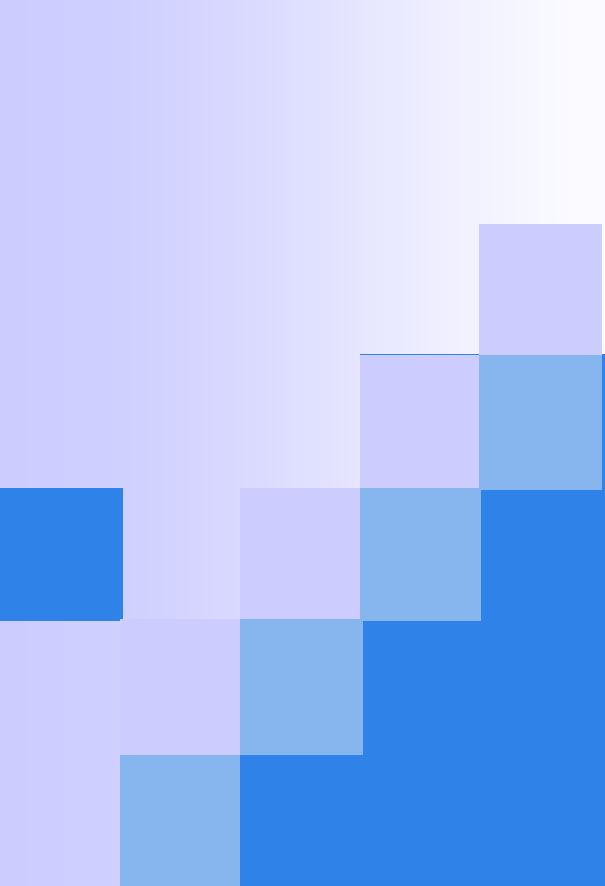
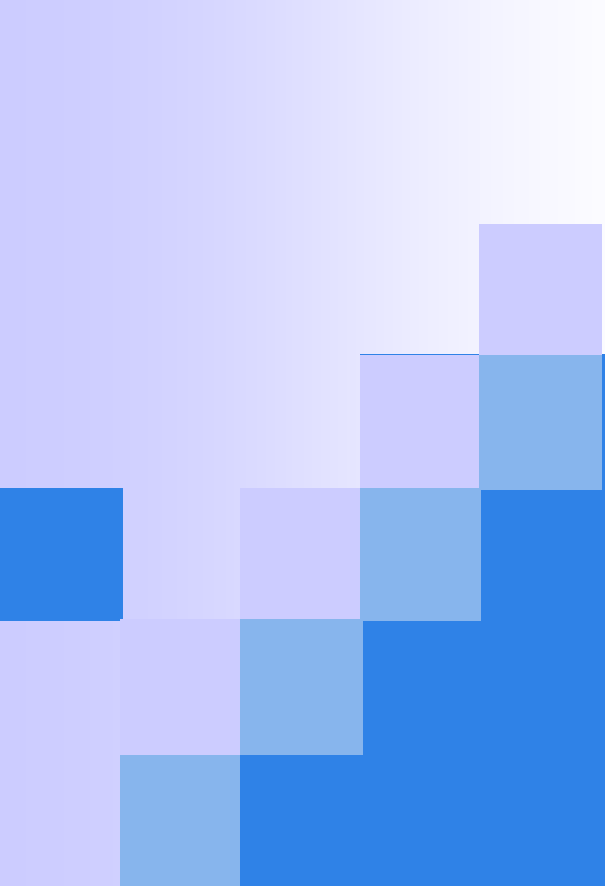




AMPS Technical Workshop

Hilton Paddington Hotel
Thursday 28th November 2013



Chairmans' Opening

Geoff Buck

AMPS committee member



Chairman's Opening

- Welcome and Housekeeping
- Agenda
- Interactive voting - explained
- Speaker feedback – explained
- Anonymous Questions
- Sponsorship – thank you

Sponsor Thank You

Thank you to our sponsors for this event



CTC Software



delta
FINANCIAL SYSTEMS
Knowledge ~ Technology ~ Solutions



The SIPP regulatory swell or Regulatory fatigue

March 2006 SIPP regulatory framework announced

April 2006 Pensions simplification

April 2007 SIPP regulation introduced

Oct 2008 SIPPs able to hold protected rights

Dec 2008 Thematic review of transfer/switching “advice”

Sept 2009 First thematic review of SIPP operators

April 2010 Update on review of pension transfer/switching advice

Jan 2011 FSCS levy

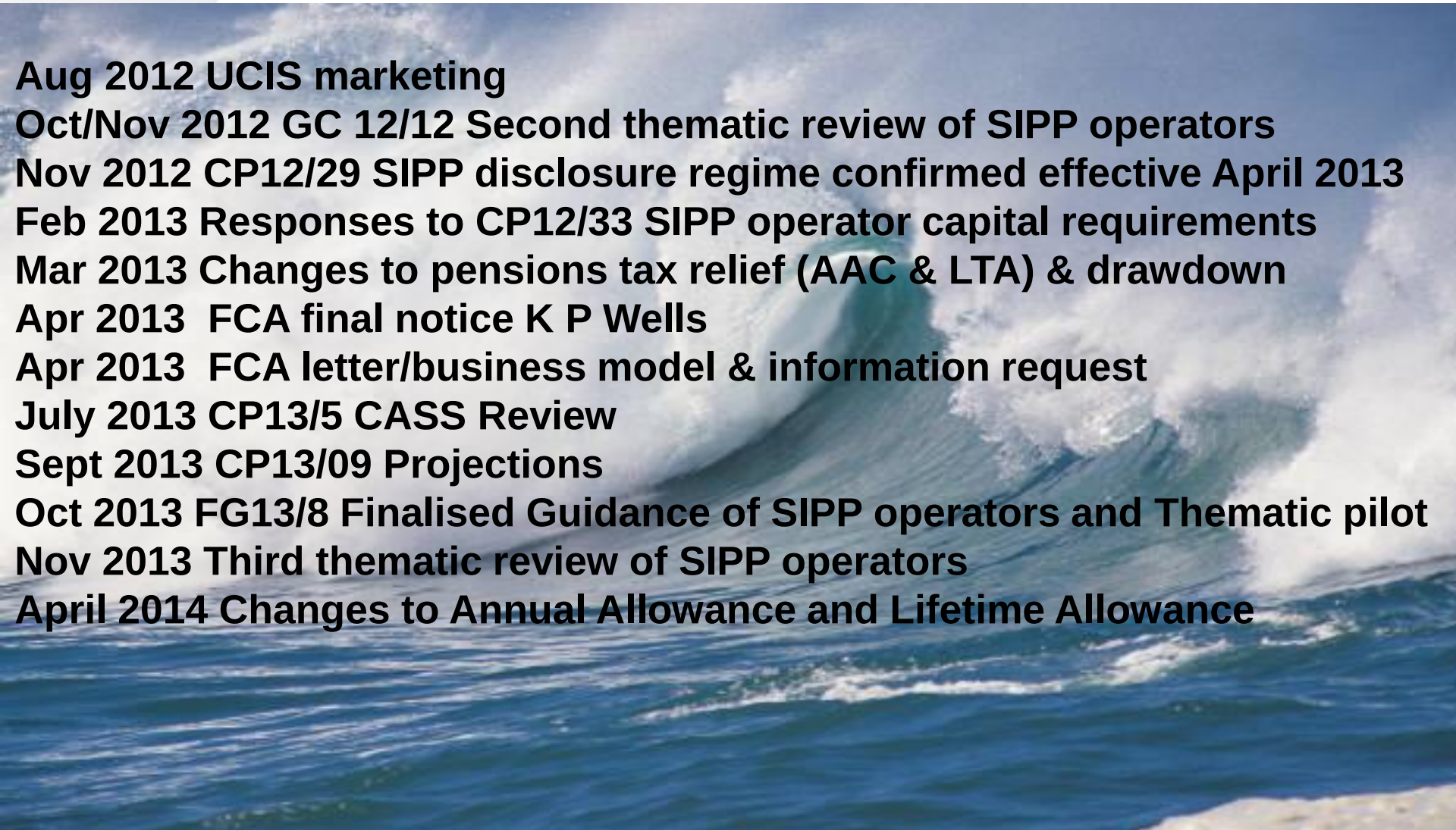
Jan/Mar 2011 CP11/01 & CP11/03

April 2011 New drawdown regimes introduced

April 2011 Changes to pensions tax relief (AAC & LTA)

March 2012 CP12/05

The SIPP regulatory swell (cont'd)



Aug 2012 UCIS marketing
Oct/Nov 2012 GC 12/12 Second thematic review of SIPP operators
Nov 2012 CP12/29 SIPP disclosure regime confirmed effective April 2013
Feb 2013 Responses to CP12/33 SIPP operator capital requirements
Mar 2013 Changes to pensions tax relief (AAC & LTA) & drawdown
Apr 2013 FCA final notice K P Wells
Apr 2013 FCA letter/business model & information request
July 2013 CP13/5 CASS Review
Sept 2013 CP13/09 Projections
Oct 2013 FG13/8 Finalised Guidance of SIPP operators and Thematic pilot
Nov 2013 Third thematic review of SIPP operators
April 2014 Changes to Annual Allowance and Lifetime Allowance

FCA Supervisory Approach to SIPP Operators

Nick Poyntz-Wright
Director of Long Term Savings and Pensions

Long Term Savings and Pensions – Our Vision and the new Supervisory Model

"Consumers are confident to save for their long term future with companies that have the interests of customers at the heart of their business"

The FCA Supervisory Model is new:

- moving from a reactive approach to a pre-emptive and judgement based approach;
- moving from dealing just with symptoms of problems to addressing underlying causes, and
- moving from an approach that is focused only on ensuring compliance with rules to an approach that encourages firms to do the right thing in respect of their customers and the markets they operate in.

SIPP Thematic work

- Looking at how firms have implemented our Guidance, which highlighted following areas of concern:
 - Client Money
 - Management Information
 - Conflicts of Interest
 - Relationships with firms that advise and introduce prospective customers
 - Systems and Controls
 - Due Diligence
 - Financial Crime
- Project conclusion and wider comms expected in July 2014

SIPP Capital Requirements

- Sufficient capital to limit market disruption and consumer detriment in the event of wind-down
- Finalising proposed rules following detailed feedback
- Expecting final rules to be published in first half of 2014

Pension Liberation

- Recognising, disrupting, stopping
- Conduit for fraud and reputational damage
- Due Diligence for SSAS and QROPS
- FCA working with TPR, DWP, HMRC, NCA etc (Project Bloom)
- FCA working with the SIPP sector

Questions?

Platforms and Regulation



Pinsent Masons

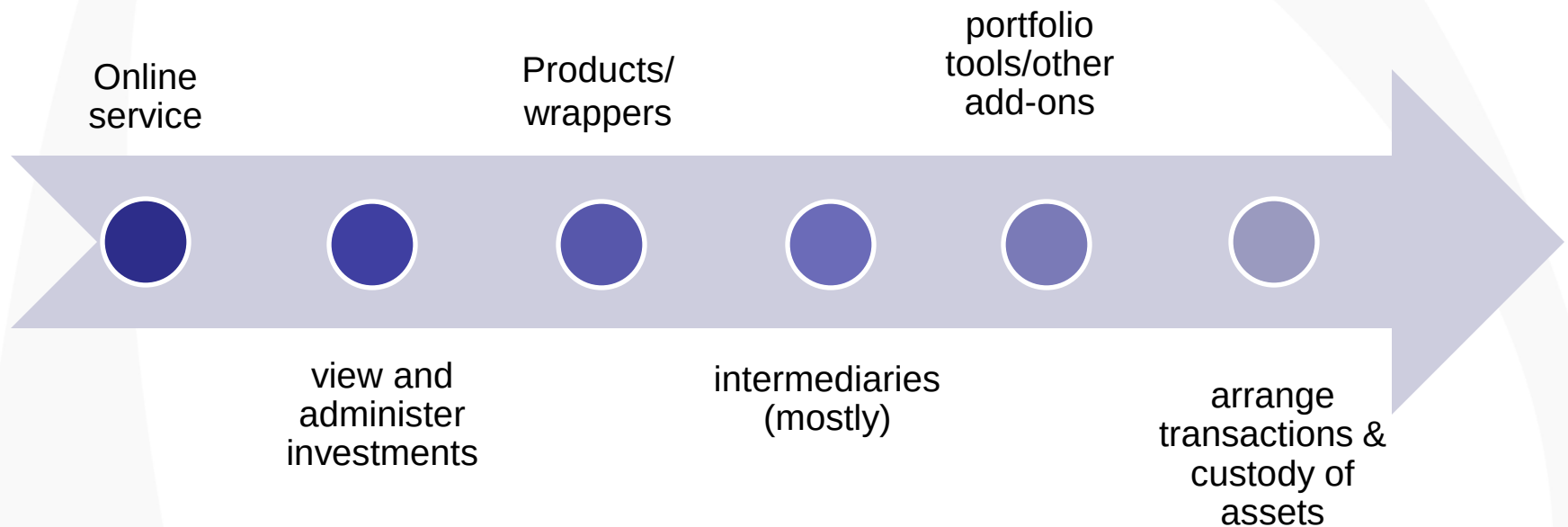
Types of Platforms



Introductions



What is a platform?





