

PS 11/13

Financial Services Authority

Data Collection: Retail Mediation Activities Return and complaints data

feedback to CP11/8 and final rules

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Annex 1: List of non-confidential respondents to CP11/8

Appendix 1: Final Handbook text

This Policy Statement reports on the main issues arising from Consultation Paper 11/8 (*Data Collection: Retail Mediation Activities Return and complaints data*) and publishes final rules.

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Abbreviations used in this paper

CBA	Cost benefit analysis
COBS	Conduct of Business sourcebook
CP	Consultation Paper
DISP	Dispute Resolution: the Complaints sourcebook
FCA	Financial Conduct Authority
FSA	Financial Services Authority
FSMA	Financial Services and Markets Act 2000
GPP	Group personal pension schemes
PS	Policy Statement
PSD	Product sales data
RDR	Retail Distribution Review
RMAR	Retail Mediation Activities Return
SUP	Supervision manual

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Overview

Introduction

- 1.1** In Consultation Paper (CP) 11/8 we addressed data collection issues that arise from the Retail Distribution Review (RDR) rules on Adviser Charging and Professionalism. We also set out our proposals for:
- new requirements for collection of data under the Retail Mediation Activities Return (RMAR), covering Adviser Charging revenue, payment and client numbers, and charging structure, from all firms that provide advice on retail investment products; and
 - new complaints data at individual adviser level, for use in combination with other risk indicators as an indicator of behaviour that could imply potential consumer detriment.
- 1.2** We received 52 responses to the CP. Most respondents broadly agreed that there was a need for the FSA and its successor (the Financial Conduct Authority – FCA) to collect more data in order to supervise and monitor firms’ compliance with the RDR rules on Adviser and Consultancy Charging and on professionalism, but some asked for clarification on specific issues. We contacted again all of the firms that provided our original CP11/8 cost estimates to ask if their cost estimates would change in the light of us clarifying the points they raised in Chapters 2 and 3 of this Policy Statement, and their responses are summarised in Chapter 4 on the cost benefit analysis (CBA).
- 1.3** This Policy Statement contains our final rules in Appendix 1. The instrument does not differ significantly from the consultative draft, and those changes we have made are explained throughout this paper, as we present and respond to the feedback we received to CP11/8.
- 1.4** We highlighted in the recent Financial Conduct Authority (FCA) approach document¹ that the delivery of high-quality information-gathering and business analysis would be central to the success of the FCA. We also noted in CP11/8 that the emerging risk model for the FCA

¹ www.fsa.gov.uk/pubs/events/fca_approach.pdf

is one of prioritisation, intensive supervision and early intervention. Collecting RMAR and complaints data, as outlined in this Policy Statement, will be one of the first steps towards developing this emerging risk model and FCA data strategy.

Equality and diversity issues

- 1.5 As noted in the CP, we have assessed the equality and diversity impact of our proposals and do not believe that our proposals will give rise to any equality or diversity issues. We have also assessed whether the proposals could lead to discriminatory behaviour by firms, and do not believe that they would lead firms to act in this way. We did not receive any comments on this.

Structure of this PS

- 1.6 The PS chapters cover:
- Chapter 2 – revised Retail Mediation Activities Return (RMAR);
 - Chapter 3 – new complaints data at individual adviser level; and
 - Chapter 4 – summary of the revised cost benefit analysis.

Timetable

- 1.7 The rules will come into effect on 31 December 2012.
- 1.8 As noted in the CP, firms will only need to submit data generated from 31 December 2012 onwards, as set out in the transitional rules in Appendix 1.

Who should read this PS?

- 1.9 The changes we have made to the RMAR and complaints data will be of interest to both advisers and providers active in the retail investment market. In addition, consumers and consumer bodies will be interested to know how we will use data to help with our supervision of the new regime and ensure that the new rules are properly implemented.

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Revised Retail Mediation Activities Return (RMAR)

- 2.1** In CP11/8, we said that collecting data would be an important part of our supervisory approach after 2012, helping us to mitigate the risk of poor consumer outcomes continuing in the retail investment market. In particular, we said data would allow us to assess firms' compliance with our RDR rules (such as Adviser and Consultancy Charging); help identify the firms to which we should allocate supervisory attention; and better understand the business being undertaken by firms, and whether such business posed any risks to consumers. We proposed to add new reporting requirements to the Retail Mediation Activities Return (RMAR) as follows:
- insert a new section (Section K), which will require all firms that advise on retail investment products to provide data on Adviser Charging revenue, payment and client numbers, and charging structures;
 - insert a new section (Section L), which will require all firms that provide services on group personal pension schemes (GPPs) to provide data on Consultancy Charging and fees revenue, payment methods, employer client numbers and charging structures; and
 - make minor changes to Section B (Profit and Loss account) and Section G (Training and Competence) to reflect the new definitions of adviser charge, consultancy charge, independent advice and restricted advice.
- 2.2** We received 52 responses to the CP. Over 30 responses related to some or all of the nine questions we posed in the CP in relation to the Adviser and Consultancy Charging data proposals. Most respondents broadly agreed that there was a need for the FSA/FCA to collect more data in order to supervise and monitor firms' compliance with RDR rules on Adviser and Consultancy Charging. The majority of respondents also accepted the idea of data collection through the RMAR. However, most stressed that we need to amend the data requirements and be clearer about what we expect, if reporting is to be accurate.

- 2.3 We have set out our response to these views and how we have decided to proceed in the following sections.

Proposed new RMAR reporting form – Section K

Breakdown of Adviser Charging revenue

- 2.4 In CP11/8 we proposed to collect Adviser Charging revenue, broken down by:
- type of advice (independent or restricted);
 - type of service (initial or ongoing advice); and
 - payment mechanism (directly from clients, facilitated via product providers or platforms).
- 2.5 We also stated that most firms would only provide independent or restricted advice and as such they would only need to complete sections related to either independent or restricted advice within Section K.
- 2.6 We described initial adviser charges in the draft Handbook Text as:
- ‘These are all *adviser charges* received from *retail clients* during the reporting period for services related to a *personal recommendation* that are not ongoing – i.e. the charges are for a distinct, one-off advice service. These charges may be paid as a one-off lump sum or as regular contributions over a period of time if the *adviser charge* relates to a *retail investment product* for which an instruction from the *retail client* for regular payments is in place and the *firm* has disclosed that no ongoing *personal recommendations* or service will be provided.’
- 2.7 We described ongoing adviser charges in the draft Handbook Text as:
- ‘These are all *adviser charges* received from *retail clients* during the reporting period for an ongoing service.’
- 2.8 We asked:
- Q1: Do you expect to have any difficulty in providing the breakdown of Adviser Charging revenue in the way proposed? If so, please explain these difficulties.*

Responses to consultation

- 2.9 Most respondents said they could provide data on Adviser Charging in the format proposed, subject to some minor clarifications.

- 2.10 Of those firms who anticipated difficulties with reporting, their responses fall broadly into the categories below.

Investment management

- 2.11 The Association of Private Client Investment Managers and Stockbrokers (APCIMS), on behalf of the investment management community, said that it would not be possible for its members to provide data on Adviser Charging revenue if management charges were required to be reported as a 'related service' in Section K. If APCIMS firms had to report management charges, they would need to analyse their revenue stream to determine what came from a personal recommendation on retail investment products. They said that investment management firms do not calculate management charges by reference to the proportion of personal recommendations in relation to retail investment products (RIPs) within a client's portfolio. Management charges cover a service for the client's portfolio as a whole, which usually contains a range of financial instruments, not all of which are RIPs. Management charges are not determined by the type of financial instrument. So APCIMS said it would not be possible for its member firms to apportion management fees to individual personal recommendations.

Other methods for collecting data on adviser and consultancy charges

- 2.12 Some respondents asked whether this data could be collected from a different source, such as product providers or back office software administrators.

