



Investment Forums R2

Compliance Update

November / December 2024

Forward financial thinking

REGULATORY
EXPERTISE

BUSINESS
SUPPORT

FINANCIAL
TECHNOLOGY



Learning Objectives

01

Summarise the main tasks for firms and advisers under SM&CR

02

Describe the findings from our Advice Quality Unit on the quality of ongoing advice services

03

Identify priorities and expectations for firms following the latest FCA Portfolio Strategy Letter

Which regulatory regime is 5 years old on 9th December?





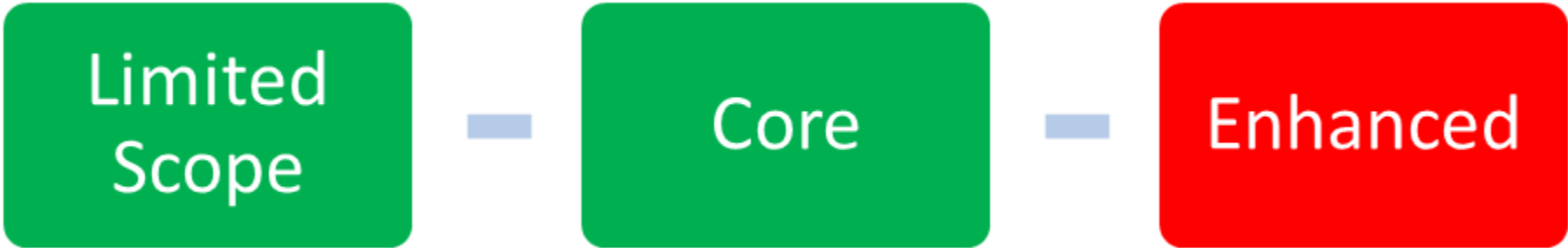
Senior Manager and Certification Regime



A refresher



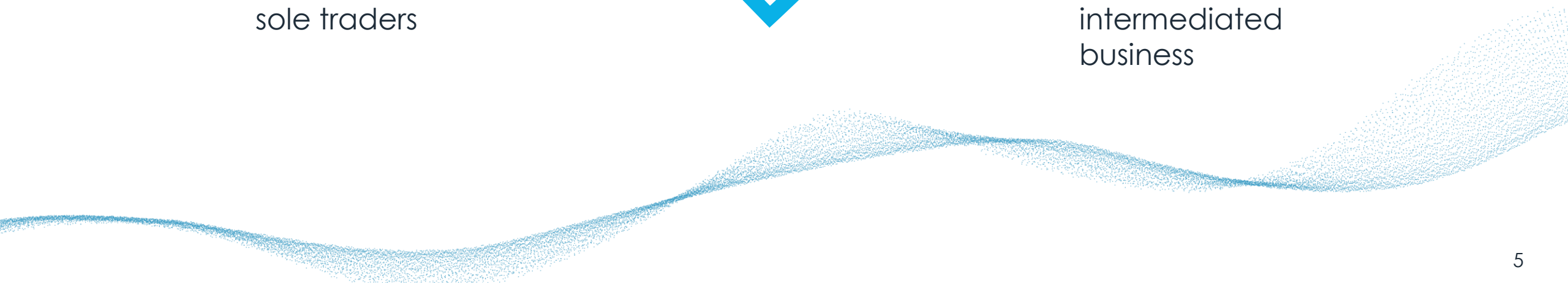
What is your firm type?



Unincorporated
sole traders



£35m +
intermediated
business





What are the key tasks for Senior Managers?

- Each Senior Manager must be assessed as FIT annually
- This applies even if you are a sole Director
- Fitness and Propriety
 - Financial Soundness
 - Honesty and Integrity
 - Competence and capability

Compliance | POLICY SENIOR MANAGERS & CERTIFICATION REGIME

Appendix 8

FIT assessment for Senior Managers.

