time reduce their regulatory costs."

Marta Oñoro Carrascal, Global Head of Legal, at Allfunds Bank and a member of TISA's MiFID II Working Group added:

"The update to the MiFID II Product Governance guide will help to better understand the reporting template and minimise any reporting inconsistencies. Our main goal is to ensure that distributors have a clear and uniform reporting to be used across all the relevant European countries." You will find all of our MiFID II guides on our [website](#).

Our MiFID II seminar on 7th February features a regulatory update from Stephen Hanks, Head of Market Policy at the FCA, and focuses on tackling pressing issues alongside planning for the rest of 2019; the outstanding challenges faced by the industry in ensuring compliance with MiFID II; the impact it is having already across the value chain and how we expect this to develop over time; EMT, EFT AND ESG; good product governance processes. Find out more on our [website](#).

New Year, New Chairs for DIPC

We are delighted to confirm that Brian Smith, senior director of product and innovation at SS&C DST, is the new Chair of the Digital Innovation Policy Council (DIPC). He will be joined by Helen Oxley, solutions director for the SEI Wealth PlatformSM, who has become Deputy Chair.

Brian takes over from Phil Goffin, global chief technology officer at FNZ (UK) Limited, who has chaired the DIPC since its inception in April 2017 and who has stepped down due to current work responsibilities and travel demands.

Brian is a well-known and highly respected digital innovator who has over a decade of designing and delivering digital experiences for investors in the US and UK. He has a strong background in interaction and service design, a track record of building multidiscipline agile teams and driving community-oriented initiatives. During his career, Brian has worked as a lecturer, software architect, web developer, and design researcher. His interests include design for social good, collaborative communities, and emerging technology. Brian is currently deputy chair of the DIPC.

Helen Oxley brings significant expertise to the role of Deputy Chair. In her 21-year career, she has held positions within financial planning, asset management and financial technology, as well as a number of senior roles at companies that include Sanlam U.K., BNP Paribas and Winterfloods Business Services. Helen is responsible for overseeing the SEI Wealth Platform's UK Solutions team, leading a number of initiatives that will help drive the development and delivery of services.

We thank Phil for his considerable efforts to champion our digitalisation programme, promote the use of open standards and help us to increase our members awareness of the opportunities and challenges of disruptive technology. We hope he will be able to return to active involvement in our Council in the near future.

TISA now has a leading role in the digitalisation of financial services with a range of projects that will deliver a better, more secure user experience for the consumer, while at the same time benefitting the industry through more efficient processes, lower operating costs and reduced risk.

These projects include:

- The Digital ID for UK financial services customers which is currently in the pilot testing phase.
- Developing an industry solution to MiFID II reporting requirements where we have developed a set of open, interoperable standards for downstream and upstream reporting together with a European standard reporting template. We held a Hackathon in December to test the feasibility of building Blockchain solutions for downstream reporting.
- Establishing a Fintech Forum in liaison with the regional Fintech envoy network.
- Scoping the feasibility of a project to deliver Open Savings and Investment.

TISA's digital approach is built on the establishment of open and interoperable standards. Other TISA digital initiatives include the development of good practice guides and training to help the industry combat Cyber Fraud and Financial Crime. Further details on all TISA digital projects and activity is available on the website.

STAR created to deploy TRIG framework



A recently formed joint venture between Criterion and TISA Exchange Limited (TeX) – STAR – was launched at our conference in November last year.

STAR was created to help deliver the framework and methods used to deploy the Transfers and Re-registration Industry Group (TRIG) recommendations. TRIG is a collaboration of 10 industry bodies, including TISA, and representatives of individual firms which has defined a framework to deliver a cross-industry solution to challenge and improve customer experiences of moving savings and investments from one financial institution to another. STAR will manage the TRIG good practice framework and is endorsed and recommended by all the trade bodies participating in TRIG.

STAR's remit is to:

- Define the process covered by the framework.
- Specify good practice targets from each of those processes.
- Measure performance against targets across the industry.

For consumers, STAR will lead to:

- A more consistent, reliable transfer experience.
- Greater certainty and speed for transfers.
- Improved control over their money.
- Indicator of a firm's commitment to timely transfers and re-registrations.
- Increased competition.
- Longer-term improvement in transfer times.