Platforms and Pensions

Early days

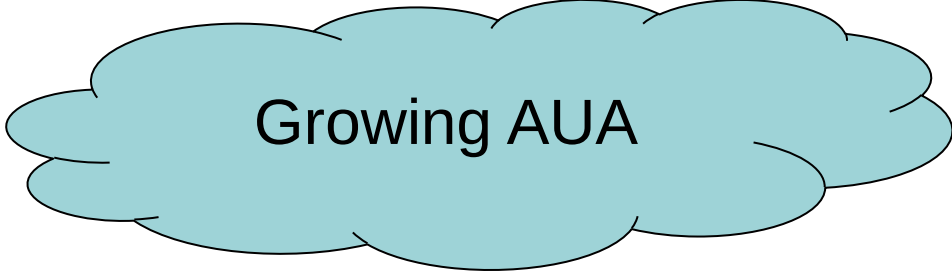
“Our initial analysis suggests that specific rules and guidance may not be needed”

FSA in DP 07/2

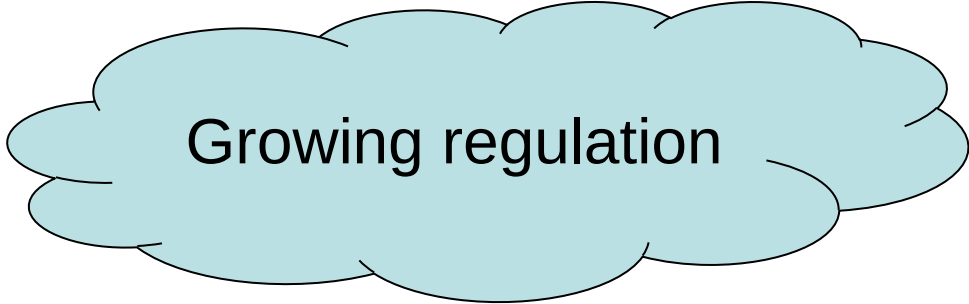
Growing Importance



Growing online
markets



Growing AUA



Growing regulation

How much AUA on platforms in 2013?

From approximately £40bn* in 2007 to** ...

1.	> £100bn	1%
2.	> £150bn	13%
3.	> £200bn	54%
4.	> £250bn	32%

* Morgan Stanley research 2007

** The Platform 2013, www.theplatform.com

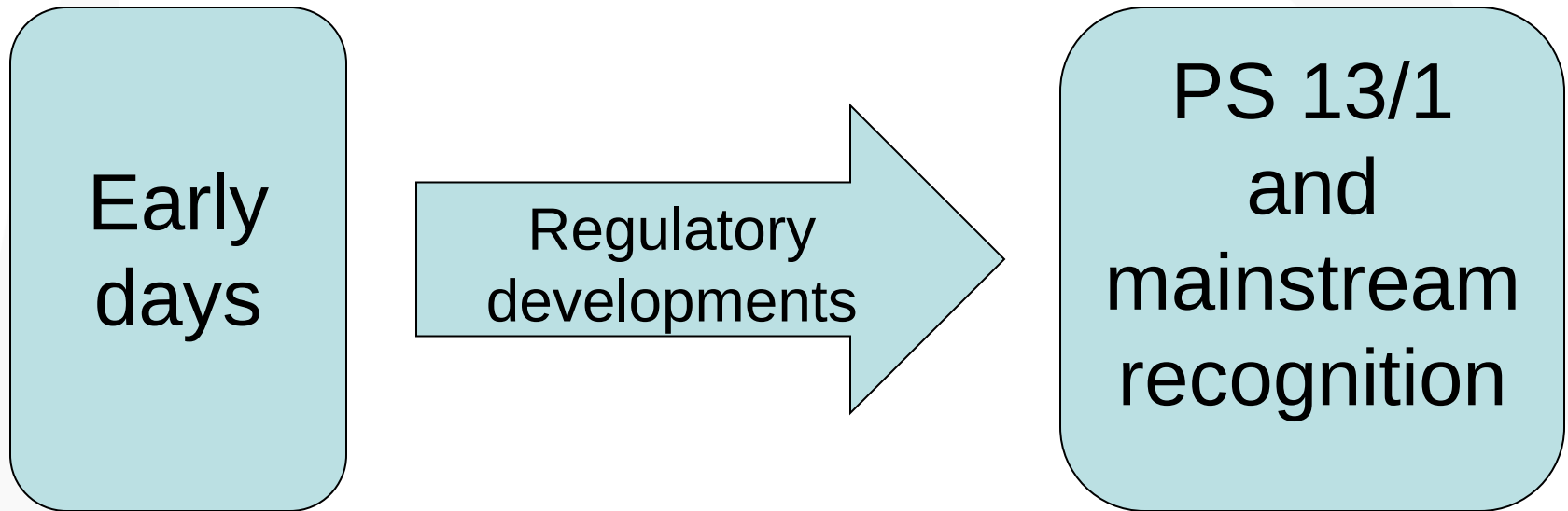
Regulatory Concerns

“In light of the risks to customers and unacceptable practices identified, platforms advice will form a supervisory priority in the future”

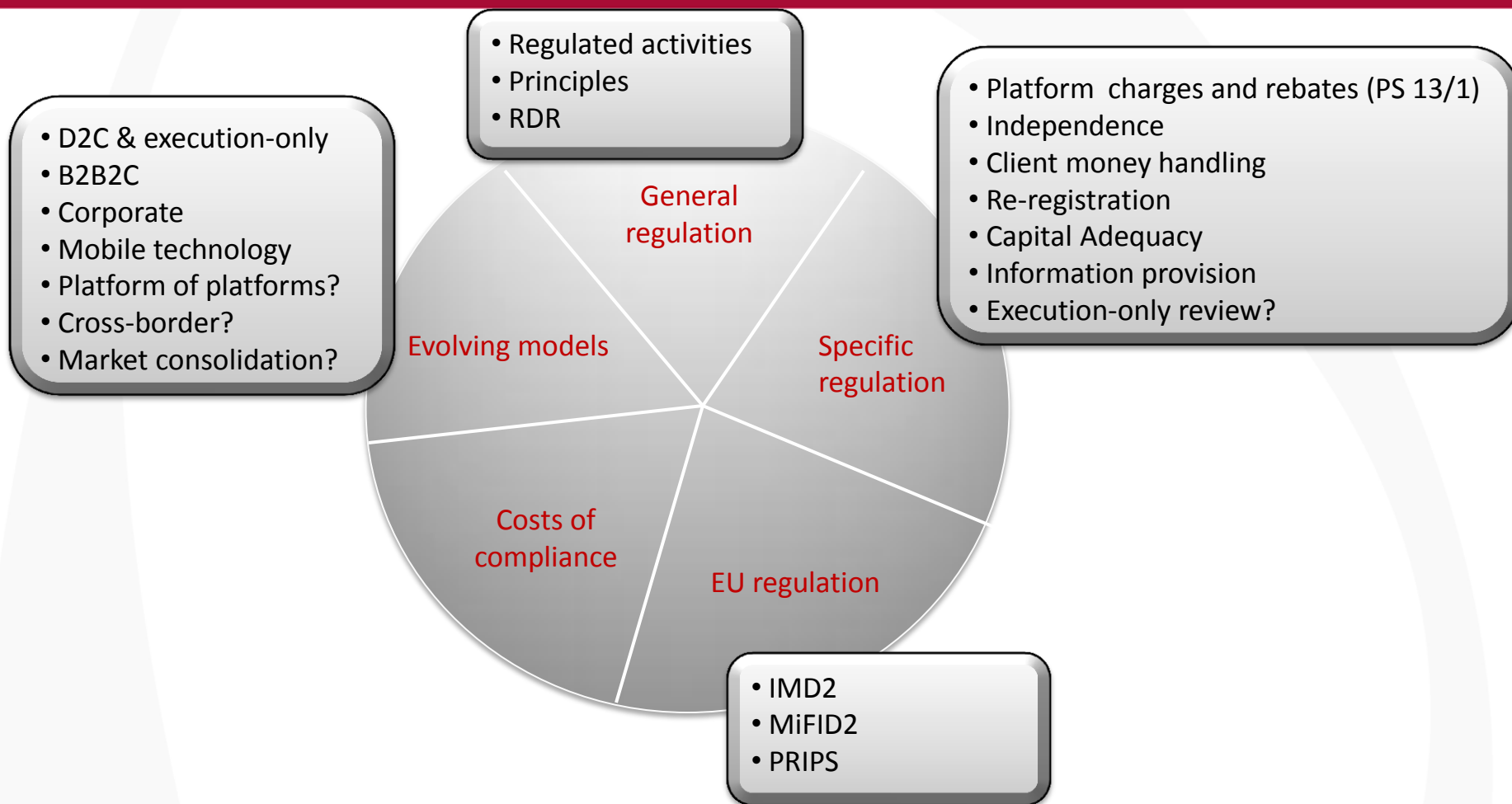
FSA in DP 10/2



Coming of age?



Platforms and Regulation



Developments – Direct and Corporate

Why?

Regulatory approach

Challenges

FCA Review (non-advised)?

Number of platforms by 2018?

According to Deloitte's* analysis approximately:

- | | | |
|----|----|-----|
| 1. | 10 | 22% |
| 2. | 15 | 47% |
| 3. | 20 | 31% |

* Deloitte 'News in focus' report 1 July 2013, www.deloitte.com

Conclusions

- Focus
- Direction
- EU
- Savings Gap





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Speaker Feedback

Nick Poyntz-Wright

Please rate content

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Speaker Feedback

Nick Poyntz-Wright

Please rate delivery/presentation

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Speaker Feedback

Tobin Ashby

Please rate content

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Speaker Feedback

Tobin Ashby

Please rate delivery/presentation

1. Excellent
2. Very Good
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4. Average
5. Poor



Any Questions?????

- Please feel free to ask questions on any of the subject matters from this session.

Refreshment Break

Tea & coffee is served in the foyer.

Thank you to our sponsors for this event.



Sipp Thematic Review

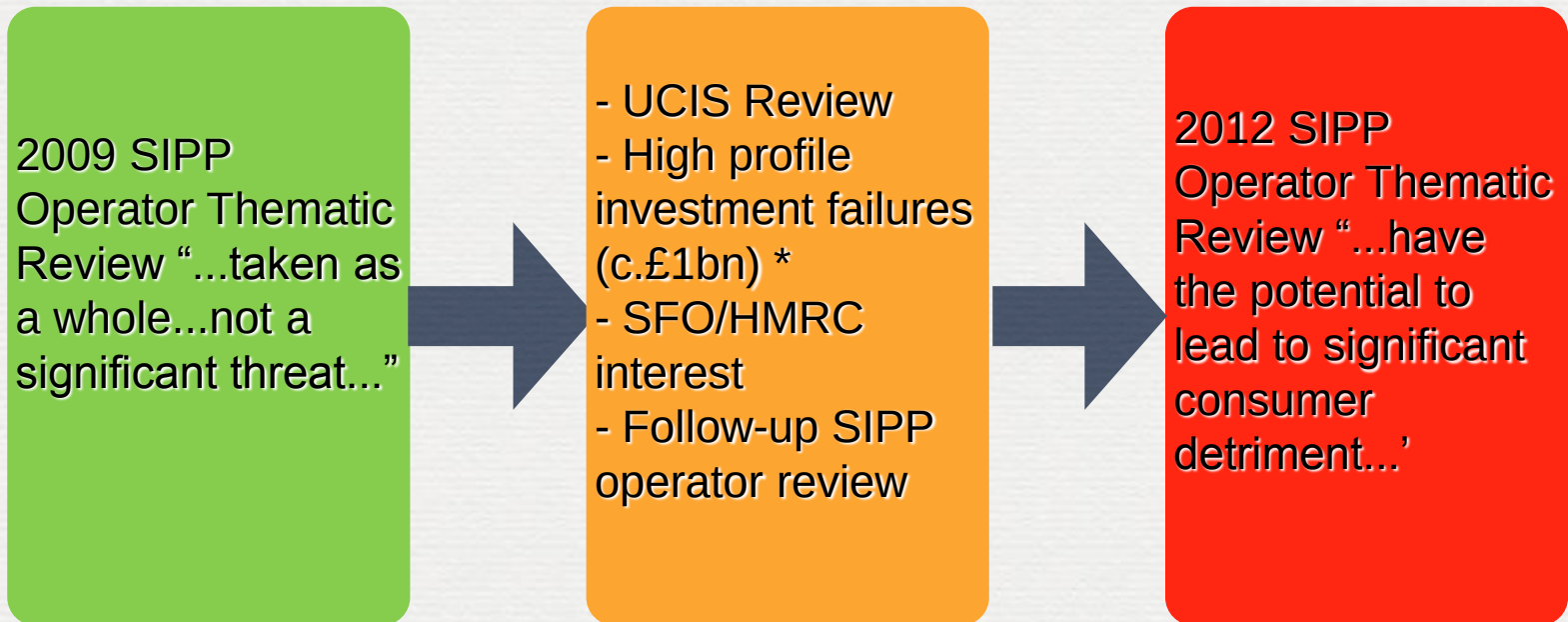
AMPS Compliance Workshop 2013



Agenda

- Background
- Some hopefully practical tips
- Miscellany

Background



* CP12/19 - consumer detriment

2009 Thematic Review findings

- Some firms behind where they need to be on TCF
- No quality control on advice by advisers
- Problems with systems & controls
- Lack of good T&C regimes
- Concerns over accuracy & transparency of illustrations and disclosure of charges

Systems & Controls

- Lack of procedures
- No file reviews, peer checking, senior management sign-off or use of checklists
- Areas noted by the FSA included:
 - Scheme bank account reconciliation, BCE calculations, HMRC returns, annual valuations, retaining proof of title of clients' investments (?), investment instructions/approval, identity verification and BCP

2011 Thematic Review findings

- Lack of implementation/understanding of regulatory requirements and individual responsibilities
- Lack of risk identification and mitigation planning
- Client money and assets - shortcomings
- Lack of controls around non-standard investments, due diligence and financial crime

2013 Thematic Review

- Data requests to 15+78 Sipp operators
- 11/12/13 deadline for current batch
- Some firms to be visited
- Cap-ad Policy Statement deferred

Data Request

- Seeks to understand product structure/variants/bank interest retention
- Emphasis on detailed asset split and valuation process
- Business model & strategy - selling/acquiring?
- Consumer & Adviser interaction - complaints from advisers/scheme members

Data Request queries

- Product variants i.e. schemes or Sipp versions within the scheme?
- Analysis of DFM assets
- Frequency of valuations
- Important the FCA obtain an open and honest assessment of the sector

Quick question

Which one of the following best describes how your firm routinely tracks and/or analyses what the asset split is within DFM portfolios held by your Sipp?