Accounting practices

- 2.13 Several respondents raised concerns about recording actual revenue received in the reported period, as this went against conventional accounting principles of recording income/revenue on an accrual basis. They said that if revenue data were to be reported on the basis of actual amounts received, they would have problems reconciling this with data obtained from third parties such as product providers, and where there were disputes between the adviser and the client on clawing back adviser charges paid.
- 2.14 Several respondents also asked whether the revenue data should be reported inclusive or exclusive of VAT.

Timing of reporting

- 2.15 Several respondents questioned the timing for implementing our proposals. They were concerned that firms would not have sufficient lead-in time to make the necessary changes to their IT systems. One respondent was also concerned with the transitional rule for reporting. They said this could cause confusion by changing data recording mid-period for some firms whose RMAR returns began before the rules come into force on 31 December 2012.

Other issues

- 2.16 A number of respondents also asked for clearer definitions of initial and ongoing advice charges.
- 2.17 One respondent asked us to confirm that adviser charges received on behalf of clients from third parties, such as parents or trusts, should be recorded as being from the client.
- 2.18 Several respondents wanted to know how they should report pre-RDR business.
- 2.19 A couple asked us to clarify what data in Section K would need to be reported on a cumulative basis.
- 2.20 One respondent asked how adviser charges should be recorded when the retail client passed on money to be invested to a vertically integrated firm's product manufacturing arm, which then passed on some of this money in the form of adviser charges to the distribution arm of the firm. They asked if this would be regarded as facilitation of payment of adviser charges through the product provider.

Our response

We were pleased with respondents' level of engagement with this particular question. We accept that there are some areas of our proposals which we need to clarify or amend so firms can comply with the requirements.

Investment management

As set out in PS10/6, the rules on Adviser Charging apply only in situations where a firm makes a personal recommendation to a retail client in respect of a retail investment product. The scope of the rules excludes recommendations to professional clients and eligible counterparties.

If investment managers² give personal recommendations relating to retail investment products to a retail client, they will be captured by our Adviser Charging rules and data reporting requirements. However, we accept that where a firm makes a personal recommendation, for example, under the terms of a non-discretionary agreement, the retail investment product may form only a portion of a client's account or portfolio. While we do not consider it would be appropriate to release firms from their reporting obligations simply because they sell other types of products alongside retail investment products, or provide other types of unrelated services, we accept that a pragmatic approach is needed to

² The Handbook glossary definition of 'investment manager' is:

(1) (except in the Listing Rules sourcebook) a person who, acting only on behalf of a client:

(a) manages designated investments in an account or portfolio on a discretionary basis under the terms of a discretionary management agreement; or
 (b) manages designated investments in an account or portfolio on a non-discretionary basis under the terms of a non-discretionary management agreement.

(2) (in the Listing Rules sourcebook) a person who, on behalf of a client, manages investments and is not a wholly-owned subsidiary of the client.

reporting. We accept that it would impose a disproportionate burden on firms if they were required to separate out the proportion of their charge that related to the personal recommendation in respect of the retail investment product (or related services).

Accordingly, if a management charge covers both adviser charges and charges for services that do not relate to a personal recommendation on retail investment products, then firms should report the full amount of the charge received. Firms should not differentiate between the amounts relevant to the different services. For example, if a firm makes a management charge for a non-discretionary management service that predominantly relates to advice on stocks and shares, but provides personal recommendations on retail investment products as part of this service, then it should report the whole of this fee in section K.

Other methods for collecting data on adviser and consultancy charges

We have explored options for collecting Adviser Charging data other than through the RMAR. In particular, we looked at whether collecting data through product providers or from third party back office administrators would be viable. In the case of product providers, we were concerned that if we looked to collect Adviser Charging data through transactional reporting such as Product Sales Data (PSD), we would only capture adviser charges facilitated by product providers, missing out on adviser charges paid directly to the intermediary by retail clients. In terms of collecting Adviser Charging data from third party back office administrators, we were concerned with how we would access this data. In addition, no administrator currently covers all the retail investment market when providing administration services to intermediaries, and is unlikely to do so in the foreseeable future. However, as stated in CP11/8, we intend to continue thinking about how transactional data can supplement the firm-level RMAR data being sought, as we develop the FCA's strategy on data collection.

Accounting practices

We have clarified on the form and in the guidance for Section K (in SUP 16 Annex 18BG) that Adviser Charging revenue reporting is to be based on standard UK Generally Accepted Accounting Principles (GAAP) (as is set out in the existing notes for the completion of the RMAR at paragraph 15 Accounting Principles). It follows that firms are expected to report adviser charges on an accrual basis in the reporting period, and not actual payments received in the reporting period. This is a change from what we had originally proposed in the CP, to make reporting for firms more straightforward and less time consuming. Furthermore, we expect Adviser Charging revenue to be reported exclusive of VAT levied on the retail client (if applicable). Again, this is in line with standard accounting principles.

Timing of reporting

We have amended our transitional rules for implementing data collection. We now require firms to submit their first report for the new data requirements (Sections

K and L) at their first full reporting date after the date of implementation of the new rules, i.e. the first full reporting period after 31 December 2012. For example, if a firm's reporting period runs from October 2012 to March 2013, the firm's first six months of new reporting would then start from April 2013. This will avoid confusion on what data firms should report and when. It will also facilitate comparisons between reported data of the same length i.e. six months.

Other issues

We have amended the definitions for initial and ongoing advice in the RMAR guidance so they are more closely aligned with the rules in COBS 6.1A.

Adviser charges received on behalf of clients from third parties such as parents or trusts should be recorded as being from the client (see COBS 3.2.3R).

In relation to pre-RDR business, we expect firms to continue to report commissions within section B of the RMAR – both any new commission relating to execution-only business, and trail commission relating to products purchased pre-RDR. We also expect firms to report all adviser charges after the RMAR data requirements come into force, irrespective of whether the adviser charge relates to advice on new business or new advice on products purchased pre-RDR.

We stated in the CP that all data in Section K, apart from the data on adviser charging structures, should be reported on a cumulative basis. We have not changed our approach on this.

When the adviser charge is not deducted from the product, but is separated from the client's payment before investment in the product, and passed on from the product manufacturing arm to the distribution arm of a vertically integrated business, this will still be facilitation of payment of adviser charges through the product provider. Firms should bear in mind payments made to a distribution arm before investment in a pensions contract might not qualify for tax relief, to the disadvantage of the customer.

Number of initial adviser charge payments

- 2.21** In the CP, we proposed to collect the number of initial adviser payments received during the reporting period. We said firms should report initial adviser charge payments in a similar way to the Adviser Charging revenue – by type of advice and adviser charge payment mechanism. Firms would have to report each time a retail client paid the whole initial adviser charge owing through a single payment (i.e. as a lump-sum payment). They would then record the total number of payments made in this way in Section K of the RMAR. Where initial adviser charges were paid in instalments (in the case of a regular payment product) we proposed to require advisers to record the proportion of the total initial charge paid off during the reporting period.

2.22 We asked:

Q2: Do you expect to have any difficulty in providing the number of initial adviser charge payments? If so, please explain these difficulties.

Responses to consultation

- 2.23 Most responses were positive. Respondents said they could provide the payment data in the way proposed, subject to further clarification.
- 2.24 Most of the clarification sought was the same as for question 1. For example, several respondents said that data relating to payments of initial adviser charges should be reported at the point that a contractual payment is incurred and not at the point payment is received.
- 2.25 Some respondents noted that their ability to provide these data required a systems upgrade, and, as a consequence, they would look to pass the costs of making the systems changes on to the investor.
- 2.26 One respondent asked how firms should report initial adviser charges when a proportion of their initial adviser charges came directly from the retail client, and the remainder was facilitated by a product provider. The same respondent asked what they were required to report when the retail client chose to pay a proportion of their initial adviser charge as a lump sum payment, with the remainder paid by regular instalments.