Companies participating in the framework will be demonstrating to regulators and wider stakeholders their commitment to good practice and to the continued development of industry standards. STAR will collect and publish performance of companies when executing transfers – as well as a list of the firms which have chosen to participate – which will provide regulators and customers with clear evidence of how firms are behaving. The aim is to drive up commitment to the TRIG framework across the industry, and so improve the transfer and re-registration experience for consumers.

Caroline Mansley, Managing Director of Criterion commented: "We are delighted to have launched our new brand at such a significant industry event. This is another key milestone for Criterion and we have developed the STAR brand and website at pace. There has already been healthy interest in STAR from the industry and we will be able to confirm a few organisations who have agreed to participate very soon."

Carol Knight Chief Operations Officer of TeX added: "The TISA conference was a great opportunity for us to meet as many delegates as possible and offer companies the chance to not only improve their transfer times and deliver better performance for consumers, but also to benefit from greater certainty in dealing with counterparties, leading to fewer queries and lower administration costs."

How we can help with SM&CR

If you haven't already done so, head to our fabulous online Senior Managers & Certification Regime (SM&CR) **web hub** to find all sorts of goodies to help your firm in the implementation and ongoing operation of SM&CR.

This includes the first ever 'SM&CR Roundup' (your guide to TISA updates and the resources available to assist with implementation), our 'Implementation Considerations' guideline, which gives some handy tips on how best to approach implementation and a 'Culture Management Toolkit' to help firms consider and develop a process to measure and track culture in their organisation in relation to staff at all levels taking personal responsibility for their actions. Keep checking the page regularly as more information and resource will be added regularly.

We are hosting a seminar on 29th January which will draw on the experience of our speakers to explore good and poor practice seen in banks, identifying the certification population (required processes and procedures and identifying problem areas) and what to do when firms don't want to certify an individual. You can find out more about the event on our **website**.

In addition to the above seminar, we are hosting a workshop on 13th February to explore the practical implementation of SM&CR, with experienced speakers from Duff & Phelps sharing their knowledge and expertise in this area. This will provide timely, useful and actionable information attendees can take back to their firms to inform their implementation project. You can find out more **here**.

TISA produces definitive guide to ISAs

TISA has recently published two ISA guides – ISAs: A Technical Introduction and the Consumer Guide to ISAs.

The Technical Introduction document provides everything you need to know about ISAs including a handy condensed history of the product alongside a guide to each type of ISA available and subscription limits, important regulatory and legal information and options for withdrawal or transfer.

We are unaware of any other such document or resource in existence which provides this level of detail on the ISA product – another example of where TISA triumphs for the benefit of our members and the financial services industry!

Our consumer-led Guide to ISAs is just that – an easily understandable, single page guide for the consumer on the key information they need to know about the product. TISA members are free to use this guide for their own customers.

You will find the Technical Introduction **here** and the Consumer Guide **here**.

Forum Focus: P2P & Debt Based Securities

Our P2P & Debt Based Securities Working Group is chaired by Jake Wombwell-Povey of Goji, and the deputy is Guy Tollhurst of Intelligent Partnership, meeting approximately every 8 weeks.

The group's overall objective for advisers is for P2P and Debt Based Securities to be seen as a normal investment class, in the same way as corporate bond funds are now seen as an investment class, specifically:

- Removing barriers to growth:
 - Tax – removing the tax barriers to adviser recommendations, such as connected parties rule.
 - Education – launch of IFISA Monthly reporting covering around half of IFISA assets; press articles, roundtables and papers clarifying what P2P is (and isn't).
 - Regulation – changes to e-money rules in addition to FCA rules on standard assets; responding to and taking part in FCA and Treasury consultations.
- Promoting competition.
- Enabling customers to have more choice, whether as lenders or borrowers.

Achievements so far include:

- Inclusion of P2P in ISAs (TISA started calling for this in 2011, and was heavily involved with HMT in 2014/15 prior to the launch of IFISA).
- Launch of Monthly IFISA reporting.
- Responding to CP18/20.
- Promotion of tax reforms in Budget submissions.
- TISA recognised in Peer2Peer Finance News Power 50 Firms of Influence 2018.