- | | | |
|----|---|-----|
| 1. | Annually and BCEs | 59% |
| 2. | Periodically i.e. quarterly/monthly and BCEs | 12% |
| 3. | Frequently i.e. weekly/daily/real-time (and BCEs) | 10% |
| 4. | None of the above | 19% |

Quick question

Which of the following best describes the control your firm exerts over DFMs regarding the asset types they invest in?

- | | | |
|----|---|-----|
| 1. | The DFM enters into an agreement with us that states the investment parameters within which they must operate | 86% |
| 2. | As (1) above but we don't include any investment parameters | 5% |
| 3. | We use DFM's but do not have an agreement with them | 5% |
| 4. | We do not use DFMs | 3% |

Firm visits

- Fact finding mission?
- Business model/financial resources
- Reaction to previous regulatory reviews
- Business take-on for introducers and investment
- Systems & Controls/record-keeping/MI
- ??

Some hopefully practical tips

- Omphaloskepsis...
- ...is contemplation of one's navel as an aid to meditation
- Source: Wikipedia

Business model

- Do we have a business plan?
- Is it current?
- Does our current business model reflect the plan?
- Are we on track against our business plan?
- Can and how do we evidence our performance against our plan?

Financials

- What is our exposure to non-standard assets?
- What would we like our exposure to be?
- Do we have >20% exposure to one particular asset class?
- Do we have >20% exposure to one particular investment type?
- What would be the consequence of the failure of the asset class/investment type above?

Reaction to previous regulatory reviews

- Based on the 2009 and 2011 FSA Thematic Reviews of Sipp operators, what, if anything, have we done differently?
- Can we evidence the above?
- Are we confident that our new business illustrations are fit for purpose in line with COBS 13?
- Are we confident that our benefit crystallisation process is robust in line with COBS 15, COBS 19.4, COBS 16.6.8 and HMRC requirements?

Business take-on

- Can you demonstrate a take-on process for introducers that includes a terms of business, FCA register check, web search for any adverse history and a Companies House (or equivalent) search?
- Could you articulate what the business expectations are for your main introducers?
- Can you demonstrate the above is periodically reviewed?

Business take-on

- What, if any, are the investment parameters for your scheme and is this recorded/reviewed?
- Can you demonstrate that any non-standard investments have been considered in-house as being capable of being held within a Sipp and how is this evidenced?
- Is any analysis carried out on the type of consumer being recommended NMPIs through your Sipp? (For example income, occupation, Zoopla etc.)

Systems & Controls

- For your Sipp arrangement bank accounts can you articulate whether they are subject to CASS 7 or CASS 8 and why?
- Same as above in respect of any pooled accounts i.e. RAS, PAYE, control accounts etc.
- For the pooled accounts, are they currently standing at £nil? If not, can you explain the balance?
- Can you demonstrate that the Sipp arrangement 'system' balances are reconciled against the bank records?

Systems & Controls

- Do we have regular and minuted management meetings?
- Can we demonstrate progression of documented action points?
- What management information is considered by the management team?
- What are our top five risks and what are we doing to mitigate these?

Systems & Controls

- If asked, could the management team articulate:
- 1) Whether there have been any issues with the last 12 months' submission of the APSS105 and whether the APSS106/107 for 2012/13 were submitted on time?
- 2) What, if anything, has been/is being reported in the Event Report in respect of 2012/13?
- 3) How many arrangements transferred out over the last three months and why?

Other questions?

- Record keeping - do you have records of AML, where documents of title are held, bank reconciliations etc.
- Work-flows - can you demonstrate adherence to service standards, expectations for investment returns/key decision dates and income drawdown reviews?

Miscellany:

Asset classes

In light of the various requests for asset splits within Sipp schemes from both the FCA and HMRC, it would be a good idea to have an industry standard that provides guidance and defines asset classes to enable investments within pension arrangements to be recorded and reported on consistently.

- | | | |
|----|------------------------------------|-----|
| 1. | Agree | 93% |
| 2. | Not strong view one way or another | 3% |
| 3. | Disagree | 4% |

Miscellany:

NSI asset valuations

Do you think it would be helpful to have a universal member-directed pensions sector guidance and approach to the valuation of non-standard investments?

- | | | |
|----|------------------------------------|-----|
| 1. | Agree | 88% |
| 2. | Not strong view one way or another | 4% |
| 3. | Disagree | 7% |

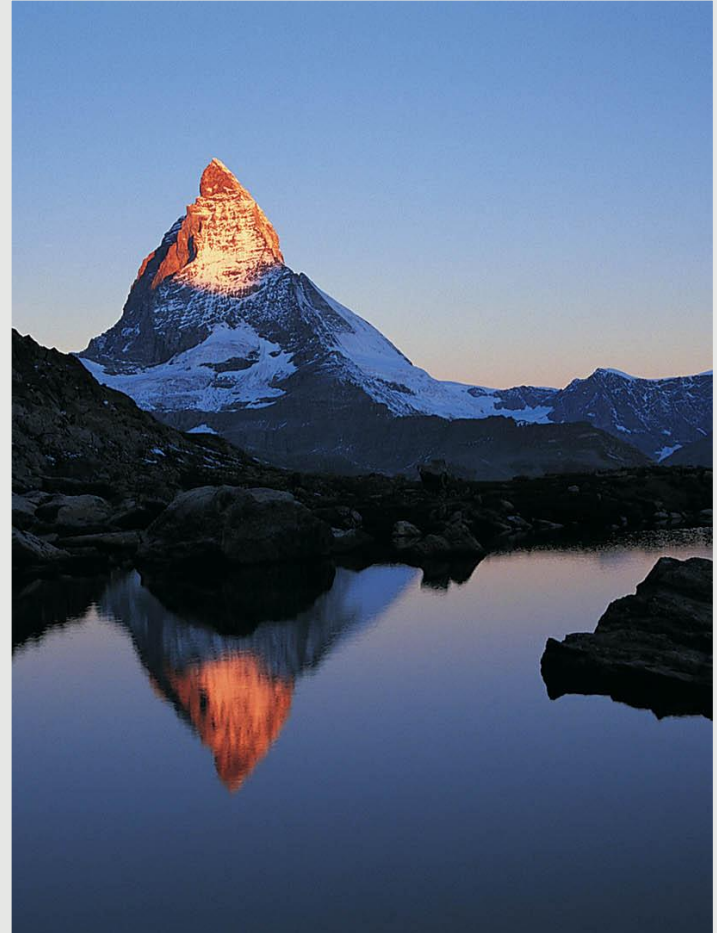


Kevin Jack

kevin.jack@enhancesolutions.co.uk

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2nd Floor, The Market House
14 Market Square, Winslow, Bucks, MK18 3AF



CP13/5 Review of the client assets regime for investment businesses

What does it mean for your firm?

Ian Cornwall - Director of Regulation

Agenda

1. An Introduction to the WMA and its members
2. CASS politics
3. CASS – Current state of play
4. CP – feedback issues arising
5. Next steps

Wealth Management Association & its members

- 183 member firms
- 114 are wealth management firms and stockbroking firms providing execution-only, advisory and discretionary services to individuals, charities and trusts
- In 2012 member firms managed £548 billion
- Servicing 4 million retail investors – 6.5 million accounts
- 69 associate members including the main UK market makers, leading law and accountancy firms, settlement providers and other companies operating in the wma sector

CASS politics

- Very 'hot' topic!
- HMG - review of CASS – Lehmans and MF Global
- HM Treasury influenced FSA to set up a CASS unit – supervisors and policy staff combined within the FCA's markets division
- Increase in regulation - hence CP
- Regulation addressing issues in complex business models spill over to simple business models
- Does increased regulation increase protection?
- Integrity of accounting records key driver

CASS Current state of play

- Very 'hot' supervisory topic
- More S166 reports issued for CASS than any other topic
- Supervisors approach – total compliance with the rules
- Is there anything that could prevent an Insolvency Practitioner promptly returning client assets and client money?
- CASS audits –tightened up – disciplinary action taken against auditors – materiality NOT a factor in forming their opinion

*Providing Assurance on Client
Assets to the Financial Services
Authority*

2011
October

2011/2

BULLETIN

The Auditing Practices
Board

Practical problems encountered when evaluating reconciliations

- Compliance with the CASS Rules concerning the frequency of reconciliations and the use of judgment where the Rules require reconciliations to be performed “as regularly as is necessary” (note that the standard method for internal client money reconciliations requires these to be performed daily).
- The reliability of data used in the reconciliations and the integrity of the source systems from which the data is extracted.
- Poorly implemented system changes resulting in errors and/or omissions in the reconciliations.
- An excessive number of manual corrections and entries on the reconciliations, caused by poor systems and processes in place.

Practical problems encountered when evaluating reconciliations - 2

- Bank accounts incorrectly being included in, or omitted from, the client money reconciliations (such as corporate accounts being included and dormant client bank accounts being omitted).
- The alternative approach being adopted without pre-approval and sign off by the CASS auditor in accordance with the CASS Rules.
- Client money “buffers” incorrectly being incorporated into the client money reconciliations.
- Staff at the firm lacking an understanding of the CASS Rules with respect to reconciliations.
- A failure to consider the implications of reconciling items and to escalate issues to an appropriate level of management in the firm.

Practical problems encountered when evaluating reconciliations - 3

- Lack of documentation of the approval and oversight of the reconciliation process and lack of challenge on the accuracy.
- The reconciliations being performed by a person involved in the recording or movement of assets, resulting in a lack of segregation of duties.

Why was a CP needed?

Each proposal is intended to address a particular risk identified in firms or clarify an existing requirement.

Collectively these proposals aim to enhance the FCA's client assets regime to achieve better results for consumers (both wholesale and retail) and increase confidence in financial markets.

Feedback to the CP

- Large number of lengthy responses
- Policy statement due Q1/Q2 2014
- New rules from 1st January 2015?

General concerns

- CASS rules derived from MIFID – no reference as to how the proposals are compatible with MIFID in the CP.
- Banking reform legislation will introduce ‘ring faced’ banks. Timing of any proposals should link to the timings of the new banking legislation.
- CP poorly drafted – there are a number of examples where the narrative text in the CP does not accurately reflect the content of the proposed detailed rules.

Speed proposal

- A series of proposals are designed to speed up the return of client assets and money.
- Main problem is not rules related – quality of accounting records at the time of a firms default.
- Unclear as to whether or not the proposals increase the potential level of claims on FSCS

Transfer of client assets

- Proposals are designed to facilitate the swift transfer of client assets from the default firm to another firm.
- Unclear the extent to which all types of transfers have been considered e.g. ISAs and HMRC rules.
- Clarify the obligations of authorised firms where transfer rules apply – are there obligations at law on trustees that could conflict with the final proposal.
- Clients need to be repapered?

Payment of interest on client money to clients

- The proposed rules read as if client can only receive interest on client money on an 'all or nothing' basis.
- FCA have confirmed this is not their policy intent – then why change the rule?

Unclaimed client money and client assets

- Lengthy proposals as to how unclaimed client assets and client money can be transferred to charity.
- SIPP environment very few accounts where contact has been lost with the beneficiary.
- Proposals do not extinguish the liability to the beneficiary.
- Proposal appear to create a contingent liability which could impact on a firms capital requirements.
- Issue needs to be addressed by legislation not by the FCA amending the Handbook.

CASS 7.4 - A firm's selection of a bank

- FCA have not taken the opportunity to clarify the rules – which do not work!
- CASS rules define deposits – do not reflect how deposits are disclosed in a bank's financial statements.
- CASS rules refer to capital not defined.
- CASS 7.4.9 (5) requires a firm to consider, *'to the extent that the information is available, the level of risk in the investment and loan activities undertaken by the BCD credit institution or bank and affiliated companies'*
- Operationally, firms may find it difficult to *'appropriately diversify the third parties with which it deposits client money'*,

Prohibit unbreakable term deposit

- No assessment in the CP of increased costs to clients.
- No recognition of benefits in the CP.
 - Higher interest payments
 - Returns locked in
- Banks can allow a break in the event of a firm's default.
- Recognise use of term deposits should be carefully monitored and controlled.

Monitoring payments and receipts on a cleared basis

- A number of the proposals suggest that firms need to establish systems to monitor the clearance of payments and receipts.
- System costs not addressed in the CP.
- Our discussions with the FCA suggests that this is not their policy intent – seeking further clarification.