Our response

We have amended the Section K table and accompanying guidance to clarify that initial adviser charge payments are to be reported on an accrual basis. This amendment is in accordance with standard accounting practices.

If an initial charge is not paid in full, we expect it to be recorded under row 5 of Section K as 'Regular instalments as proportion of the total due'.

Number of contracts for one-off advice services

- 2.27 In our consultation, we proposed that firms report the number of new contracts concluded with clients during the reporting period that included an agreement to pay initial adviser charges (i.e. agreements for a one-off advice service). This excluded any contracts for advice that were cancelled with no initial adviser charge paid, or where the initial adviser charge was returned to the client.

2.28 We asked:

Q3: Do you expect to have any difficulty in providing the number of contracts for one-off advice services in the way proposed? If so, please explain these difficulties.

Responses to consultation

- 2.29 Most respondents said they could provide data in the format proposed, subject to some further clarification.
- 2.30 Some responses included a request to clarify what we meant by a ‘contract’.
- 2.31 A number of respondents asked whether contracts that include elements of both initial and ongoing advice should be included, or excluded from reporting.
- 2.32 Some respondents asked us to confirm whether they should include in their reporting:
- contracts for one-off advice services where a personal recommendation was made in relation to a RIP, but the recommendation was not accepted by the client;
 - cases where a personal recommendation was made, but not in relation to a retail investment product; and
 - ad hoc services – whether members of the investment management community should report these as ‘one-off contracts’.

Our response

In response to requests for clarification on what constitutes a ‘contract’ we have amended the relevant part of Section K to record the ‘Number of one-off advice services’. If the client agrees to pay for ongoing advice, e.g. an annual review, and there is a separate charge for ad hoc advice in addition to that service, the firm should record the additional charge under the heading of one-off advice.

Investment managers should also report on ad hoc services which involve giving personal recommendations or any related services in respect of retail investment products, whether or not ongoing advice services are also provided.

When a personal recommendation has been made in relation to a retail investment product (irrespective of whether or not the recommendation has been accepted by the client), and an adviser charge is payable, it should also be reported under ‘Number of one-off advice services’. However, we do not expect firms to record personal recommendations made by an adviser that in no way relate to a retail investment product.

Number of retail clients receiving ongoing advice services

2.33 In the CP we proposed to collect information on the number of retail clients paying for an ongoing advice service in the reporting period.

2.34 We asked:

Q4: Do you expect to have any difficulty in providing the number of clients receiving ongoing advice services in the way proposed? If so, please explain these difficulties.

Responses to consultation

2.35 Most respondents did not expect to have any difficulties providing the data in the way proposed.

2.36 Some respondents asked for further clarification on the definition of an ‘ongoing service’. In particular, they asked whether the firm should record numbers of clients who were receiving ongoing services that could not be related to a personal recommendation. For example, would a firm providing ongoing services – such as providing facilities to retail clients to receive up-to-date information on their holdings and in which no ongoing advice was provided – need to report on retail clients receiving this ongoing service?

2.37 One respondent also questioned what the firm should report when retail clients receiving an ongoing advice service miss payments in the reporting period.

2.38 One respondent asked whether they should start to record the number of retail clients paying for ongoing advice services before the rules came into force, or only at the start of the first reporting period after the rules were implemented.

Our response

Section K records the number of retail clients who have agreed to pay an adviser charge for an ongoing advice service (where COBS 6.1A.22 R (1) applies) in the reporting period. Section K does not record charges for services which are not related to the provision of a personal recommendation (that is, those charges where COBS 6.1A.22R does not apply).

If a retail client misses payments in the reporting period for the ongoing advice services they have signed up to, we would expect the firm to record that retail client as receiving an ongoing advice service in the reporting period. If in a subsequent reporting period the client cancels their payments for the ongoing advice service, firms must record this in the data field showing retail clients who stopped paying for an ongoing advice service during the reporting period.

Firms should begin counting retail clients paying for ongoing services in their first reporting period after the rules come into force. For example, firms that have a RMAR reporting period that starts on 31 December 2012 should include all the retail clients in the subsequent six months who have agreed to pay for ongoing advice services, when they submit their next half-yearly RMAR return in 2013.

Adviser Charging structures

2.39 The CP set out our proposals requiring advisers to provide information on their Adviser Charging structures through the RMAR. In particular, we said that we wanted to collect minimum and maximum charges for initial and ongoing advice services, on an hourly and/or percentage of investment basis. Furthermore, when firms operate both charging structures, we proposed that firms indicate what charging structures were typically used for initial and ongoing adviser charges.

2.40 We asked:

Q5: Do you expect to have any difficulty in providing the charging structure information proposed? If so, please explain these difficulties.

Responses to consultation

2.41 Most respondents who responded to this question did not expect to have any difficulty in providing the charging structure information in the way proposed.

2.42 However, a number queried its usefulness. Other respondents said that the charging structures would vary significantly, depending on the client, adviser and service provided, which could make it difficult to work out the minimum and maximum charges.

2.43 A number of respondents, especially those in the investment management community, said their charging structures do not relate solely to retail investment products (RIPs), because RIPs are an ancillary part of their core investment management business. The proportion of RIPs in a client's portfolio can change regularly, so that it would be very difficult to isolate RIPs and apportion an element of the management charges to them, so that the firm could report minimum and maximum adviser charges on them.

2.44 Several respondents said the reportable charging structures did not allow for alternative charging structures used in place of or in combination with per hour or percentage of investment charging structures. For example, advisers might offer a flat/fixed fee, as well as a percentage of investment basis.

- 2.45 Some respondents asked whether firms should provide their charging structure information based on their published tariffs rather than on the range of actual adviser charges received from clients during the reporting period.
- 2.46 Two respondents noted that the maximum and minimum adviser charges in their Adviser Charging structures might never actually be charged, so questioned the usefulness of this data.

Our response

We have noted the comments regarding the structure of charges information sought and have provided further clarity within the guidance notes that accompany the RMAR (SUP 16 Annex 18BG). In particular, we have acknowledged that firms will offer a number of different Adviser Charging structures, some of which are likely to involve a combined charging structure. Firms will need to record the charging structures proposed in our original proposals (per hour and percentage of investment), and also, where appropriate, structures where the charges are based on a fixed fee or a combined Adviser Charging structure. Under this revised arrangement, we will still require firms to indicate which charging structure is typically offered for both initial and ongoing advice charges.

We believe these amendments will also address some of the costing issues some firms raised on our CP proposals. Our guidance clarifies that Adviser Charging structures can be based on the intermediary's published tariff or prices lists for disclosing the costs of adviser services to retail clients, and will only require updating as and when the tariffs or price lists are updated. The only exception to this will be when the firm offers a combined charging structure, such as where there is a fixed fee and also a percentage of investment charge. Under these types of combined charging structure arrangements, firms should calculate the actual maximum and minimum charges in the reporting period so that a cash amount can be calculated for the combined charging structure. For example, if a firm offers a charging structure of £150 plus 1.5% of the investment we would expect that firm to work out the actual maximum and minimum charges for this charging structure based on the actual amounts invested by their retail clients in the reporting period.

Following on from our response to Question 1 we expect investment managers to report on their standard charging structures, such as those represented in rate cards given to customers, in respect to rows 11-18 of Section K.

