



Financial Advice Market Review (FAMR)

Expert Advisory Panel – Terms of Reference

Scope

The Review will consider the current regulatory and legal framework governing the provision of financial advice and guidance to consumers and its effectiveness in ensuring that all consumers have access to the information, advice and guidance necessary to empower them to make effective financial decisions.

The Review will also consider the interplay between the regulatory framework for advice and the role of the Financial Ombudsman Service (FOS) and the Financial Services Compensation Scheme (FSCS) in redress. The initial evidence gathering will have a broad scope before narrowing down to consider those areas where the so called advice gap may be most acute.

The Review will also seek evidence from consumers about the barriers they face in seeking advice; the value they place on it and how easy it is to understand where advice can be found and what it means.

The Review will be jointly led by HM Treasury and the Financial Conduct Authority.

Objectives

The Review will examine

- the advice gap for those people who want to work hard, do the right thing and get on in life but do not have significant wealth;
- the regulatory or other barriers firms may face in giving advice and how to overcome them;
- how to give firms the regulatory clarity and create the right environment for them to innovate and grow;
- the opportunities and challenges presented by new and emerging technologies to provide cost effective, efficient and user friendly advice services; and



- how to encourage a healthy demand side for financial advice, including addressing barriers which put consumers off seeking advice.

Role of the Expert Advisory Panel

The Panel will operate independently and feed into the work of the Review by:

- providing background guidance to the Review team on the financial advice market and the way it is shaped by current business practices, customer needs and regulation;
- responding to the public consultation, providing challenge and acting as a sounding board on specific themes relevant to the review and the final recommendations; and
- providing ongoing support to those parts of the final recommendations that require stakeholder engagement

Outputs

In addition to assisting the Review team by providing access to background information from a cross section of relevant market participants, it is envisaged that the Panel would help inform the Review's recommendations through the following key outputs:

1. Submitting a response to the Call for Input, including a summary of the key areas of discussion of the panel. The consultation will be public, so it is anticipated that a wide range of financial advice market participants (including panel members) and other relevant stakeholders will also respond individually.
2. Providing input and challenge to the Review team to help them test and refine the Review's proposals during and following market consultation, as well as providing on-going input on potential market impact.



3. Providing advice on any implementation plan to support those parts of the final recommendation requiring active stakeholder engagement or ownership.
4. Providing feedback on the Review's outputs later in the process.

Membership and structure

The Panel will comprise of senior industry leaders representing the supply side (firms) and the demand side (customers) of the financial advice market. The expert panel will be chaired by Nick Prettejohn, Chairman of Scottish Widows.

All members will act in a personal capacity rather than represent the views of their firm/organisation and are expected to contribute with a view to furthering the interests of the financial advice market as a whole.

The Panel will have its own secretariat, separate from that of the main Review. Members of the Review team may be invited to join all or part of panel meetings as observers and the chair of the panel will provide regular progress updates to the Review team.

Accountability

The Panel is independent from the main Review and does not carry out responsibilities on behalf of HM Treasury or the Financial Conduct Authority.

The Panel will also publish its response to the call for input and information will be presented in such a way that it is not attributable to individual members.

Confidentiality

There will be a duty of confidentiality imposed on all Panel members. Panel members may be exposed to sensitive information as part of Panel discussions. Confidentiality is obviously extremely important and, while it is understood that Panel members'



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staff may see some documents connected to their work as a Panel member, unnecessary involvement of third parties in handling this material is strongly discouraged.

In all cases where third parties see Panel documentation, individual Panel members are expected to accept responsibility for ensuring that those third parties are aware of and respect the confidentiality and sensitivity which attaches to the Panel and to the documents in question.