Standard acknowledgement letters

- Welcome concept.
- Onerous proposals on firms to check authority of bank to enter into the agreement.
- Review letters annually and when changed – what constitutes a change?
- Unclear how rules apply to overseas institutions.

Other issues

- Registration of firm's stock in the same name as that in which legal title to client safe custody assets are registered or recorded – treatment of dealing errors
- Frequencies of custody reconciliations – too prescriptive
- Defining terminology – 'immediately' correcting an error
- Cost benefit analysis –
 - not consistent with the actual rules
 - in many cases repapering of clients may be required – not reflected in the cost benefit analysis

CP - overriding message to firms

- Cumulative effect of the proposals is to make firms very risk averse in respect of client money.
- The FCA appears to be trying to eliminate risks rather than ensuring firms manage risk.
- Unintended consequences for credit institutions?

Next steps

- Focus on existing rules
- Very difficult to predict content of the resultant policy statement and the timing of any proposals
- WMA detailed response can be found at
 - www.thewma.co.uk
 - News – WMA Consultations



Client Assets Oversight and Senior Management Engagement

28 November 2013

Noline Matemera
Senior Associate
Stephenson Harwood

- The CF10a role
- What is expected of a CF10a?
- CF10a- Doing the job
- CF10a and senior management engagement
- Case-study

- CF10a is a SIF and required function
- CF10a responsible for:
 - overseeing overall CASS effectiveness
 - reporting to governing body of that oversight
 - completing and submitting CMAR

What is expected of a CF10a?

- The role requires:
 - Understanding CASS flows, systems and processes
 - Understanding the control framework including audit, risk and compliance
 - Developing and maintaining appropriate MI
 - Ongoing CASS training for employees
 - Understanding CMAR, CASS breaches and other reporting requirements
 - Understanding third party relationships affecting CASS
 - Effective communication and reporting to the governing body
 - Ongoing engagement with the FCA

- Think about:
 - Proper operation of client money bank accounts
 - General and designated client bank accounts
 - “holding and controlling” versus “safeguarding and administering”
 - CASS and bare trustees
 - Due diligence on suitability of new physical assets and third party banks/custodians
 - Internal and external reconciliations
 - Standard and alternative approaches
 - Records of physical assets held by operator
 - Client asset audit reports
 - Soundness of overall record-keeping arrangements

- A CF10a is expected to report to the Board on:
 - Appropriate MI on CASS breaches, control failures etc
 - Development, implementation and monitoring of all CASS-related policies, procedures etc
 - The risks across the firm that may impact CASS effectiveness
 - Promoting and championing of CASS initiatives, training etc
 - Adequacy of resourcing necessary for proper CASS oversight
 - Compliance with CASS record-keeping obligations

- **Ensure effective CASS systems and controls through:**
 - Board level engagement with CF10a holder
 - Appropriate oversight of CASS issues within the firm
 - Promote and champion CASS initiatives, policies, training etc
 - Up to date knowledge of CASS MI, breaches, control failures, key man risks etc

CF10a and Senior Management Engagement

Case Study



Any Questions?????

- Please feel free to ask questions on any of the subject matters from this session.



Speaker Feedback

Kevin Jack

Please rate content

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Speaker Feedback

Kevin Jack

Please rate delivery/presentation

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Speaker Feedback

Ian Cornwall

Please rate content

1. Excellent
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Speaker Feedback

Noline Matemera

Please rate content

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Speaker Feedback

Noline Matemera

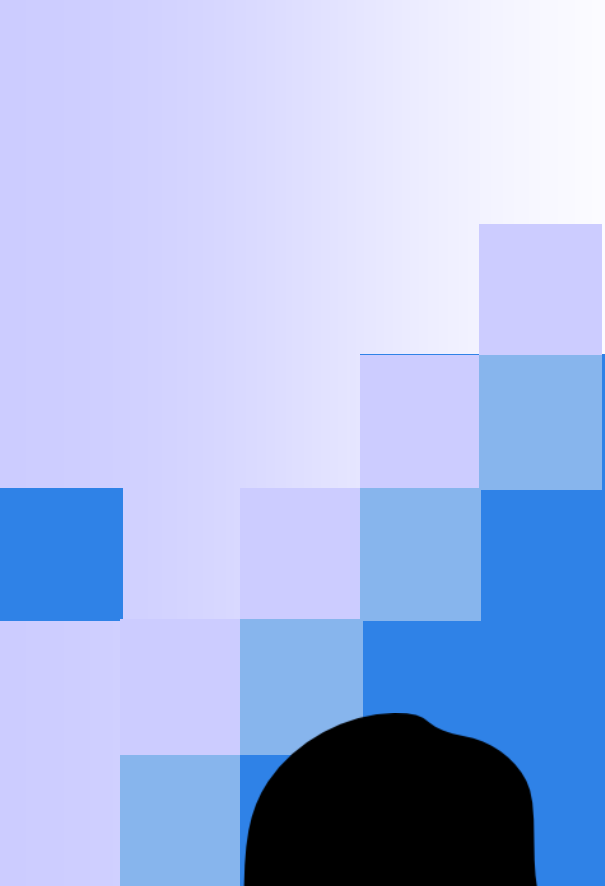
Please rate delivery/presentation

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor

Refreshment Break

Lunch is now being served in the foyer.
Thank you to our sponsors for this event.





Financial Crime:

Is it just a SIPP thing?



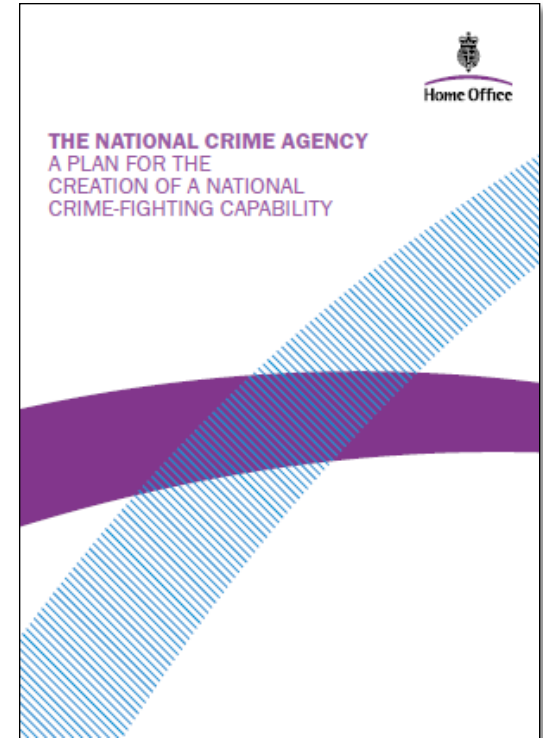
Rod Lowson
National Crime Agency

Economic Crime Command

NCA Overview and Response to
Pensions Liberation Fraud

The National Crime Agency

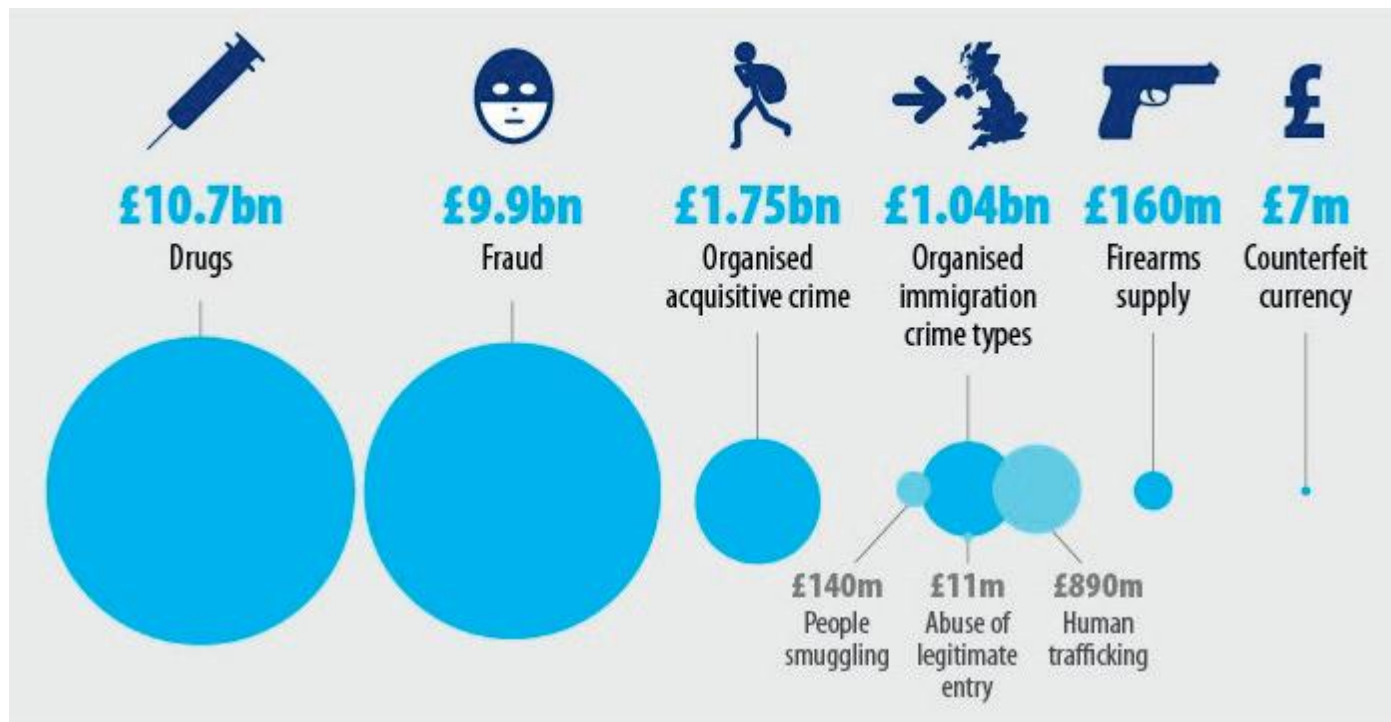
- **Multi agency working**
- **Organised Crime Command**
- **Border Policing Command**
- **Child Exploitation and Online Protection Centre**
- **Economic Crime Command**
- **National Cyber Crime Unit**
- **Intelligence Hub**



Challenges of the Economic Crime Command

- High volume
- £73 billion
- £10 billion linked to organised crime
- Difficult to investigate
- Cyber element



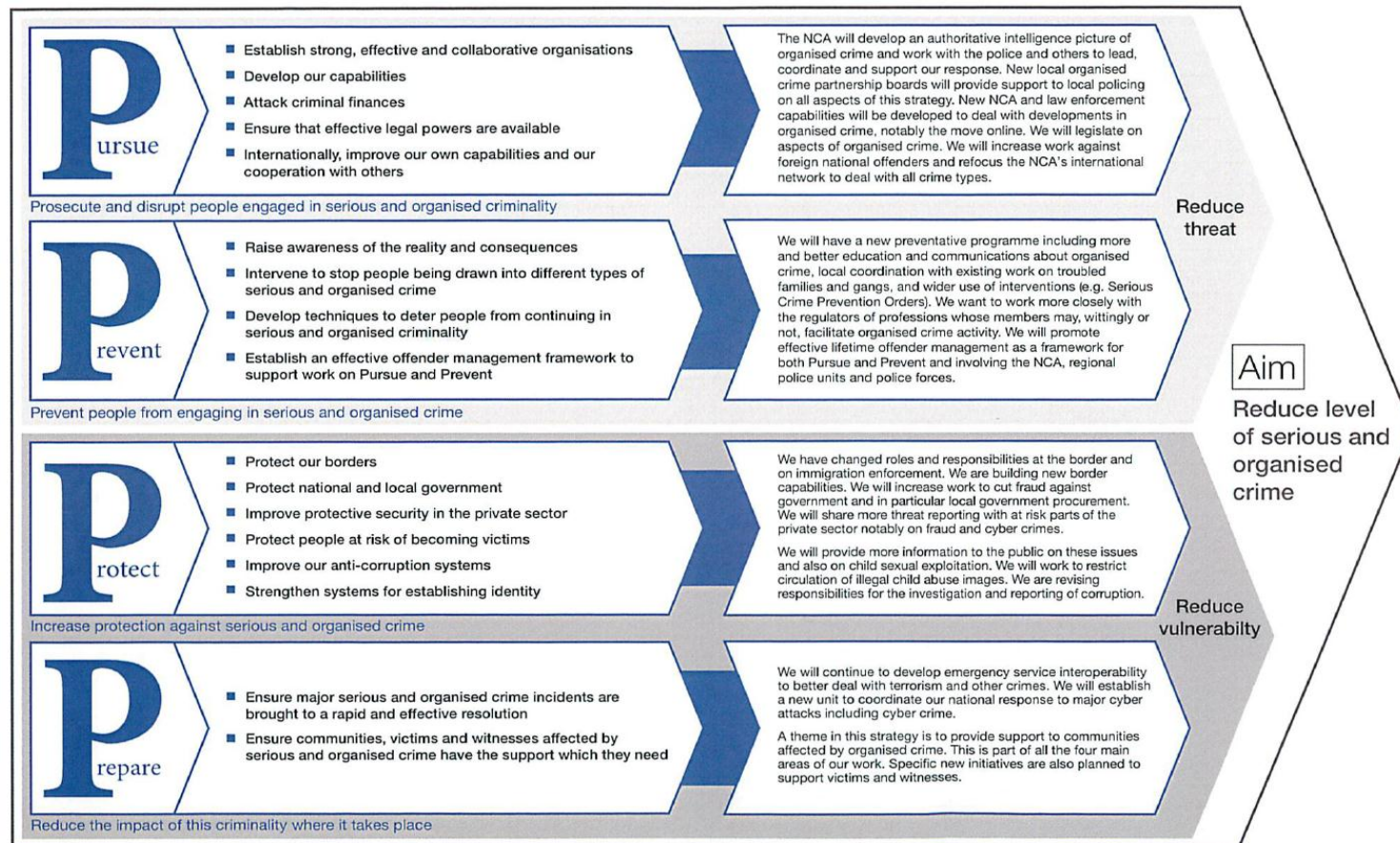


Our approach

- Improve sharing and use of intelligence
- Increase capacity and effectiveness of law enforcement
- Increase activity on prevention