Proposed new RMAR reporting form – Section L

Consultancy Charging data

- 2.47 In CP11/8 we set out our proposals to collect data about Consultancy Charging that would allow us to understand group personal pension (GPP) market dynamics and trends, including the range and depth of services provided to employers and the charges made for those services once commission is not allowed on new GPPs. The abbreviation ‘GPPs’ is used to refer collectively to group personal pensions, group stakeholder pensions and group SIPPs.
- 2.48 We received 30 responses to the CP that included comments and views about one or more of the three questions posed about data collection on GPPs. Where a view on the general thrust of the proposals was expressed, a clear majority thought that the proposals were justified or did not envisage any difficulty in providing the data. A minority of respondents argued that the proposals were overly bureaucratic or expensive to implement. Other responses asked us to be clearer about some details of the proposed requirements.
- 2.49 We acknowledge the support given by respondents to our proposals. Consultancy Charging is the corporate pensions equivalent of Adviser Charging, and it is essential that we are able to collect data enabling us to monitor developments as the GPP market moves away over time from being commission-based. We recognise that firms will incur costs, but have decided that there is a strong case for going ahead as proposed, subject to some minor amendments to the proposed rules to make them clearer.
- 2.50 An analysis of the responses to each of the three GPP questions is given below, together with clarification of the rules where appropriate.

Breakdown of Consultancy Charging and fee revenue

- 2.51 We proposed to collect data on Consultancy Charging and fees revenue broken down by the type of service – initial, ongoing or one-off services – and whether received by fees direct from employers or as consultancy charges via GPP providers or platform service providers.
- 2.52 We asked:

Q6: Do you expect to have any difficulty in providing the breakdown of Consultancy Charging and fee revenue in the way proposed? If so, please explain these difficulties.

Responses to consultation

- 2.53 A relatively small number of responses were made to this question, with most seeking clarification on detailed aspects of the proposed rules. Some respondents suggested that the definition of the types of services could be clearer, whilst others asked whether VAT on

consultancy charges should be included in the figures reported. We were also asked to confirm the reporting requirements where both Adviser Charging and Consultancy Charging could apply to GPP members.

Our response

Minor amendments have been made to the rules and guidance to make clear that the revenue reported under rows 1, 2 and 3 of Section L should be split between three types of service, in line with the policy intention set out in the CP:

Initial services – the revenue during the reporting period for services provided at the outset of the GPP, for example advice to the employer on setting up the scheme and launching it to employees;

Ongoing services – the revenue during the reporting period for ongoing services, for example, for helping the employer with the annual scheme renewal or promoting the scheme to new employees; and

One-off services – the revenue during the reporting period for services not included as initial or ongoing services, for example, one-off advice to an employer about using an existing GPP to meet the government's requirements for auto-enrolment.

We confirm that consultancy charges and fee revenue should be reported exclusive of VAT.

We confirm that where particular GPP business includes both adviser and consultancy charges, these should be reported separately under Sections K and L respectively. Where the employer has pre-arranged advice for his employees paid for within overall consultancy charges, this should be reported under section L. Where a GPP member has arranged separate individual personal advice, any adviser charge for that advice should be reported under Section K.

Number of one-off and ongoing services to employers

- 2.54 We proposed to gather data on the number of adviser firms' GPP employer clients, broken down between those employers who receive ongoing services and those who receive one-off services.

2.55 We asked:

Q7: Do you expect to have any difficulty in providing information on the number of employers receiving either one-off services, ongoing services or both in the way proposed? If so, please explain these difficulties.

Responses to consultation

2.56 We received a relatively small number of responses to this question. Where a view was given, most said they would have no difficulty in providing the data. Other respondents sought clarity on detailed aspects of the rules and guidance. One asked whether those employer clients with GPPs still on a commission basis should be included.

Our response

We confirm that the data reported under row 7 of Section L (employers starting to receive ongoing services) should include any employers who have previously received one-off services reported under the row 5 heading and who have since established an ongoing service with their adviser firm. We also confirm that the data reported under row headings 7 and 8 should include any employers who started and stopped receiving an ongoing service in the same reporting period. The data under row headings 5 to 8 (numbers of employer clients) relates to GPP schemes arranged on a Consultancy Charging basis only. This data is not required for GPPs still on a commission basis: we already gather sufficient data on commission-based schemes elsewhere in firms' reporting requirements.

Range of consultancy charges and structures

2.57 We proposed to gather data about the range of an adviser firm's consultancy charges, including its highest and lowest charges, as well as the typical amounts it agrees with employers. The data gathered would represent the consultancy charges in the first year of a GPP, expressed as a percentage of the total first year's contributions.

2.58 We also proposed to gather data showing the make-up of a firm's consultancy charges for a typical GPP scheme

2.59 We asked:

Q8: Do you expect to have any difficulty in providing the range of consultancy charges and charging structure information proposed? If so, please explain these difficulties.

Responses to consultation

2.60 This question prompted more responses than the previous two questions. Most supported our proposals, while others asked us to define a firm's 'typical' scheme more clearly.

Our response

We are seeking information that shows us how a firm is applying the new rules replacing commission with Consultancy Charging. The data gathered will indicate whether a firm's consultancy charges are reasonable or out of line with the market. Row 9 of Section L gathers data showing the extremes of a firm's initial Consultancy Charging scheme structures. It also gathers data about the level of charges that the firm makes in more normal circumstances on the majority of schemes it arranges – in other words its 'typical' scheme consultancy charges structure.

Amendments to existing sections of the RMAR

Sections B and G

- 2.61 In the CP we proposed to make amendments to Section B (Profit and Loss) of the RMAR in order to clarify that adviser charges should also be recorded under the 'fees' column (row 3, column C of Section B), while consultancy charges and fees would not. Consultancy charges and fees would instead be reported within the new section L of the RMAR.
- 2.62 We also proposed to amend Section G (Training and Competence) to ensure consistency with the new service disclosure rules introduced by PS10/6, i.e. that advice on retail investment products is either independent or restricted. This involved adding a new category called 'Independent' applying to retail investments only; amending existing categories describing multi-tied and single-tied advice to make clear that these categories are 'restricted advice' firms in relation to retail investment advice from 31 December 2012; and adding a further new category applying to retail investments for when advice is restricted because certain types of products are not considered.

2.63 We asked:

Q9: Do you expect to have any difficulty in changing your systems and/or procedures to accommodate the changes proposed to Sections B and G of the RMAR? If so, please explain these difficulties.

Responses to consultation

- 2.64 The vast majority of respondents who responded to this question did not expect to have any difficulty in providing the revised profit and loss account and training and competence information in sections B and G respectively in the way proposed.
- 2.65 A number of respondents did, however, ask whether they would need to complete Section B if they were a BIPRU (Banks, Building Societies and Investment Firms) firm.³
- 2.66 Several respondents also pointed out a potential for skewing headline profit and loss (P&L) data recorded in Section B, as under the CP proposals commissions (such as trail commissions) received in relation to the GPP market would still be recorded in the headline P&L data, but not consultancy charges and fees income data.
- 2.67 A number of respondents also stated that the success of completing Section B and Section G of the RMAR would depend on how easy it was to change their administration systems, which for some firms were contracted out to back office software providers.
- 2.68 One respondent wanted further clarification on what firms should report when they potentially offered both a ‘restricted/multi-tie’ and ‘restricted-limited number of products’ service to their retail clients.

Our response

Headline P&L data could be skewed if we did not also allow for consultancy charges and fees to be recorded in the headline figures. So we have amended the form and guidance for RMAR Section B to reflect this position.

BIPRU firms are not required to complete Section B of the RMAR. BIPRU firms currently report their profit and loss requirements in FSA002 returns, and this position is unchanged. We are, however, asking BIPRU firms to complete Sections K and L of the RMAR (SUP 16.12.22A R) in order to record adviser and consultancy charges if it is relevant to their business activities.

³ The full definition of a BIPRU firm can be found in BIPRU 1.1.6 R.

For firms that operate within more than one type of advice, for example, if a firm offers both a restricted multi-tie and a restricted-limited type of advice service, the firm should tick both boxes in Section G relevant to these advice descriptions.