Name of Senior Manager and Functions		
FIT Review	Yes - No - N/A	Comments
Criminal Records check viewed		
Credit check obtained		
Declaration of Fitness and Propriety including any supporting documents		
Companies House check made		
Are responsibilities relevant to the role		
Competencies demonstrated through the firm's MII		
Have responsibilities changed		
Conduct Rules training completed		
Have any breaches of the Conduct Rules occurred*		
Board Meeting Attendance		
Any other matters of concern arising		
Does this assessment cover certified persons activities		
If so, have individual KPIs been reviewed against the role		
Have the Certified Functions changed?		
Any other comments		
<small>*explain in here how competency has been attained/trained.</small>		

Date:

Signed off by:



Senior Managers Regime in action - 2024

CD annual monitoring and board report

- Has this been done?
- Business KPIs assessed
- Audit findings actioned

Reporting up to date, e.g. FIN073

Senior Manager Conduct Rules updated - New CR for CD

RIA publication

- Evidence of assessment based on firm activities
- File review findings - what action has been taken

Awareness of your ongoing SMF16/17 requirements



Question and Answer – Senior Managers

- **What is a statement of responsibility (SoR)?**

A SoR is a single document that every Senior Manager will need to have, clearly setting out their role(s) and responsibilities.

- **What are prescribed responsibilities?**

Specific responsibilities that must be allocated to SMs. They apply to core firms, but not to a limited scope firm.

- **What would be required when appointing a new Senior Manager?**

All Senior Managers must obtain prior approval by the FCA (Form A) with Fit & Proper checks undertaken (including regulatory reference requests/criminal record check)



Certification Regime



A refresher

What are the key tasks under the Certification Regime?

- All investment advisers will be Certified Persons
- It is the responsibility of the firm to assess the certified person as **fit and proper (FIT)** for the role(s) they carry out at least annually.
- Certified Persons deemed to be FIT should be issued with a **certificate**.
- Certified Persons should appear on the '**Directory**'.

Certificate

FIT AND PROPER

awarded to

In recognition that this individual is fit and proper to carry out the following Certification Functions:

- Functions requiring qualifications including
 - Pension Transfer Specialist
 - Retail Investment Adviser
 - Mortgage Adviser
 - Equity Release Adviser
 - Advising on long-term care insurance contracts
 - Managing Investments in a discretionary capacity
 - Advising and Dealing in Securities
- Client-dealing function
 - Paraplanner (**exceptional circumstances only**)
 - Retail Investment Adviser
 - Managing Investments in a discretionary capacity
- Managers of certification employees
 - Supervisor (**not themselves a Senior Manager (SMF)**)

In the capacity of their role as [insert job role] at [firm name], which involves providing [insert regulated activities] to retail clients.

Name of Senior Manager: Date:

Next renewal date:

(NB* Certificate should be signed by the Senior Manager that holds the prescribed responsibility for the Certification Regime)

V2 October 2020



Question and Answer – Certification Regime

- **Would an administrator/paraplanner need to be certified?**

No, it is unlikely that this role will require certification. An exception might be where the non-advising individual uses a significant amount of discretion, e.g. the ability to decide on the outcome or construct the firm's centralised investment proposition.

- **When does a trainee need to be certified and added to Directory?**

Where you have assessed them as FIT and they start providing advice. Note - a trainee that gives advice under supervision should be on the Directory.

- **When must an adviser be added to/removed from the Directory?**

Changes to the Directory (for example someone starting or ceasing a role or an activity) must be notified within 7 business days.



Certification Regime in action in 2024

Consumer Duty monitoring

- Complaints received
- Feedback collected from clients

Advice quality

- Retirement advice inline with expectations of the RIAAT
- Check the checker

Ongoing service

- Annual reviews delivered annually
- Process in place to guarantee quality and within expectations

MANSION HOUSE SPEECH UPDATE 14TH NOVEMBER

Certification Regime as a regulatory framework is up for review, however the requirement to ensure staff are FIT and competent on an ongoing basis will remain.