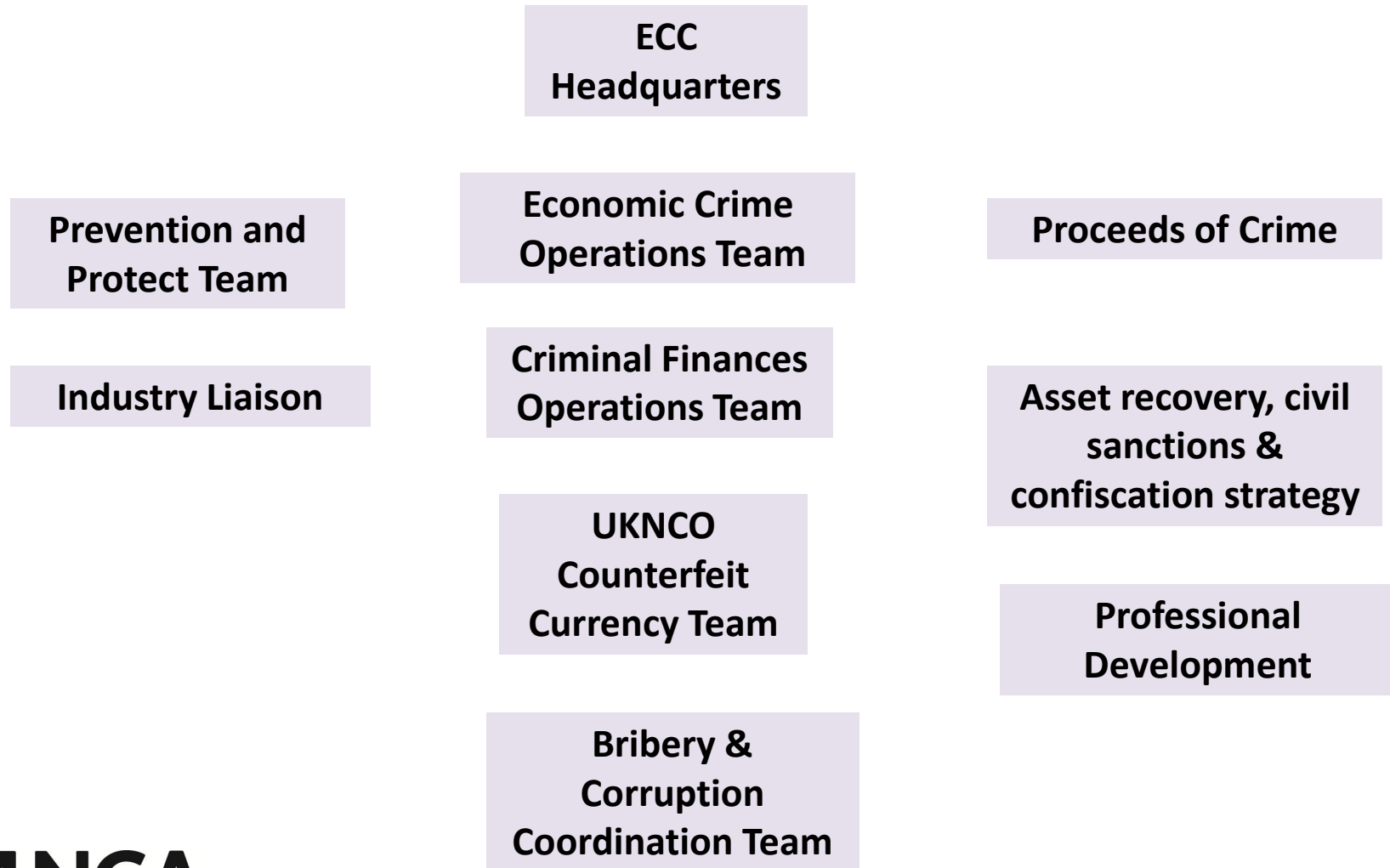
Serious and Organised Crime Strategy



Partnership



ECC Team Structure



ECC Threats - Priorities

- **Fraud against the private sector**
- **Fraud against the public sector**
- **Fraud against the individual**
- **Money laundering of proceeds of crime**
- **Bribery and corruption within the financial sector**
- **Cyber-enabled economic crime**
- **Evasion of financial sanctions**
- **Identity crime**
- **Market abuse / insider dealing**
- **Intellectual property crime**
- **Fraud against the charity sector**
- **Production of counterfeit currency**

Protecting the public

- **Lead operations against the most dangerous criminals**
- **Develop and maintain a full and accurate picture of the economic threat**
- **Mobilise a culture of education and prevention**
- **Ensure that parallel sanctions of criminal prosecution and recovery of losses are available to victims**
- **Build a full and detailed picture of assets**
- **Further professionalise the response to economic crime**

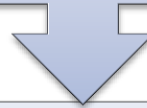
The future landscape

- **Coherent**
- **Less fragmented**
- **Working collaboratively**
- **Sharing intelligence**
- **Project Bloom as an example**

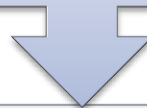
Pensions Liberation Fraud



Accessing pension money before age 55



Without being properly advised of the tax consequences (up to 75% of entire pension)

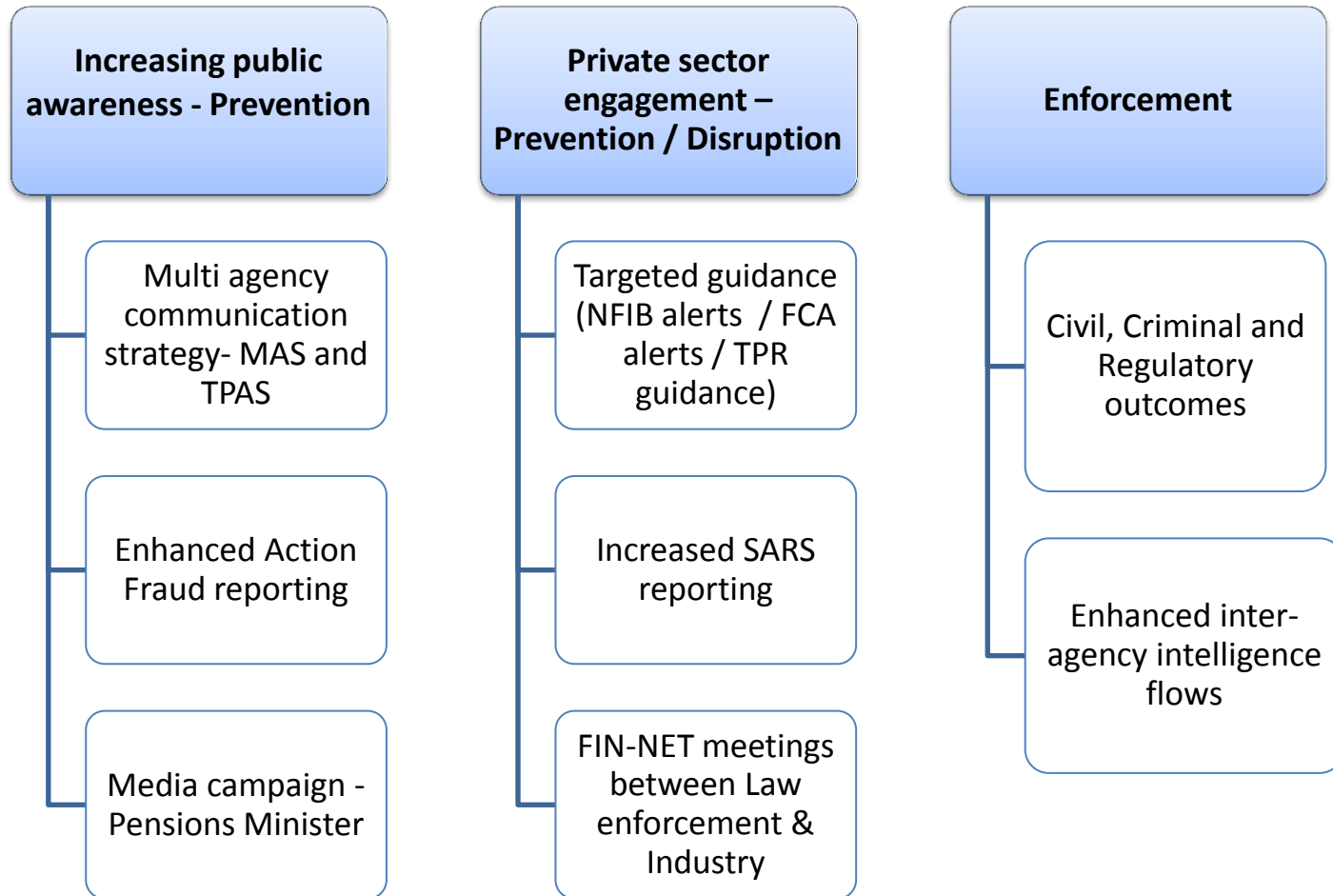


Remainder of pension is invested in illiquid, high-risk or non-existent assets.

BLOOM

- **Brought to NCA partners by SFO**
- **Mapping of the methodology**
- **Identification of enablers / target pinch points**
- **Multi-agency proactive response plan**
- **NCA leads multi-agency delivery group (BLOOM)**
 - **Partners include TPR, FCA, HMRC, DWP, SFO, NFIB, Action Fraud, Police Partners and ICO.**

Pensions Liberation Fraud – BLOOM



BLOOM (Key Points)

- **Understand methodology**
- **Develop multi-agency response**
- **Co-ordination of activity across partners**
- **Enforcement challenging and not only solution**
- **Use other techniques (NCA website redirections)**
- **Change process (HMRC registration of schemes)**



Financial Crime:

Current MLRO experiences and actions

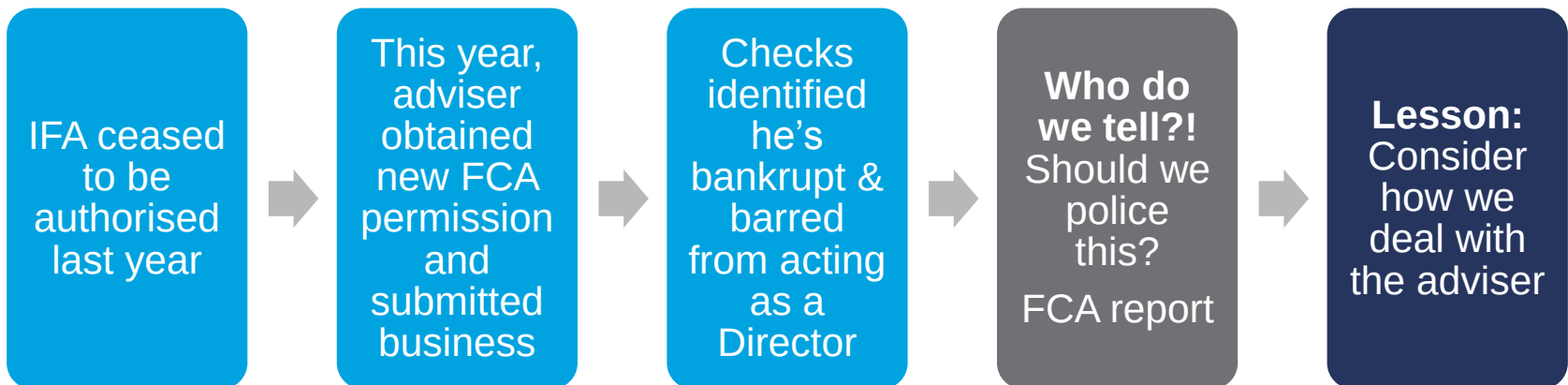
A change for the worse?

- Financial crime: a sign of the times?
- Thematic review: “systems and controls ... to minimise the risk .. [of] financial crime”
- Personal responsibility falls on MLROs
- Are we proactive or reactive?
- Who do we report to?
- What lessons do we learn?