3

Complaints data at individual adviser level

- 3.1 As part of the RDR, we are placing more emphasis on the standards expected of individual Retail Investment Advisers (RIAs)⁴ and our monitoring of those standards. The complaints reporting proposals put forward in CP11/8 were designed to supplement our approach to collecting data on RIAs that was set out as part of PS11/1⁵ in January 2011. RIAs advise on securities and derivatives for retail clients as well as retail investment products/package products. They work in many different types of firms, such as independent financial advisers and other intermediaries, banks, building societies, insurance companies, stockbrokers and wealth managers.
- 3.2 In PS11/1 we confirmed that from end-2012 firms will need to give us certain data about their RIAs such as the Individual Reference Number (IRN), their qualification status, and the accredited body that issued their Statement of Professional Standing (SPS). Since the beginning of July 2011, firms have also been required to notify us, using a dedicated email address, if they identify competence and ethics issues with their advisers.
- 3.3 In CP11/8, we reiterated that collecting data would be an important part of our supervisory approach post-2012, helping us to mitigate the risk of poor consumer outcomes continuing in the retail investment market. In particular, in respect of RDR Professionalism, we said that data would allow us to develop a risk-based approach to supervising individual RIAs.
- 3.4 We proposed to introduce additional complaints reporting requirements to provide regular data on complaints relating to individual advisers, and to also provide ongoing alerts in the event of higher value and/or higher volume of complaints to enable us to analyse trends and intervene earlier. We also proposed that firms must report complaints received on or after 31 December 2012.

⁴ For the purpose of our Professionalism Rules, we use this term to describe all individual advisers who are within scope of RDR Professionalism as distinct from Adviser Charging. Advisers in scope of RDR Professionalism are those carrying out activities 2, 3, 4, 6, 12 and 13 in Appendix 1.1 of our TC sourcebook. These activities are: advising on securities, derivatives, retail investment products or Friendly Society tax-exempt policies, or advising and dealing in securities and derivatives (see TC Appendix 1.1 for full details).

⁵ PS11/1: *Distribution of retail investments: Delivering the RDR – professionalism: Feedback to CP10/14 and CP10/22 and final rules.*

- 3.5 When combined with other indicators and alerts, the new rules are designed to help us to better understand individual advisers' behaviour and competence through the collection and analysis of complaints data. These data will feed into an individual adviser scorecard that we will use as a basis for supervisory interventions. The scorecard was described in CP10/14⁶, CP10/22⁷ and more recently in PS11/1. A triage team within the FSA will receive information about individual advisers, score individuals in terms of their risk level and, in collaboration with our firm supervision teams, investigate higher-risk individuals. Supervisory or enforcement action will, where appropriate, be taken against individuals and firms.
- 3.6 We received 52 responses overall to the CP. Almost all of these related to some or all of the four questions we posed about complaints data. The majority of, but not all, respondents who expressed an opinion, broadly agreed that there was a need for the FSA/FCA to collect complaints data in order to supervise and monitor RIA behaviour and competence. Some trade body respondents that challenged the principle of collecting data, or that had concerns about the scope of the requirements, indicated that operationally the information could be provided fairly easily. Some respondents asked us to clarify or amend our proposals in certain areas in order to reduce the burden on firms and to reduce the risk of inconsistent interpretation of our requirements.
- 3.7 We have set out our response to these views and how we have decided to proceed in the following sections.

Breakdown of regular complaints reporting

- 3.8 Twice a year, firms must give us a complete report on complaints received from 'eligible complainants' through the Complaints Return Form (DISP 1.10 and DISP 1 Annex 1 R).⁸ The report includes information about the total number of complaints, grouped by the products and services complained about, and the subject matter of the complaint (e.g. advising, arranging, selling, arrears related). The firm must report, among other things, overall figures on the number of complaints closed within four weeks or less, four to eight weeks, or more than eight weeks after receipt, and the total number of complaints upheld or outstanding at the beginning of the reporting period. It must also identify the total amount of redress paid in respect of complaints during the reporting period.
- 3.9 In the CP we proposed that certain elements of these data be reported at the individual adviser level. The proposals were intended to take effect for complaints arising from 31 December 2012, and were for regular, six monthly adviser-level reporting of the existing firm-level complaints data for the firm's last reporting period, broken down by:

6 CP10/14 *Delivering the RDR – Professionalism, including its applicability to pure protection advice, with feedback to CP09/18 and CP09/31* (June 2010).

7 Chapter 8 of Consultation Paper 10/22, *Quarterly CP*, published in October 2010, on the Retail Distribution Review: professionalism notifications (TC).

8 DISP 1.10.4 R states that the relevant reporting periods are: (1) the six months immediately following a firm's accounting reference date; and (2) the six months immediately preceding a firm's accounting reference date.

- name and FSA Individual Reference Number (IRN) of the RIA;
- number of complaints received, closed and upheld; and
- total amount of redress paid.

3.10 We asked:

Q10: Do you expect to have any difficulty in providing the breakdown of adviser complaints in the way proposed for firms' regular complaints reporting? If so, please explain these difficulties.

Responses to consultation

- 3.11** There were 39 responses to this question. Overall, most respondents indicated that they would be able to provide the breakdown as requested, although a number of comments were received about the detail of the proposed requirements. In particular, comments were received in respect of the scope of the requirements and the degree to which the adviser was at fault, or caused the complaint, or was involved in the activity giving rise to the complaint.
- 3.12** The scope of the proposals was queried or challenged specifically as follows.
- Respondents asked how to determine whether an RIA is subject to a complaint, and some argued that the scope of what should be considered a reportable complaint should be limited to advising, selling and arranging. Some respondents suggested that reportable complaints should not include complaints relating to 'general administration', even though this arose in connection with an advised sale by an RIA.
 - Some respondents argued that activities which did not involve investment advice but were carried on by an RIA should not be in scope. For example, discretionary investment management services, where there is no advice given and/or no personal recommendation is made, or execution-only activities.
 - Several respondents asked for clarification over the need to report complaints caused by historic activity, where the advice or service giving rise to the complaint occurred before 31 December 2012. Respondents suggested that asking for reports where the cause of the complaint (the advice given) was before then would cause difficulties, as record keeping will be of mixed quality and, in some cases, there will be insufficient data on the advice or service concerned. In particular, record keeping before December 2001 – when the FSA gained its statutory powers as a regulator – is likely to be poor.
 - A number of respondents questioned the need to report complaints received about retail investment advisers who are no longer employed by the firm.

- 3.13** One respondent queried whether it would be appropriate to attribute a complaint to a RIA without first identifying that the RIA was at fault, or whether the complaint was the result of internal procedures (i.e. that the RIA was following instructions). The respondent said that not giving the RIA concerned an opportunity to present their case could raise human rights issues, especially in the event that the information is reported in the future, or disclosed for an ancillary purpose (e.g. disclosed to potential employers or professional indemnity insurance (PII) insurers). Similarly, others were concerned that ex-advisers would not have the right to contest or appeal such a report, and this could have an impact on their ability to attain or maintain their authorisation and might present a restriction of trade.
- 3.14** A trade body suggested that accredited bodies should be responsible for reporting adviser complaints as part of their role in issuing the SPS.
- 3.15** One respondent asked whether these new requirements relating to RIAs are based on the same definition of complaints as the existing complaints rules for firms. In particular, they referred to the rule where firms do not have to report complaints that are dealt with within one working day of receipt.⁹

Our response

Under the RDR, and indeed prior to this, our main concerns have included that consumers should receive suitable investment advice and that RIAs behave competently and ethically.

We have amended the proposals so that the new reporting rules require firms to provide complaints data about matters related to the retail investment activities carried out by their RIAs (and not the broader requirement that related to any activities regulated by the FSA). We require firms that employ RIAs to report complaints using the IRN of the relevant adviser. Firms must report the IRN as it appears on the FSA Register. This will allow us to accurately identify the adviser. We have considered the comments about possible difficulties arising if we required reporting where the cause of the complaint is before 31 December 2012. We have taken into account the implications for the aims of the policy as well as the implications for firms. On balance we believe that consumer interests will be better protected if we require firms to report complaints irrespective of the date of the advice that caused the complaint. Practising advisers whose past behaviour has given rise to complaints may still be exhibiting the same behaviours, and so may be of interest from a supervisory perspective. We acknowledge that, in practice, a firm may not have a record of the adviser's IRN if the activity complained of took place before 1 December 2001, when the Financial Services and Markets Act (FSMA) came into force.