SM&CR SUPPORT

- Guides available on SM&CR Hub
- Helpdesk services
 - Compliance Technical
 - Authorisations Team

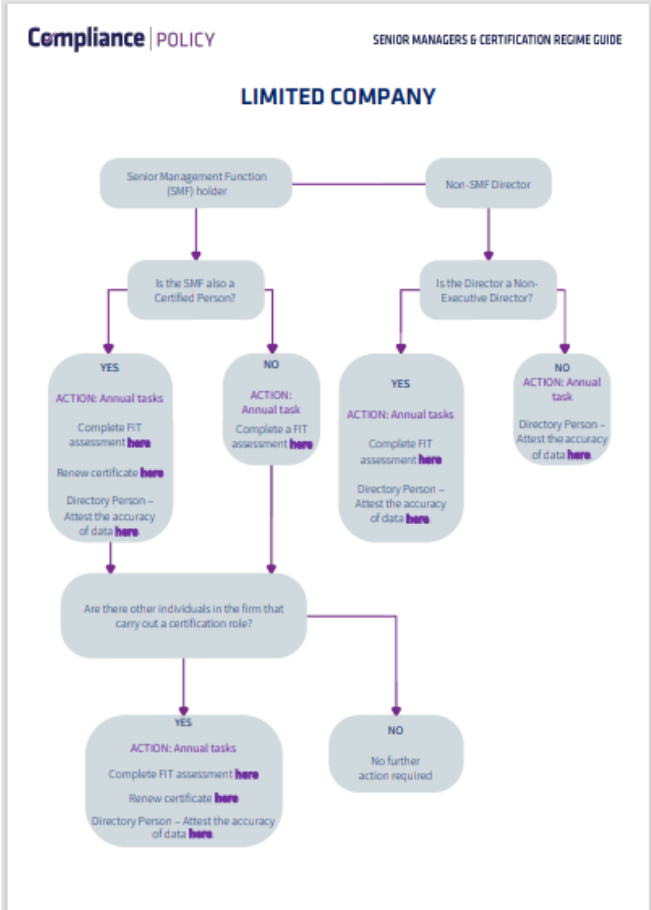


Compliance | POLICY SimplyBiz

SM&CR YOUR ANNUAL REVIEW GUIDE

YOU SHOULD USE THIS GUIDE TO ENSURE YOU ARE SATISFYING YOUR ANNUAL SM&CR AND DIRECTORY PERSON RESPONSIBILITIES. THIS GUIDE HAS BEEN DESIGNED TO PROVIDE A SIMPLE AND STRAIGHTFORWARD ACCOUNT OF THESE REQUIREMENTS AND TO PROVIDE YOU WITH ACCESS TO THE WIDER SUPPORTING MATERIAL WE MAKE AVAILABLE.

WARNING: FAILURE TO ACT COULD RESULT IN REGULATORY ACTION AND ADMINISTRATION COSTS.





Ongoing Service observations



Including AQT feedback



Good practice

- ✓ An ongoing service process flow document describing what is expected of advisers (with adviser forums encouraged in larger firms)
- ✓ Clients reminded periodically what should be covered in ongoing reviews
- ✓ Back-office systems that can identify and flag where reviews were missed
- ✓ Up-to-date fact-find information, with adequate soft facts
- ✓ Evidence of revisiting client objectives
- ✓ A clear indication of all assets and expenditure



Poor practice

- X** Firms taking fees where no service is delivered
- X** Large number of ongoing service client and a lack of capacity analysis
- X** Facilitating withdrawal instructions without any context or explanation
- X** Ongoing service without a tangible benefit
- X** Client file documentation not up to date, e.g. fact-find, product research
- X** No evidence of suitability reports being issued



Self-assessment questions

- Are you up to date with your ongoing reviews?
- Do you have this data available to evidence?
- Can you spot non delivery and manage risk?
- Do you have the resource to deliver the required number of reviews?
- Do you monitor the quality of the ongoing advice service delivered?
- Do you have a disengagement policy?
- When would you consider a refund?

CMC targeting firms on ongoing service

- Can be very frustrating
- Content often misleading and inaccurate
- **Must follow correct regulatory process**
- **Compliance Helpdesk can support**
- We have raised concerns with FCA
- You can report lack of integrity





A look ahead to 2025



Portfolio Strategy Letter



Portfolio Strategy Letter

- Sent out on 7th October
- Important reading for all Senior Managers
- Discuss contents in your next Board Report
- Focus on sector sustainability
- FCA plan to increase industry engagement

FCA FINANCIAL CONDUCT AUTHORITY

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www.fca.org.uk

7 October 2024

Dear CEO/Director,

FCA's expectations for financial advisers and investment intermediaries

We are writing to you because your firm's primary business is financial advice or investment intermediation. This letter provides a summary of our priorities, our expectations of you, and the work we intend to do.