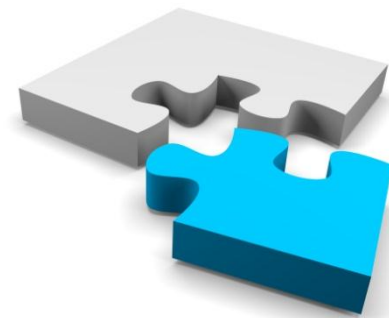
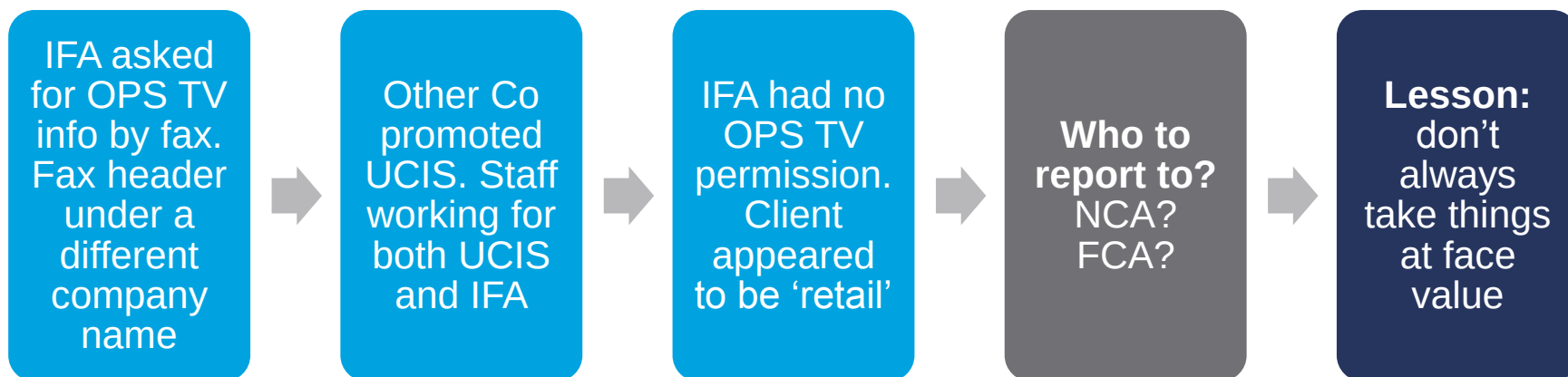


Adviser fitness & propriety



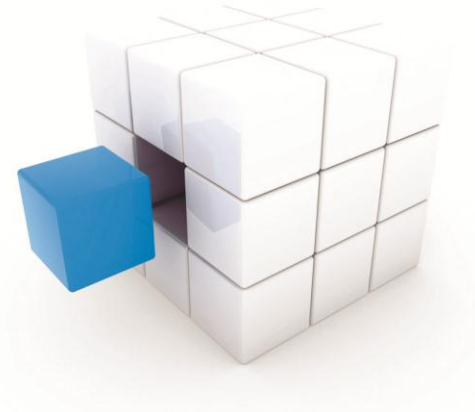
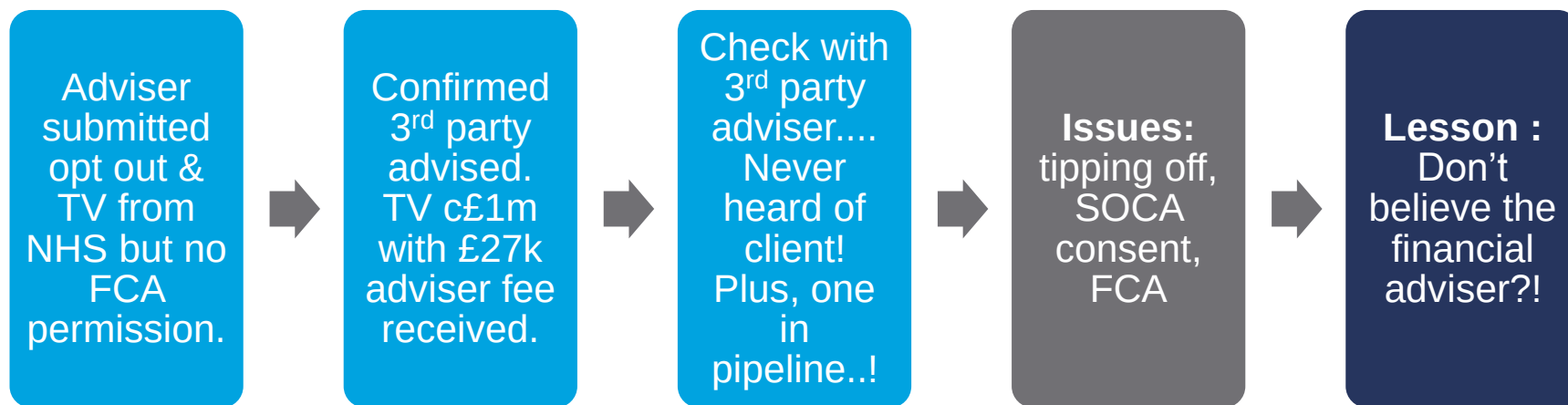
Financial crime risk: possible fraud, mis-selling for financial gain

Perimeter & UCIS promotion



Financial crime risk: misrepresentation (perimeter breach), fraud

Adviser fraud



Financial crime risk: misrepresentation (perimeter breach), fraud

Censured/banned adviser



Adviser censured by FCA in Aug 2012. Would have been fined £70k but claimed hardship.



Evidence suggests he's meeting our SIPP client whilst working for another firm.



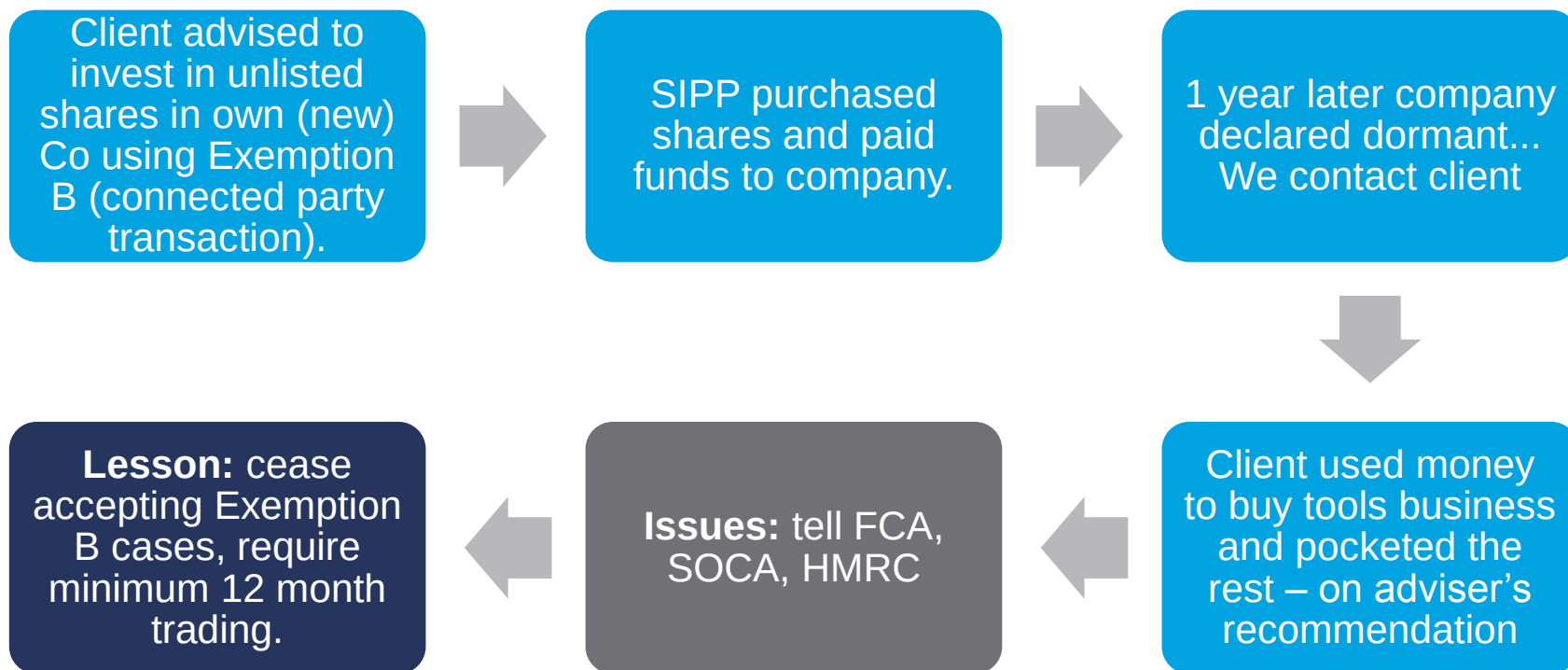
Issues: check with firm? Tell FCA??



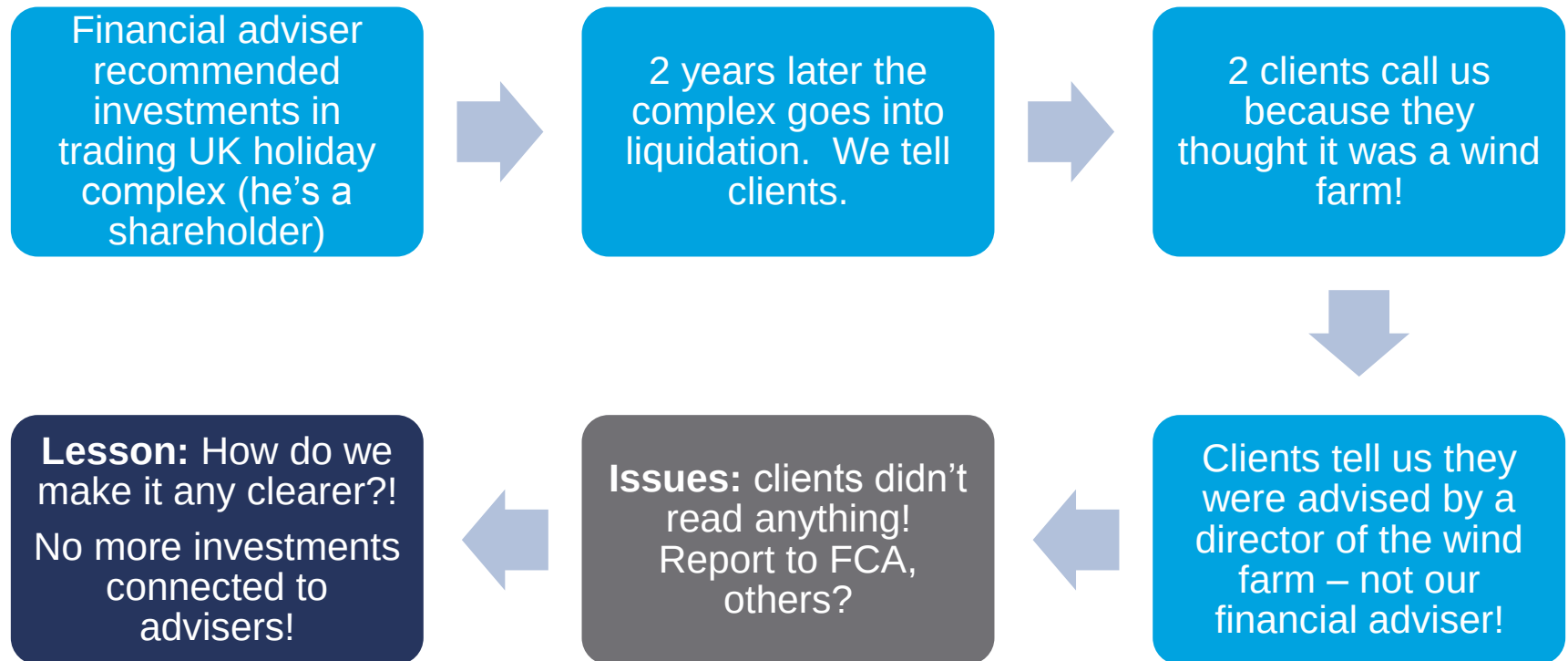
Lesson: check an adviser's authorisation as CF30.