If you're interested in getting involved in this forum, please get in touch with us at **engagement@tisa.uk.com**

Spotlight on Financial Crime

The challenges facing the industry regarding vulnerable customers have been in focus for some time but recent commentary from FCA has put this issue centre-stage. We know that firms are searching for ways in which to meet these complex challenges, with mixed results, and TISA is actively engaged in the debate. One of the most important issues is the extent to which vulnerable customers are more likely to become the victim of crime. Meeting this difficult challenge requires the vigilance and understanding of customer-facing staff members, and this in itself is not an easy thing to ensure.

We are close to publishing a leaflet 'The Vulnerable and Financial Crime' which is aimed at helping front-line staff identify the warning signs and know how to respond to them. We would very much welcome feedback from member firms; this is by no means a final word on what will, we are sure, remain a big topic for discussion in 2019.

We are also running a seminar on 25th February that will focus on recent trends in relation to financial crime and bring together experts on how to manage financial crime risks of all types, with the latest tools and techniques. You can find out more on our **website**.

Diversity takes centre stage at 2018 TISA conference

Over 300 senior industry executives and influencers attended the 2018 conference, hearing from speakers including Amber Rudd in her first public engagement as Secretary of State for Work and Pensions, whilst the Economic Secretary to the Treasury John Glen MP explained that whilst he was thankful to all of those firms who had committed to building a more inclusive and diverse financial services sector by signing the Women In Finance Charter, there remains a lot more to do.

It was hugely encouraging to be complimented on the theme for the Conference which addressed gender, diversity, inclusion and vulnerability – issues not normally addressed at mainstream financial services conferences.

For those of you who missed the event, we grabbed our speakers and panellists as they emerged fresh from the stage to get the key takeaways from their time at the conference:

Amber Rudd, Secretary of State for Work and Pensions, explains her support for the Pensions Dashboard.

Anjalika Bardalai, Chief Economist and Head of Research at TheCityUK, outlines why financial inclusion is an issue that is relevant to both advanced and emerging economies.

Elissa Bayer, Senior Investment Director at Investec Wealth & Investment Ltd summarises some highlights from her 40 years in fund management in the City.

Mark Littlewood, Director General at IEA, talks about the risks and opportunities arising from Brexit.

Jane Goodland, Corporate Affairs Director at Quilter, provides a brief synopsis of our conference panel session, which she chaired, considering how financial services in the UK can provide better outcomes for women as both employees and as consumers.

Jon Terry, Partner & Diversity and Inclusion Consulting Leader at PwC, outlines the key points from the TISA Annual Conference panel session on how to make financial services more diverse.

Katrina Sartorius, Managing Director of Aegon's Institutional Business at Cofunds Ltd, summarises what she took away from the TISA Annual Conference panel session on how to make financial services more appealing to women, including how to encourage women to aim for the senior positions in firms.

Nathalie Stone, Owner, Mansion House Capital, outlines why the message she was keen to get across to TISA Annual Conference delegates was how important it is to empower women to make financial decisions.

Nick Wright, CEO at DST, gives a brief view on how the financial services industry can improve the outcome for women.

As the TISA Annual Conference 2018 wound down, Conference Chair **Louise Cooper**, Presenter and Journalist, comments that the afternoon discussions have shown that financial services are engaging more with women as both consumers and employees.

For those of you who attended our conference there is still time to complete the delegate **questionnaire – your feedback is important to us.**

Planning is already underway for the 2019 Annual Conference, look out for further details very soon – in the meantime, save Tuesday 3rd December in your diaries, it promises to be another conference not to be missed!

Seminars 2019

SM&CR – Certification starts sooner than you think

Tuesday 29th January 2019

MiFID II 1 year on

7th February 2019

Financial Crime 2019 – Will You Be Ready?

25th February 2019

Client Assets Spring Seminars

London – 14th March 2019

Edinburgh – 21st March 2019

SMCR Workshop hosted by Duff & Phelps

13th February 2019

Coming soon!