Firms like yours play a vital role in helping consumers make complex financial decisions. The support provided is significant, with 4.4 million consumers paying for financial advice last year. However, we know most people do not access traditional channels of support. This can deprive them of valuable help and the economy of investment.

As we look to the future, we expect the sector will continue to evolve. This is likely to be driven by, among other things, ageing consumer and adviser populations, the transfer of wealth, a shift from defined benefit to defined contribution pensions, geopolitical and climate uncertainty, interest rates, industry consolidation, technology advancements, and regulatory requirements.

This presents opportunities for firms to grow and serve new markets. It also poses challenges and risks, which could lead to harm to consumers and the market. We want to work with you to ensure consumers receive consistently good outcomes from a sector which is sustainable and well placed for the future. We also want to empower more consumers to manage their finances.

To help achieve this, our priorities over the next two years are to:

1. **Reduce and prevent serious harm** – with a focus on retirement income advice, ongoing advice services, ensuring the 'polluter pays', and consolidation. These are explained below.
2. **Monitor and test higher industry standards under the Consumer Duty** – you should be able to evidence your firm has implemented the Duty and complies on an ongoing basis.
3. **Enable more consumers to pursue their financial objectives through the Advice Guidance Boundary Review** – we encourage your firm to actively engage with us on the review and consider the opportunities it may provide to better support your clients.

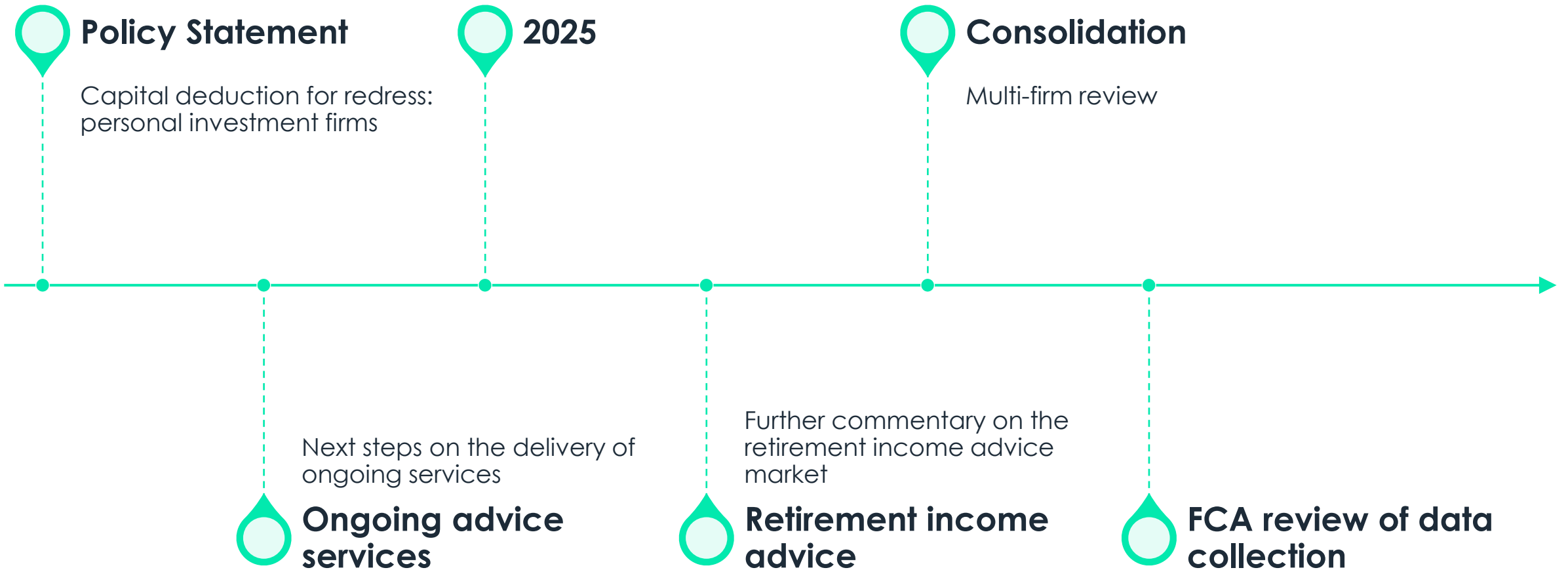
Our priorities will be underpinned by:

- **Increased industry engagement and collaboration** – we want to engage with you to gain insights into the issues and challenges you see, help shape our future regulatory proposals, and share our expectations. We will increase our engagement across the country, including through in person events and keynote speeches.
- **A forward-looking and data-led approach** – our aim is to maximise the power of data within the sector. We recognise we are in a unique position, with access to data from firms across the sector. This can provide valuable insights to firms and the wider industry, including on the sector's current position, its sustainability, and how it is likely to change. As part of our engagement, we will proactively seek views on what insights would be most useful to share. This will focus on data that is easily accessible to minimise the burden on firms. We expect to follow by issuing a survey to firms next year to obtain these insights and aim to start retiring the collection of less valuable data.

Registered as a Limited Company in England and Wales No. 1520523. Registered office as above.



Key Takeaways for Firms





A note from the Helpdesks



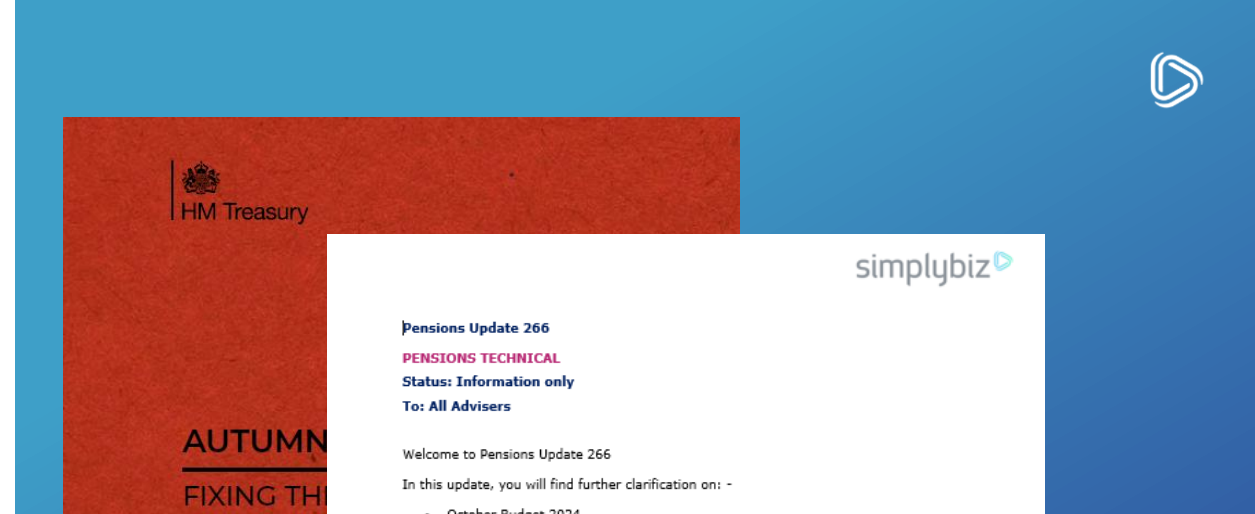
The Autumn Budget

Key planning issues to be aware of:

- IHT and Pensions – April 2027
- CGT rate increase (non-residential) - immediate
- BPR reform including AIM portfolios – April 2026

Queries:

- **[Tax and Trusts Helpdesk – 01484 443385 - taxes@simplybiz.co.uk](tel:01484443385)**
- **[Pensions Helpdesk – 01484 439126 - pensions@simplybiz.co.uk](tel:01484439126)**



Pensions Helpdesk

With the dawning of pensions freedom, the landscape here has become ever more complex. Guided by our Pensions Specialist, Keeley Paddon, the team will be able to tackle all your pension related queries such as annual or lifetime allowance issues, carry forward, Drawdown, divorce and all HMRC or DWP related questions.