Financial crime risk: possible perimeter breach

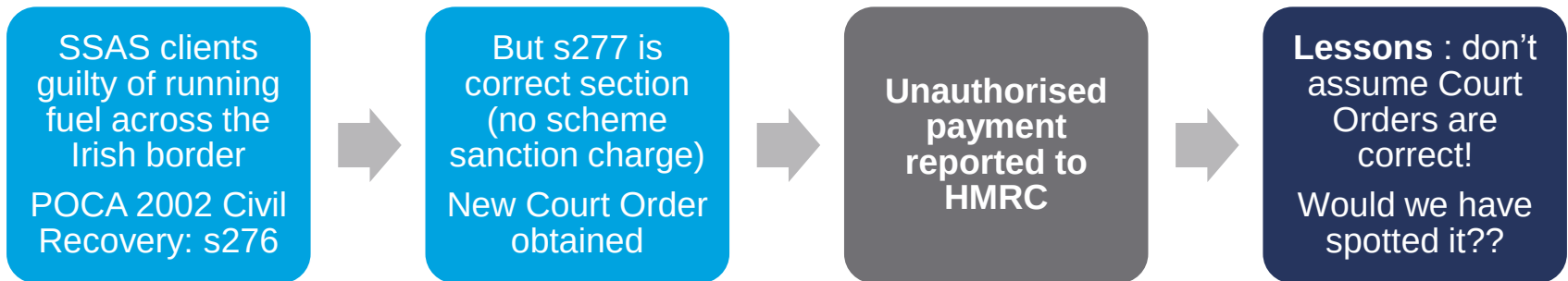
Liberation



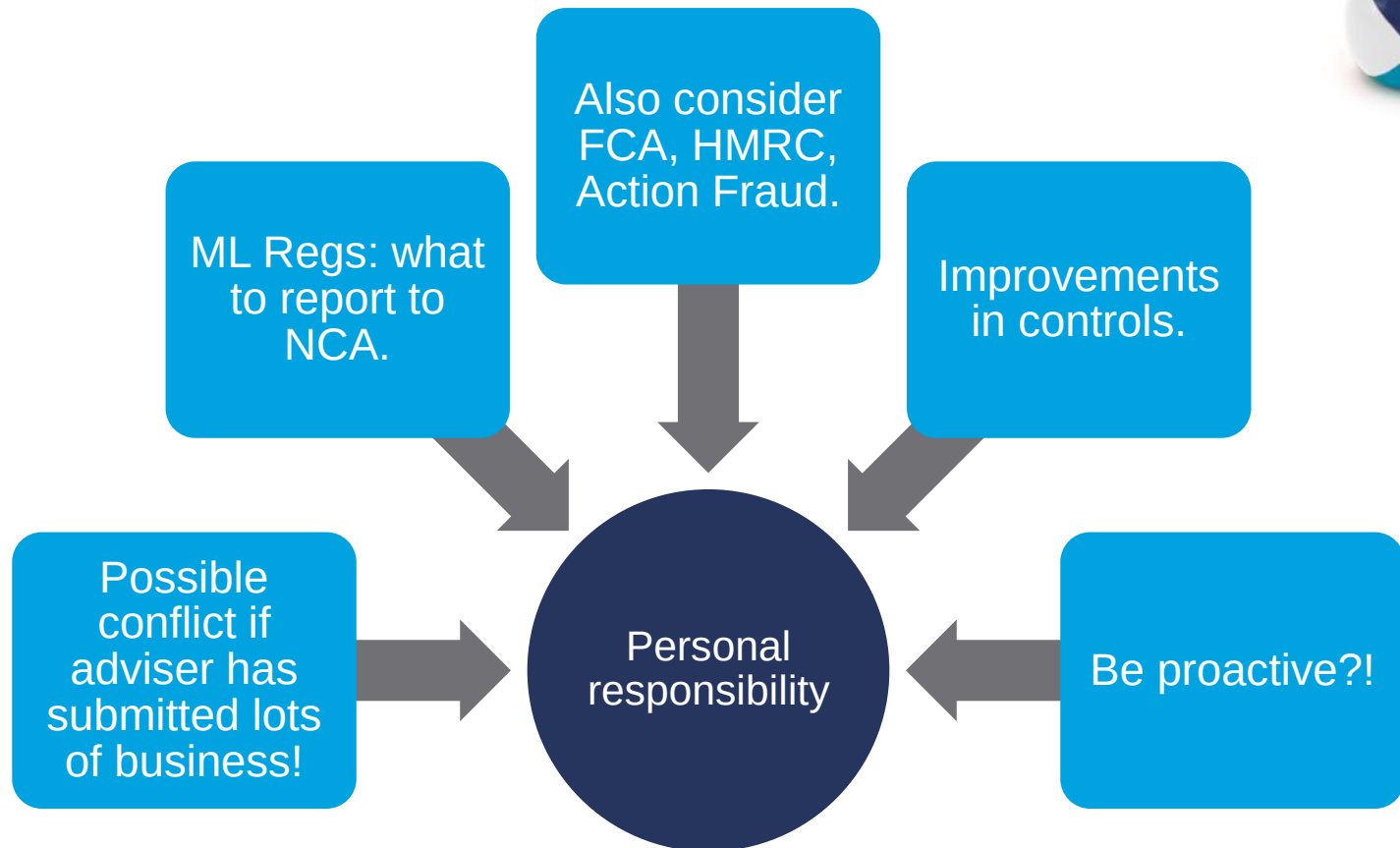
Misrepresentation



Don't forget Civil Recovery

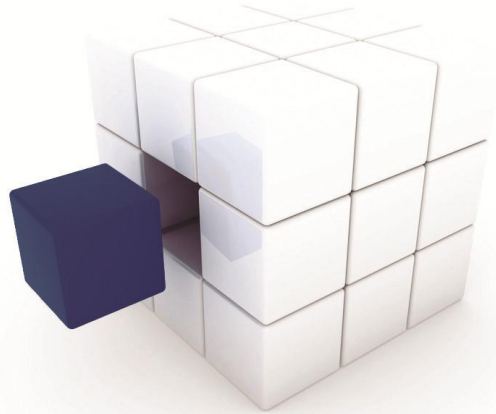


The MLRO's duties



Thank you

- Any questions?





Speaker Feedback

Rod Lawson

Please rate content

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor

Speaker Feedback

Rod Lawson

Please rate delivery/presentation

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor

Speaker Feedback

Joanne Hull

Please rate content

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor

Speaker Feedback

Joanne Hull

Please rate delivery/presentation

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Any Questions?????

- Please feel free to ask questions on any of the subject matters from this session.

Refreshment Break

Tea & coffee is served in the foyer.

Thank you to our sponsors for this event.





HM Revenue
& Customs

Pension Scheme Registration and Scheme Transfers Processes

Daniela Paul

28 November 2013

Pensions Tax Relief

Pensions tax relief is provided so that these savings are used to provide an income in later life for the member.

The cost of this tax relief was nearly £35bn in 2011-12

By the time someone retires, over half their pension fund may consist of tax relief.

Therefore the Government's primary aim is to protect individuals with pension savings so those savings are available to provide them with an income later in life.



Tackling Liberation

HMRC is committed to combating pension liberation activity

HMRC's aim is to detect, deter and disrupt pension liberation and those who promote it

We are working closely with other government departments/agencies and the pension industry to take action to prevent pension liberation and preserve pension savings.

HMRC has and will continue to raise the profile of the dangers of pension liberation to deter individuals from liberating their pension.

The recent changes are part of a continuing strategy to combat pension liberation, and we will not hesitate to make further changes if necessary.



Pension Scheme Registration

HMRC has made the pension scheme registration process more robust by moving away from a 'process now, check later' approach.

Scheme registration is no longer confirmed on successful submission of the online form.

This enables HMRC to conduct detailed risk assessment activity before making a decision on whether or not to register a scheme.



Risk Indicators

Obviously we won't disclose our HMRC risk rules however, these will be frequently reviewed and updated to reflect changing nature of pension liberation

Some indicators may include:

- The tax affairs of the scheme, its administrator or members are currently under consideration by HMRC for matters relating to pensions liberation
- HMRC have reason to suspect the scheme has made or proposed investments that have previously been used to release assets from a pension scheme
- The scheme demonstrates one or more of the warning signs set out in The Pension Regulator's pension liberation fraud awareness leaflet
- The scheme or administrator or establisher is linked to a website that could be viewed as offering early access to tax free cash



Transfer Requests

Transfers between schemes are a key component of pension liberation arrangements.

To help scheme administrators HMRC has revised the process for responding to requests for confirmation of the registration status of the receiving scheme.

Under this new process HMRC will respond to requests for confirmation of the registration status without seeking consent from the receiving scheme.

HMRC will only provide confirmation where the receiving scheme is registered and the information held by HMRC does not indicate a significant risk of the scheme being used to facilitate pension liberation.



HMRC Responses for Transfers

HMRC's response will be based on information available to us at the time and is intended to help the scheme decide whether to make a transfer.

It shouldn't be the only check that the scheme carries out and relies on.

The scheme should make further checks to satisfy themselves before making a transfer.

Any confirmation provided is **not** to be taken as a recommendation of a scheme or product by HMRC.



Confirmation Response

Response 1

HMRC confirms that at this time, both of the following apply:

- the receiving scheme is registered with HMRC and is not subject to a deregistration notice, and
- the information held by HMRC does not indicate a significant risk of the scheme being set up or being used to facilitate pension liberation



Cannot Confirm Response

Response 2

HMRC only provide confirmation of registration status when both of the following apply:

- the receiving scheme is registered with HMRC and is not subject to a deregistration notice, and
- the information held by HMRC does not indicate a significant risk of the scheme being set up or being used to facilitate pension liberation

At this time one or both of these conditions does not apply. HMRC is therefore unable to provide the confirmation you have requested.



How are the changes working?

Initial feedback from the Industry suggests that the changes are working well, with no significant delay in registrations.

The backlog of transfer requests are now being dealt with under the new process, and all requests have now had a letter issued – either to the requesting scheme or the scheme administrator of the receiving scheme (if further information is required).

It is too soon to provide any statistics on the success of the new processes, but we hope to provide an update in the New Year.

HMRC welcome any feedback that you may have.





HM Revenue
& Customs

Thank you

Key developments for KFIs

AMPS Compliance Workshop
28th November 2013



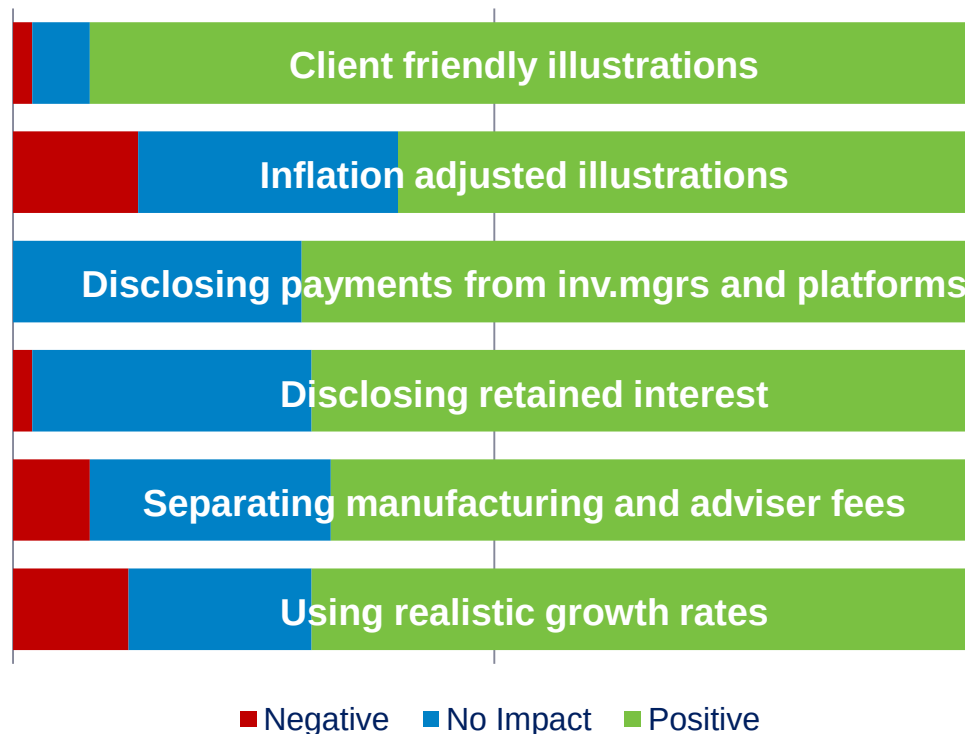
Nigel Chambers, CEO

Headline topics

1. Customer Friendly Illustrations

2. Realistic Growth Rates by asset class

Impact on clients?



All statistics sourced from CTC survey



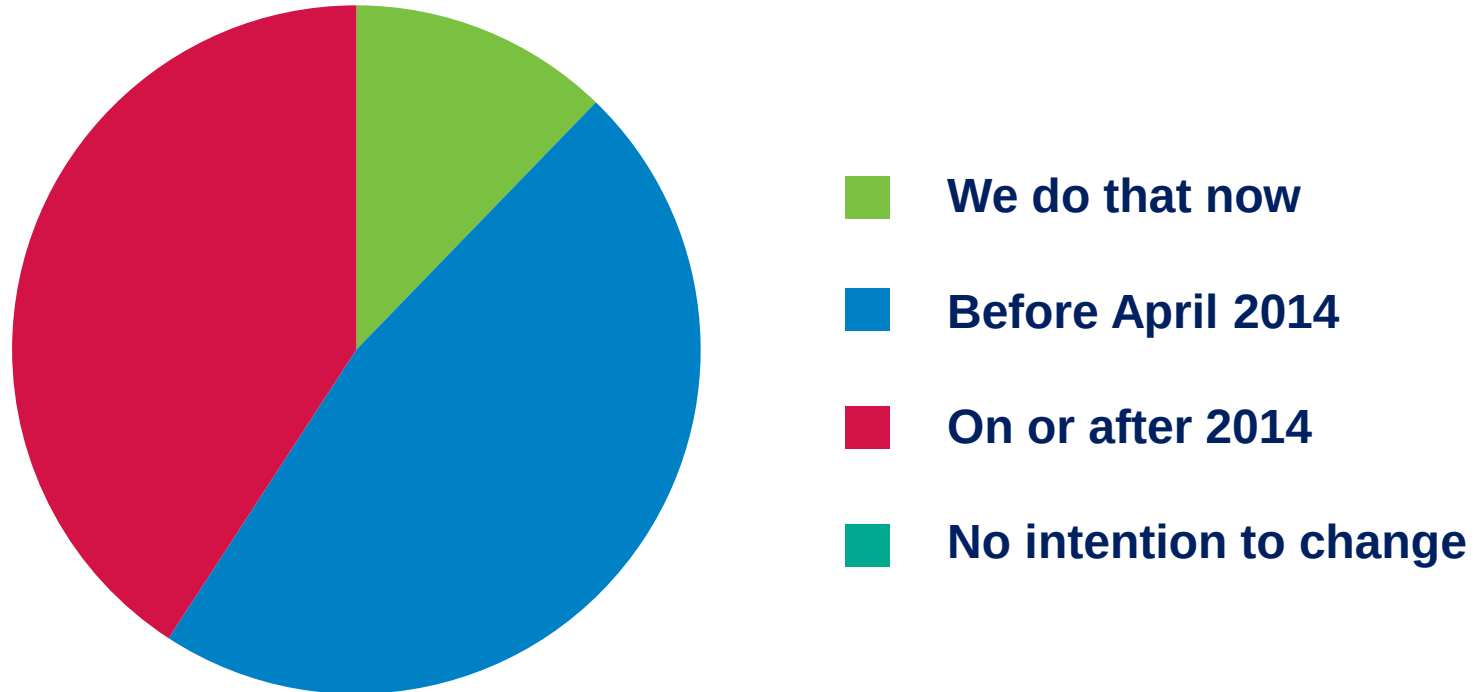
Question –

When do you intend to introduce client friendly illustrations?