⁹ DISP 1.5.1R states that the complaints reporting rules do not apply to a complaint that is resolved by a respondent by close of business on the business day following its receipt.

We believe that reporting must include complaints where advisers are no longer at the firm. Reporting must also include complaints data concerning inactive advisers. This will enable any future supervisory activity to be informed by a fuller picture of the adviser's complaints history.

The presence of a complaints record appearing against an adviser will not by itself prevent the adviser from seeking authorisation or from maintaining their approved person status. It may lead us to investigate the adviser if the information, in combination with other intelligence that we have about them, indicates that there may be issues with their competence or behaviour. This is no different from the way that FSA uses intelligence at the moment. We would not take action against the adviser without giving them the opportunity to correct the record (if there are alleged inaccuracies in reporting) or to make representations to us. This applies to advisers who are still at the firm through which the complaint is reported, but also when they have moved employer and even when they have left the industry.

Following FSA investigation, if complaints data ultimately leads fully or in part to enforcement action, then the adviser has recourse to the usual appeals process – ultimately through the Upper Tribunal.¹⁰

The fact that a firm has indicated that a complaint was allocated to a particular adviser will not be deemed as conclusive. We will not check that complaints are being correctly allocated in all cases, but will do so when appropriate, and in all cases where we intend to investigate the adviser's activities. For example, if we are investigating the competence or behaviour of the adviser as a consequence of these reports, we would establish the adviser's involvement by looking at the facts of each case and the degree to which the adviser can be said to be responsible for the activities in question.

We do not agree that only accredited bodies should be relied on to provide individual adviser complaints data, instead of firms. A firm is already required to alert us to complaints it receives, through the regular six monthly returns. Firms have also indicated to us that they hold the data at an individual adviser level, so firms are, therefore, well placed to report the data to us. Information that we receive from accredited bodies will complement complaints reporting from firms. Accredited bodies may become aware of a complaint against an adviser in three main ways:

- Firstly, they will capture an annual declaration from an adviser indicating that the adviser has met ethical standards. This may include the adviser notifying the accredited body that they have been subject to one or more complaints.
- Secondly, a consumer may complain directly to the accredited body about the adviser, perhaps because of the adviser's behaviour (consumers will still also

¹⁰ The Financial Services and Markets Tribunal is an independent tribunal created by the Financial Services and Markets Act 2000. It provides a forum for the independent review of certain decisions made by us. These include decisions to discipline approved persons; to withdraw individual approval and to make prohibition orders banning people from employment relating to certain or all regulated activities.

complain directly to the firm in question). In both these cases we expect to be able to validate or supplement the data we are receiving from firms with information from accredited bodies.

- Thirdly, the FSA may (subject to legal gateways) inform the accredited body that the adviser has been subject to FSA action following an investigation prompted (in full or in part) by complaints data.

To be clear, we expect that the reporting of individual adviser complaints should be consistent with the reporting of all complaints (DISP 1.10). So we do not expect firms to report complaints that are resolved by close of business on the business day following their receipt. We would expect that complaints that can be dealt with very quickly are not likely to be indicative of poor ethical behaviour or low levels of competence amongst advisers. We remind firms of their record-keeping and complaints-handling obligations under COBS¹¹ and DISP, in particular DISP 1.8.1R and DISP 2.8.2R, which provide that the firm must consider complaints if they are within the time limits for referral to the Financial Ombudsman Service (FOS).

Ongoing complaints alerts

- 3.16** In the CP, we proposed to collect ongoing complaints alerts using what we described as a ‘strategic option’ – the existing Form D: ‘Notification of changes in personal information or application details’. Firms would report details of complaints arising in two circumstances. These were where:
- a complaint against an adviser employed by the firm involves a claim of more than £5,000, regardless of its status (i.e. whether it is upheld or rejected); or
 - an adviser is the subject of three complaints in any 12-month period.
- 3.17** The intention for ongoing alerts is that they will provide a more timely/earlier notification of complaints issues with the adviser – either because the redress amount is at a high level or where the volume of complaints is at a high level.
- 3.18** We asked three questions about the proposed ongoing complaints alerts. The first asked about the amendments proposed if we were to adopt the strategic option, the second concerned the proposed breakdown of data to be provided, and the third asked whether firms would prefer an alternative way of reporting the alerts, using a mailbox and with reporting starting earlier.

11 COBS 9.5 (record keeping for suitability reports); COBS 10.7 (record keeping for appropriateness reports).

Strategic option – changes to Form D

3.19 We asked:

Q11: Do you agree with the amendments to Form D to capture additional complaints information? Please justify your answer.

Responses to consultation

- 3.20 We received 37 responses to this question. There was recognition that the proposed use of Form D for the alerts fitted well with the use of this form to alert FSA to changes in status for approved persons. However, there were some concerns about using Form D to report complaints data. Of those that expressed a clear view, most agreed with the amendments to Form D. Concerns focused on costs and complexity.
- 3.21 The need to report at the point the alert was triggered, regardless of status, was a major issue, and most respondents argued that only upheld complaints should be reported. One firm indicated that 72% of initial estimates of redress (332 cases) were over £5,000 but only 52 were subsequently redressed. In practice, it was suggested that it will be fairer for advisers and more helpful for FSA if we require alerts only when the complaint process has been concluded by the firm and where the complaint has been upheld.
- 3.22 Several respondents queried the need to report complaints in detail and what details should be provided. Concerns were expressed over the need for the adviser to sign the form, as required for other Form D notifications, as it was claimed that this would make reporting against ex-advisers more difficult. Two respondents argued that requiring a signature from ex-advisers would be challenging, as the firm may no longer have contact information for the adviser.
- 3.23 As with responses to Question 10, a number of respondents asked us to make it clear whether they will need to report complaints caused by historic activity or complaints from ex-advisers.
- 3.24 Some respondents argued that an option to report alerts monthly, rather than being required to report when the trigger event occurs, would reduce costs for them.

Our response

We accept that asking for complaints regardless of status creates practical difficulties for firms and may not provide us with information that we need. We have concluded that we should amend the requirement to report only when the complaint has been closed and the case upheld (in accordance with the DISP 1.4.1R complaints resolution rules). The number of complaints at adviser

level that have not been upheld will still be captured through the regular, six-monthly reporting. The point at which the complaint is upheld could be determined by the firm in the first instance or, if the case is referred to the FOS, after the FOS has ruled in favour of the customer.

We have decided to simplify the requirement to report details of the complaint. Firms must report additional information about the complaint to inform our analysis and to enable us to use the data we receive. We already require regular complaints reporting in DISP to be recorded in one of five categories. To simplify the reporting process for firms and our analysis of the data collected, we are asking that the reporting for ongoing alerts should categorise upheld complaints in the same way as for regular reporting, using the categories of:

- advising, selling and arranging;
- terms and disputed sums/charges;
- general administration or customer service;
- arrears related; or
- other.

Complaints categorised as 'advising, selling and arranging' or 'terms and disputed sums/charges' are likely to be of most interest to us, and the latter category may become more important following the introduction of Adviser Charging from end 2012. We will determine the weight that we give to complaints in the adviser scorecard depending on the likelihood that the complaint category might indicate issues with the behaviour and competence of the adviser. While we will refine the scorecard over time, we anticipate that complaints categorised as 'advising, selling and arranging' will carry more weight. We considered asking for further details, broken down at the adviser level, in the same way that firms are already required to report complaints such as by specific product. At this stage, we believe that this may be more detail than we need for the purpose of monitoring individual advisers, although we will review this position based on our experience. Over time, experience may indicate that further categorisation would improve the effectiveness of the risk assessment that complaints data allows us to undertake.