TISA Platform seminar

21st May 2019

Duff & Phelps Workshops

Transaction Reporting

13th March 2019

Costs & Charges

10th April 2019

Market Abuse/Monitoring

16th May 2019

Financial Crime & Cyber Security

13th June 2019



Guest contributors

THE SM&CR and Asset Managers – Working in the best interest of investors

The Senior Managers and Certification Regime (SM&CR) – when extended to all FCA solo-regulated firms in December 2019 – will set the weight of responsibility squarely on the shoulders of Senior Managers and other certified individuals throughout the financial services industry. It will hold executives accountable for their decisions and actions with the continued aim of protecting markets and customers.

The regime is not just a tick box exercise. Firms will be expected to look beyond the formal requirements and consider how the regime can bring about the desired cultural outcomes.

What should Asset Managers be doing now to prepare for the SM&CR?

The immediate priority ahead of the implementation deadline will be to set up a project team. In our experience, the key to successful implementation is to start early and plan well ahead. Firms that are ahead of the curve will set an early deadline for implementation providing a buffer of time to test the model, adapt infrastructure, processes and governance and make any adjustments required.

One of the first steps for the project team will be to establish whether it is a Limited, Core or Enhanced firm. Once known, firms should then allow sufficient time to identify and allocate the individuals holding Senior Management Functions and begin to assign Prescribed Responsibilities. As a result of these exercises, governance frameworks and committee terms of references may need to be revised to reflect individual accountability.

Following this, a Statement of Responsibilities should be drafted. This should be a collaborative exercise requiring detailed input from the Senior Manager, as the regulator will expect a Senior Manager to clearly articulate their responsibilities.

It is also important to consider whether your Senior Managers require additional support around the new concept of 'Duty of Responsibility' in particular, defining what 'reasonable steps' mean in the context of their duties. Enhanced firms will need to review overall responsibilities and begin to draft Responsibilities Maps. The FCA have recently published guidance on the Responsibilities Maps **(GC 18/4)** which can help when checking that the contents of your maps align to regulatory expectations. Enhanced firms will also have to establish Handover procedures – requirements that underline the regulator's expectation that Senior Managers are responsible for their duties at all times.

Moving on to the Certification Regime, firms need to allow plenty of time to identify individuals and should expect to revisit this several times. A number of different workstreams may need to be established to support the task of creating an annual certification process and establishing fit and proper processes. It is crucial to review all the touchpoints of the employee lifecycle as the SM&CR is likely to touch upon each one to a greater or lesser extent. For example, job offers, the appraisal process and requesting references are just a handful of areas that are likely to be impacted.

The project team will also need to ensure there is adequate training on the Conduct Rules and processes in place to report breaches. They should review current policies and procedures, identifying where revisions are needed and what new policies or procedures are required.

Overseeing the roll-out of training to staff about the new requirements, will be a key component of any project plan.

Authorised Fund Managers (AFMs) are subject to an additional 'prescribed responsibility' in both the Core and Enhanced tiers, placing them under additional scrutiny.

The UK asset management industry is, after all, **the second largest in the world** (with estimates putting total assets under management at around £6.9 trillion). FCA research has found that, despite the industry receiving continuously high profits for many years, investors aren't always clear on the object of the funds or their performance.

Why the additional attention on AFMs?

From the FCA's Market Study **(MS 15/2.3)**, the regulator identified weak price competition in a number of areas within the asset management industry. This has a material impact on the investment returns for investors through their payments for asset management services.

The FCA recognised that some investors are not well placed to find better value. Through the Market Study and their supervisory work, they found examples in a range of funds where the costs and charges investors pay appear unjustifiably high, and where communications with clients were unclear.

A suite of remedies have been introduced to address this, including strengthening the duty on asset managers to act in the best interests of investors by increasing accountability through (i) introducing an additional prescribed responsibility and (ii) introducing a minimum level of independence in governance structures.

Regulation for the investors best interest

For both Core and Enhanced firms, an additional Prescribed Responsibility exists for executives within AFM firms:

"Responsibility for an AFM's assessments of value, independent director representation and acting in investors' best interests."

This Responsibility should typically be given to the chair of the Board of an AFM and require them to take all reasonable steps to ensure that their firm carries out assessments of value for money, recruit independent directors to fill at least 25% of the board and act in the best interest of the investors. The FCA states that the introduction of this Responsibility highlights their commitment to the interests of investors. This could be challenging for some firms given their current governance structure. However, having independent directors can bring a wealth of benefits to firms.