- | | | |
|----|-------------------|-----|
| 1. | We do that now | 39% |
| 2. | Before April 2014 | 24% |
| 3. | After April 2014 | 18% |
| 4. | No Intention | 18% |



Our survey said



More precisely the survey question was –

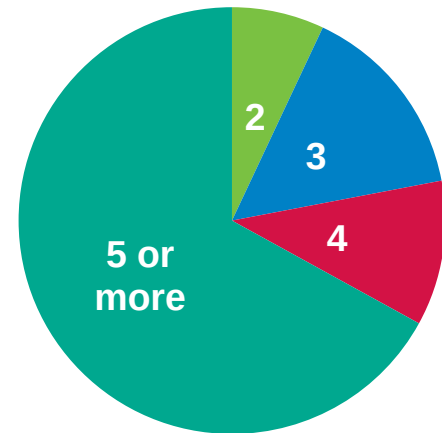
When will you introduce inflation-adjusted client friendly illustrations (as described in PS13/2)?



What does client friendly mean?

- Take account of target market
- Plain language
- Avoid duplication – KFIs and KFDs
- KFI – key product information
- Cross reference
- Avoid unnecessary disclaimers
- Modern approach, typography and layout
- KFI – short, four pages or less

Embedded into COBS



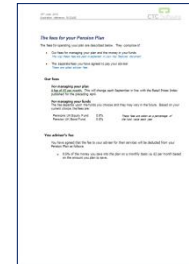
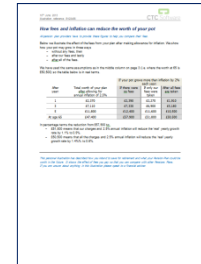
KFI average length
(pre-retirement)

Other current changes

- +/- 3% flanking
- Inflation adjusted
- Realistic growth rates
- Annual and lifetime allowance
- DWP
 - Alignment KFI and SMPI
 - Online

Implementing client friendly (and all other regulations)

- Tweak or afresh?
- Drawdown?
- Before April?
- Pilot?



Opportunity to improve adviser/client experience and reduce costs

- Online?
- Adviser access?
- Adviser control?

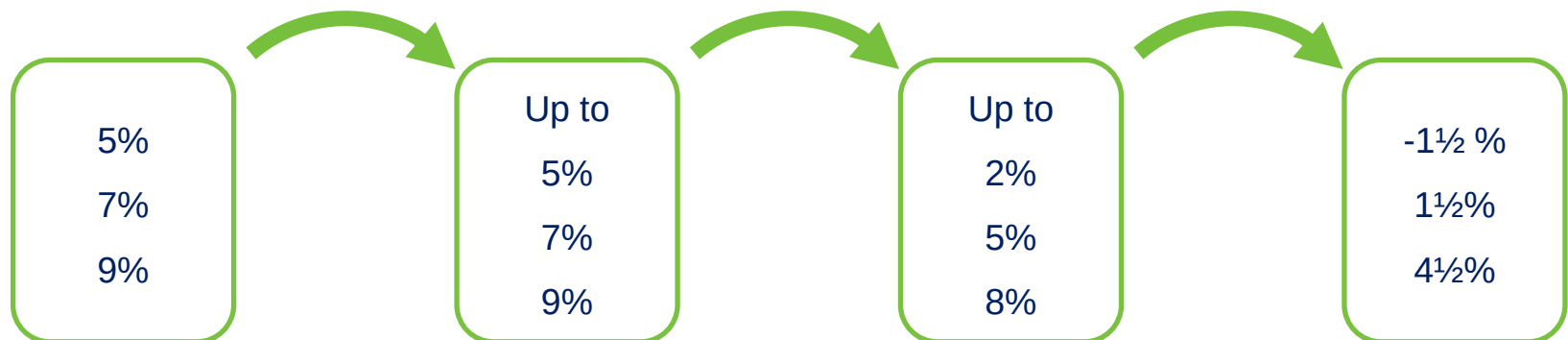
Increasing trend to provide advisers access online
Also permitting advisers to select rates
(CTC Survey)



Headline topics



Reminder – how did we get here...



Question –

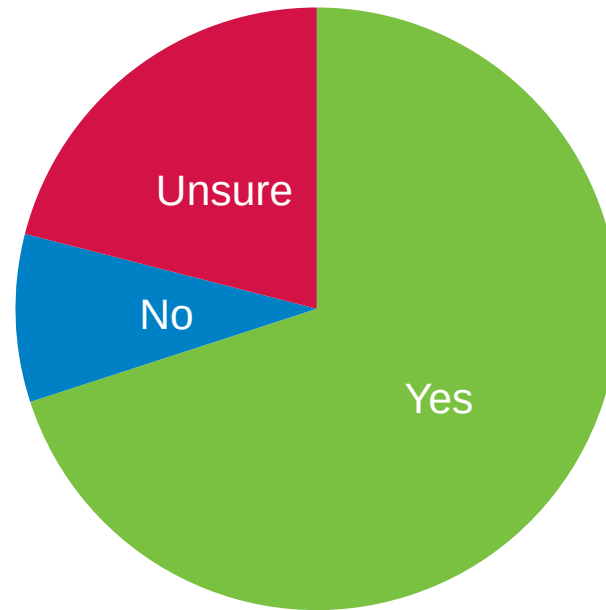
Do you believe there should be a standard for realistic growth rates by asset class?

- | | | |
|----|--------|-----|
| 1. | Yes | 95% |
| 2. | No | 0% |
| 3. | Unsure | 5% |



Do you believe there should be a standard for realistic growth rates by asset class?

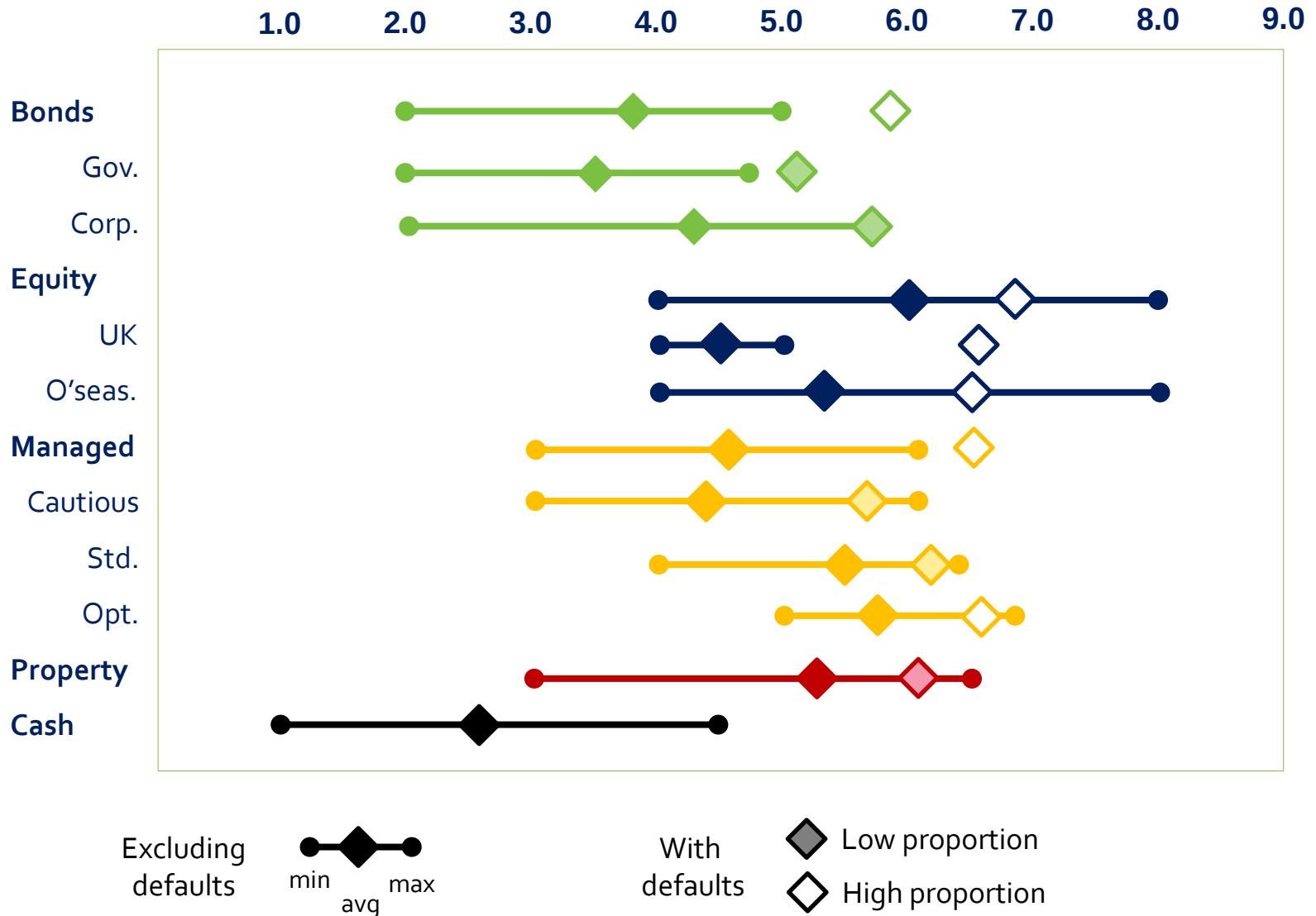
Our survey said...



- 55% provide for 3 or more asset classes (realistic rates)
- Practise of rate selection by advisers is disparate
- 25% believe they have been selected against (based on rates)



Current realistic growth rates in use



CTC Rate service

- Today – one-off exercise, no knowledge of type of SIPP provider
- Detailed results available for download from CTC website in December
- Demand for on-going service
- On-going service from CTC
- Repeated quarterly
 - Keep to same asset classes
 - Analysis on type of providers
- Signed confidentiality and terms of use
- Subscription based service

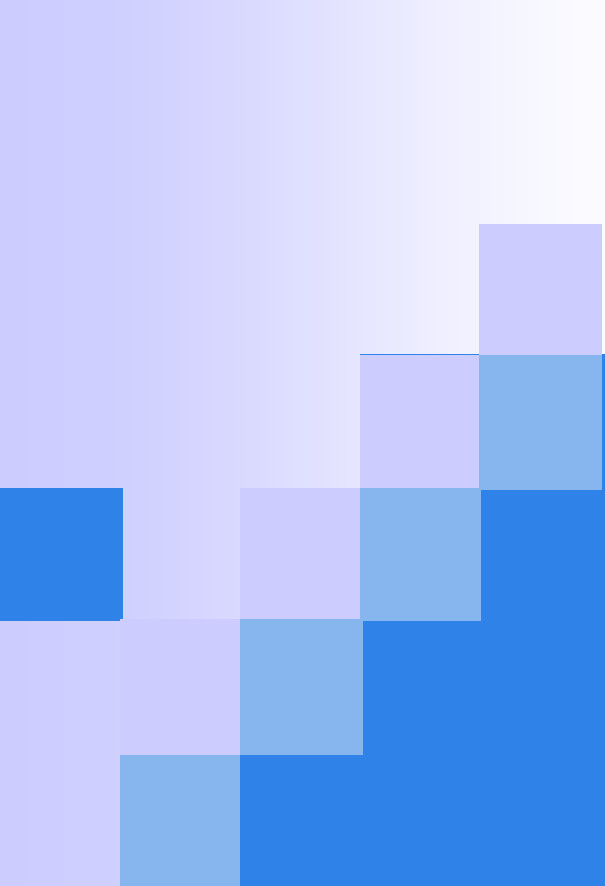


Key developments for KFIs

AMPS Compliance Workshop
28th November 2013



Nigel Chambers, CEO



Open Q&A

Facilitator: Geoff Buck
AMPS committee member



Speaker Feedback

Daniela Paul

Please rate content

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Speaker Feedback

Daniela Paul

Please rate delivery/presentation

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3. Good
4. Average
5. Poor



Speaker Feedback

Gareth Hiron

Please rate content

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3. Good
4. Average
5. Poor



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Speaker Feedback

Nigel Chambers

Please rate content

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5. Poor



Speaker Feedback

Nigel Chambers

Please rate delivery/presentation

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3. Good
4. Average
5. Poor



Speaker Feedback

Geoff Buck

Please rate time management

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Any Questions?????

- Please feel free to ask questions on any of the subject matters from this session.



Chairmans Close

Please rate this new trial seating layout

1. Excellent
2. Very Good
3. Good
4. Average
5. Poor



Chairman's Close

- Thank you for your attendance.
- Thanks to the AV crew & Amayzed team.
- Feedback comments online – link will be emailed.
- CPD will be emailed.
- Safe journey.

Sponsor Thank You

Thank you to our sponsors for this event.