Using these five categories mirrors the existing complaint reporting rules, and this will provide certainty to firms over what we want to see reported. This change will also benefit us because analysis of the ongoing complaints returns will be based on standardised reporting, while still providing some insight about the nature of the complaint or complaints reported. We would not expect retail investment adviser complaints to be reported under 'Arrears related', although we will leave this category in place to maintain consistency with the regular complaints reporting. As with the firm level regular reporting, the 'other' category should only be used in exceptional circumstances, when none of the specific cause categories are appropriate.

To help firms report, we will also amend the proposed timeliness of reporting to allow firms up to 20 working days from the trigger event rather than, as we proposed in the CP, at the time that the trigger event occurs. We are doing this to reduce costs for many firms, particularly those with large numbers of advisers, and so reduce any costs that are passed on to consumers. We believe that, because we are still gaining an earlier indication of potential issues arising, this change will not compromise the purpose of the ongoing alerts.

We have also clarified what is meant by 'redress' in the new SUP rules. Redress has the same meaning as set out in the regular complaints reporting rules (DISP 1.10.3(3)G).

Breakdown of adviser complaints

3.25 We asked:

Q12: Do you expect to have any difficulty in providing the breakdown of adviser complaints in the way proposed for firms' ongoing complaints alerts? If so, please explain these difficulties.

Responses to consultation

- 3.26 There were 39 responses to Q12 about ongoing alerts. Of those that expressed a clear view, several respondents said they would be able to provide the information with few problems.
- 3.27 A number of respondents argued that £5,000 is too low a trigger point for redress relating to investment business. Three further respondents argued for an alternative approach that is based on the amount of redress as a proportion of client assets.
- 3.28 Some respondents wanted to know how to determine whether an individual adviser is the subject of the complaint, and whether they are required to establish to what extent the adviser is responsible. Some respondents suggested that we only capture upheld cases where the adviser is found to be at fault.
- 3.29 One respondent argued that the focus on individual adviser complaints might destabilise the market if advisers perceive they are incurring greater personal risks and liabilities. This may create a need for individual adviser Professional Indemnity Insurance (PII).

Our response

We intended that these alerts should only be for the highest value and highest volume cases, as they are designed to supplement the regular reporting. It is also possible that advice-related complaints may increase post-RDR, as clients will be more aware of the costs of advice. In determining our approach we have considered the following:

- respondent feedback that the £5,000 limit is too low; and
- FSA data on complaints relating to investments, life and pensions products for the whole of 2010. Approximately 18,000 or 38% of upheld complaints paid redress of £5,000 or more, and around 4,000 or 9% of upheld complaints paid £50,000 or more in redress. £50,000 is roughly double the average redress paid for such complaints.

Our 2010 cost benefit analysis¹² estimated that there were around 48,000 RIAs in the UK. In 2010 around 62,000¹³ complaints were upheld arising from advised sales of investment and life/pension products. While complaints may arise many years after the advice is first given, this suggests that individual advisers might average about 1.3 upheld complaints a year.

Given that the comments made in feedback are supported by our analysis of 2010 complaints data, we have revised our proposed value trigger point for notification. We have increased it to those complaints which are (a) upheld and (b) the complainant was paid redress of £50,000 or over (just more than twice the average redress payment). This change is driven by our risk-based approach to identifying the most significant cases, and we believe offers a good balance between our supervisory responsibilities and the need to apply our resources efficiently. This does not mean to say that we are only concerned about large absolute losses, as we fully recognise that a redress payment of much less than £50,000 could equate to a significant proportion of a consumer's investment holdings. However, requiring alerts at a lower level such as £5,000 would mean that ongoing alert volumes would be higher than needed to inform our risk-based approach to supervision. These single event alerts will complement alerts where there are recurring complaints against advisers and the regular reporting data (twice a year) for all advisers and all complaints.

We will retain the requirement for firms to alert us where three or more complaints are upheld in a 12-month period (just more than twice the average per adviser of 1.3 in each 12-month period).

The scorecard will be adjusted depending on our risk appetite. Reporting in this way means that we will also be alerted to advisers who experience 6, 9 or 12 complaints at the point these volumes are triggered.

¹² CP10/14 *Delivering the RDR – Professionalism, including its applicability to pure protection advice, with feedback to CP09/18 and CP09/31* (June 2010).

¹³ Analysis of PSD 2010 data.

We will not ask firms to establish the extent of an adviser's involvement in a complaint and whether the adviser is 'at fault' (totally or partially responsible for causing the complaint). We recognise that an adviser may not be at fault, but we believe it is simpler for the firm and fairer to advisers if data are reported to us for all complaints that arise from business advised on or arranged by the adviser, regardless of fault. This approach reduces the potential costs for firms in investigating, assessing and reporting the adviser's involvement. This also ensures that a consistent approach is taken to examining complaints cases when considering the need for supervisory or enforcement action and reduces human rights concerns.

If we deem the information received to be of interest to us, for example, if an adviser has had a number of complaints in the same category over a period of time, we would investigate the details behind the complaints report (e.g. through requests for information or firm visits) to establish if further action is warranted. This investigation would include the extent to which the adviser's behaviour or competence might have contributed to the complaint.

We publish complaints data relating to firms on our website. We do not intend to publish any information regarding complaints at the adviser level. We believe that complaints may not provide a complete picture of an adviser's behaviour and competence and, in some cases, complaints may be outside the adviser's control. In such cases, publishing complaints information at adviser level would not be beneficial for consumers.

We do not believe that these proposals will destabilise the market, as advisers are already subject to certain personal risks. In making these rules we are improving our capacity to supervise adviser behaviour through complaints reporting. APER¹⁴ already places behavioural obligations on all approved persons such as RIAs, and firms should already be monitoring the competence of their individual advisers. Firms should also be carrying out root cause analysis of complaints and monitoring complaints at adviser level. We are already focussing more on individual advisers, and from July 2011 we introduced a requirement for firms to alert us to ethics and competence issues with their advisers.

We looked at the PII implications for increasing professional standards previously, and we believe that overall the implementation of RDR will lead to higher standards amongst RIAs and so should not increase risks for PII insurers. We are not proposing any change in the basis of our requirements for PII, which firms already need as part of ensuring they have adequate resources. PII insurers already consider complaints data when pricing firm risk. We are not introducing a requirement for individual adviser PII.

14 Statements of Principle and Code of Practice for Approved Persons.

Alternative method of reporting ongoing complaints alerts

- 3.30 As an alternative to the ongoing complaints being reported through Form D, we also considered the use of a mailbox as an interim solution for ongoing reporting of complaints rather than using our strategic option. We expected the costs of the interim solution to be lower for us, but that there would be little difference for firms. We suggested that using the interim solution would allow us to start collecting the alerts data sooner, from the beginning of 2012, and to build our understanding of adviser complaints ahead of the RDR implementation date.
- 3.31 We asked:

Q13: We believe that, although costs to firms of the interim and the strategic options are broadly the same, firms need a longer lead time to start notifying us of complaints against their advisers, so we propose to adopt the strategic option for ongoing reporting. Do you agree?

Responses to consultation

- 3.32 Of those respondents that expressed a clear view, several indicated that we should start collecting data from the end of, rather than the beginning of, 2012. Some respondents said that we should start earlier, as information is already available and is collected by firms.
- 3.33 Most respondents did not indicate a preference in terms of method of collection between the Form D option and the use of a mailbox. One respondent said that we should adopt the alternative approach, as the strategic option required involvement from their human resources department and was therefore more costly and would take more time to deliver. This point was made in the light of the need for Form D to include the signature of the adviser.
- 3.34 Some respondents indicated that flexibility to complete returns using a spreadsheet rather than completing a line-by-line entry would reduce the time and costs needed to prepare and submit returns.