Changing for the better

Value for money is a challenging topic to talk about in this industry, with the myriad charges making it difficult for investors to know how much of the investment returns they are receiving, and how much of that is generated by the skill of the fund manager in the form of alpha.

Ultimately, value for money is a subjective measure. More 'exotic' or specialist funds may charge more for their services but may offer benefits to their clients that could not be accessed in a fund that charges less. The regulator's concern is that it identified that investors were not even aware that being charged more didn't necessarily guarantee a larger return.

Guest contributors (continued)

Again, perhaps the best way to solve this issue is greater transparency, foster more competition in the market and provide investors with tools that allow them to compare funds' performance and total charges, including portfolio transaction costs. Whilst the Institutional Working Group formed as a result of the Market Study has looked to create a solution for institutional investors, this still leaves a gap for retail investors.

Firms in this space are still not entirely sure what changes will need to be made to their pricing structures or even sales collateral to highlight the value they bring to investors, though it should be fairly safe to say that the more transparent and simple this is to understand by the average reader, the better. The FCA stopped short of requiring AFMs to move to an all-in-fee but with a number of managers (large and small) changing to similar structures in recent years, it may only be a matter of time before the industry sees a shift. In the meantime, AFM Boards should be thinking about whether their existing pricing structures remain appropriate and look to enhance disclosures for costs, charges and value where possible. Additionally, it might be time to start thinking about what MI will be needed to assess value and consider the shape and content of the annual report.

In the end, being able to compliantly describe the value for money your fund offers to investors will require some rethinking and close collaboration between directors.

As you can see, there is much to be thinking about with less than a year to go before the 9th December 2019 deadline, to effectively implement the SM&CR. To make the process easier for you, Huntswood has put together a comprehensive document of practical considerations in how to successfully implement the regime – [download here](#).

Nindy Mellett, Senior Consultant, Huntswood

How to build a gender balanced organisation

Gender diversity is now right at the top of the agenda for companies large and small. Forward-looking firms know that achieving a better gender balance isn't just morally right, but it is also good for business.

But how can this be achieved? Two guiding principles are to steadily and profoundly change your firm's culture, and to do your recruitment differently.

Culture change starts at the top, so the CEO needs to show that he (or she!) takes diversity very seriously. This could mean tasking a real go-getter to make and report on changes, or making progress on diversity a standing agenda item at management meetings. Letting it be known there are rewards on offer for staff who come up with ideas to boost diversity is another good idea.

Diversity initiatives often get lost in middle management, where hard-pressed executives are straining to reach sales and production targets and don't want to spend time on anything else. Here a more senior manager needs to have a sharp eye for how the best assignments are being handed out, ensuring that women stay on the A-track, and that a hidden boys' culture doesn't edge them out.

Many firms now want to hire more women, and that can be relatively straightforward at the graduate level. But for a gender-diverse culture to flourish, women are needed in senior roles – helping to take the decisions about the direction and culture of the firm, and acting as beacons and mentors to younger women.

Hanging on to the women you already have is often overlooked as a tactic, but it's crucial. Start by organising a report into why women leave your firm, and then take action to address the causes. It's a fact that some women will leave entirely when they start families – but "alumni nurturing" is gaining ground, as keeping in touch with former employees means you can more easily entice them back.

Real culture change will mean recruiting senior women, and you'll need to get beyond "cookie-cutter" hiring, or trying to tempt female defectors from rival firms. Women not currently working or who have taken a different pathway for a while – may want to return to work and have great experience and skills, but might not be on LinkedIn, may have gaps on their CVs, or want to change role.

Tapping these hidden talent pools can yield charismatic, experienced and highly skilled people who will help take the big decisions that will reshape your company and make it more gender diverse.

Dominie Moss, Founder of The Return Hub

The Return Hub is a unique executive search firm that places professionals who want to relaunch their careers with employers in the financial services sector. They also advise on and implement practical strategies that companies can use to target, assess, hire and support returning talent.



Contact us



Should you have comments or questions about any of the topics covered in this issue, **please contact** engagement@tisa.uk.com

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