Helpdesk number 01484 439126

Email pensions@simplybiz.co.uk

[PENSIONS DOCUMENTATION >](#)



Tax & Trusts Helpdesk

Tax and Trusts are complex and require delicate management. Whether you are well-versed in this area or simply wanting to establish your boundaries, the team, headed by Martin Pickles is available to offer advice that will provide added peace of mind. The team can also assist with your questions such as investment bond gains and IHT mitigation.

Helpdesk number 01484 443385

Email taxes@simplybiz.co.uk





Statement of Professional Standing

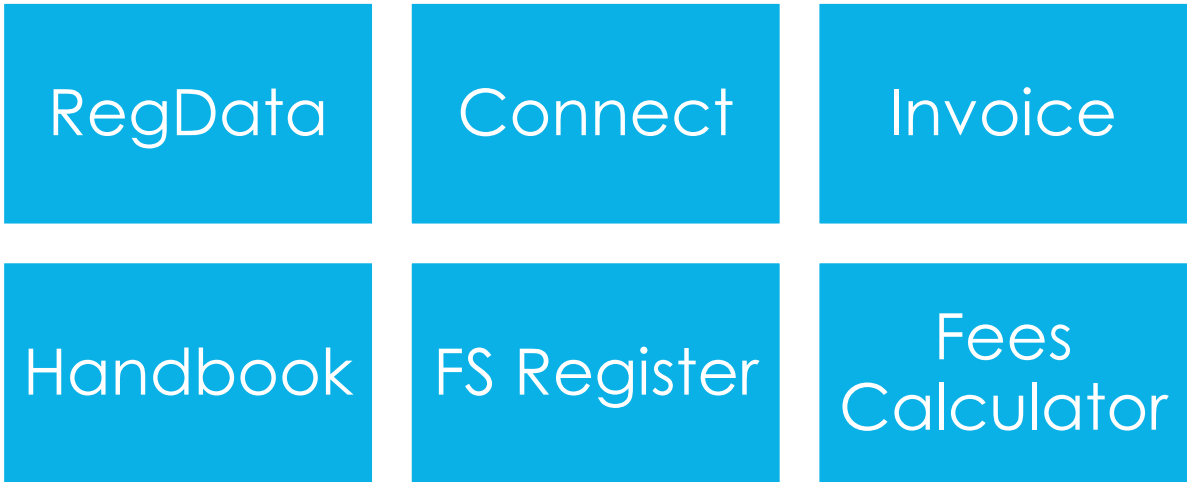
- Increase in breaches observed
- Reminders going into 'junk mail' - not a robust process
- Can have serious implications
- Be aware - Chartered Banker Institute no longer issuing from January 2025 – you can transfer.





Any good news?

A pending release by the Regulator - 'MYFCA' PORTAL



Schedule of NEXT TASKS AND DEADLINES

- RMAR 6 monthly
- CONNECT Directory Person Attestation
- AD HOC DATA SURVEY.....
-



A reminder of our services that can
support you





Designed to protect you and your business

**Advice Quality Unit
(including check the
checker)**

**Annual review
Assessments**

**Retirement Income
Advice Reviews**

**Governance, Risk and
Control Audits**

**Training,
Competence and
Certification Service**



Learning Outcomes

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Simplybiz

We deliver more value and control to financial professionals.

Combining regulatory expertise with the most comprehensive technology platform in the market, we help financial professionals operate more effectively.

Who we are

Award winner in business and regulatory support for retail financial services.



Part of Fintel plc, the leading provider of fintech and support services to the UK retail financial services sector

What we do

We help over 30% of the directly authorised intermediary market to operate more effectively.

- Delivering more income, freedom and control to financial professionals.

How we do it

An integrated compliance and technology platform.

- Delivering cost and tech driven efficiencies
- Flexible services adapted to your needs