Our response

We accept that the use of Form D may create some issues for firms in terms of the additional processes that they would undertake compared to a dedicated complaints alert form. As feedback did not indicate any issues with the use of the alternative approach, we have decided to use a dedicated form similar to those now in use for competence and ethics alerts. The inclusion of categories describing the reason for the complaint will facilitate easier reporting and analysis, and firms will not need to obtain the adviser's signature.

We recognise that not using Form D, where the signature of the adviser is required, may prompt concerns from a human rights point of view, as advisers may not be aware that the firm has reported complaints information about them to us. We believe that such concerns should be allayed by the fact that:

- we are requiring all firms to report data at adviser level;
- we will not treat the data as evidence of a competence or behaviour issue with an adviser; and
- if we determine that there is a need to investigate an individual adviser's complaints record, any investigation would follow usual procedures and allow the adviser the opportunity to present their case.

We also intend to allow the option of bulk reporting via spreadsheets (or other appropriate mechanisms), rather than require a line-by-line data entry. Larger firms may find this beneficial, as they will see a relatively higher number of complaints due to their size.

4

Cost benefit analysis

- 4.1 This chapter outlines the views of the respondents to CP11/8 on our cost benefit analysis (CBA). We also set out our responses to these views and how we have taken them into account.

Feedback on the CBA in CP11/8

- 4.2 We received 38 responses on the CBA published in CP11/8. The main issue raised in the responses was that we had underestimated the compliance costs of the proposed changes to the RMAR data we collect. Some firms, in particular, said that our survey conducted before the publication did not explain the full complexity of the RMAR reporting requirements, and that they had underestimated costs. They highlighted the costs of not using an accruals basis to record Adviser Charging data, costs of separating adviser charges from fees for other wealth management services, and the frequency of reporting complaints information. A network mentioned that our estimates did not fully reflect its cost of collecting data from Appointed Representatives. One product provider said that their compliance costs could be higher if they were to receive more requests from advisers for data on consultancy charges incurred by employers they advised.

Our response

We appreciate that compliance costs will vary by firm, and some firms will have higher costs than the average and some lower. The compliance cost estimates of some firms were considerably higher than those of peers of similar size and complexity, and were not representative of the typical firm within their category of business model.

To respond to the feedback that we had underestimated costs, we re-surveyed all 95 firms, which included advisers, networks, product providers, and platforms, that responded to our initial surveys on the proposed changes to the RMAR. We provided clarification of our intentions for:

- accruals-based recording of Adviser Charging revenue;
- the treatment of revenue derived from investment management services, of which advice on retail investments products is only one component; and
- thresholds and criteria for reporting complaints.

We asked firms whether, following this clarification, they would change their original cost estimates or stated business strategy, and, if so, we requested they provide new information.

48 firms responded to our follow-up request. These firms covered the full range of size and business model categories we included in our original estimate of costs. 85% of firms reported that they did not want to revise their original cost estimates. 95% of firms said that our clarification did not alter their view of the impacts to their business model of our proposed changes.

As a significant majority of firms reported no change to the information they provided for our original CBA, we are not making any changes to our analysis presented in CP11/8.

Changes made to the draft rules in CP11/8

- 4.3 In response to feedback we are making some changes to the draft rules. This section provides our view on the costs and benefits of these changes.
- 4.4 We are making the following changes to our collection of Adviser Charging data (Section K):
- a) we intend to collect Adviser Charging data from investment managers (but without separation of charges relating to personal recommendations on retail investment products);
 - b) we clarify that firms should report Adviser Charging revenue on an accruals basis and exclusive of VAT (if applicable), rather than as they receive cash, including for initial adviser charge payments;
 - c) we will require firms to start reporting the data to meet the new requirements from the first full reporting period after 31 December 2012, rather than immediately from 31 December 2012;
 - d) we clarify that the intention behind the number of one-off ‘contracts’ is the number of one-off advice services;
 - e) we clarify that the number of retail clients receiving ongoing advice services is those clients who have agreed to pay an adviser charge for an ongoing advice service;
 - f) we clarify how firms may report the structure of their adviser charges; and

- g) where firms are using a combined charging structure, for example, fixed fees and charges calculated as a percentage of the investment to determine adviser charges, we are requiring them to report the actual maximum and minimum amounts charged.

4.5 We are making the following changes to our collection of Consultancy Charging data (Section L):

- a) we have made a minor amendment to how firms should report consultancy charges in the following categories: initial services, ongoing services, and one-off services; and
- b) we clarify that firms should report consultancy charges and fees revenue on an accruals basis and exclusive of VAT (if applicable).

4.6 We are making the following changes to our collection of individual adviser complaints data:

- a) to simplify the reporting of complaints, we are asking firms to report ongoing alerts in the same categories as those for regular reporting;
- b) firms should report complaints about matters relating to the retail investment activities carried out by a retail investment adviser;
- c) we will require firms to report ongoing alerts within 20 business days;
- d) we will ask firms to report where three or more complaints are upheld in a year;
- e) we will change the threshold for reporting ongoing alerts to £50,000 paid redress rather than £5,000.
- f) we will ask firms to report ongoing alerts via a dedicated complaints alerts form rather than FSA Form D; and
- g) we will allow the option of bulk reporting via spreadsheets (or other appropriate mechanisms).

Update of the CBA in CP11/8 following the changes made to the draft rules

4.7 The changes to section K are mostly minor changes and do not change our assessment of costs and benefits. There are two exceptions. Firstly, the inclusion of a requirement on investment managers to supply Adviser Charging data without separating out adviser charges from other charges. Compared to the CBA in CP11/8 this should lead to lower incremental compliance costs than we previously estimated, as we are proposing to simplify investment managers' reporting. While this data will not allow us to measure charges for advice on retail investments for these types of firms, this data will still have the benefit of allowing us to compare similar types of firm and identify and target those investment managers whose charges and advice services in relation to retail investment products give rise to supervisory concerns.

- 4.8 Secondly, we are adding two rows to the table that records the structure of Adviser Charging data. These two rows will record actual maximum and minimum adviser charges for firms that typically use neither hourly charges nor charges based on a percentage of the client's investment, but some other type of structure. The data we have on potential charging structures across the market, from the survey carried out for PS10/6, indicates that only a small minority of firms were considering a fee structure that was not an hourly fee or a percentage of investment for the majority of their clients. These firms were small, and the costs of collating information would essentially be the cost of reporting the maximum and minimum values from central records, which in aggregate should not result in a material increase in the incremental compliance costs we previously estimated. Given the small population of firms affected by this particular rule change, we do not expect a material change in our ability to supervise the Adviser Charging rules – which is the benefit of collecting the data.
- 4.9 The changes to Section L are a minor clarification and do not lead us to change our assessment of costs and benefits.
- 4.10 The changes to the reporting of complaints data should reduce the level of incremental compliance costs estimated in CP11/8, because we are aligning the way complaints should be reported with existing requirements, providing greater flexibility in how claims are reported, both format and frequency, and increasing the value threshold and only requiring upheld complaints for ongoing complaint alerts. We do not expect benefits to be reduced materially from these changes, because we could still use the information to operate our risk-based supervisory approach. Our supervision would combine information from a higher threshold for single complaints with information on lower value but repeated complaints, regular complaints reporting, and other intelligence that we have at the individual adviser level. This would still allow us to devote resources to investigating those patterns of complaints likely to suggest competence or behaviour issues with advisers and potential detriment to consumers.

Compatibility Statement

- 4.11 Given that we are not making any significant changes to the rules we consulted on, and the changes do not materially change the conclusions of our CBA, we consider that the Compatibility Statement in CP11/8 is still valid.

Annex 1

List of non-confidential respondents to CP11/8

Adam Samuel

Aegon

AGB Financial Services Ltd

Alchemy Financial Limited

Andrew Dickson Limited

Association of British Insurers

Association of Independent Financial Advisers

Association of Private Client Investment Managers and Stockbrokers

Avelo

Aviva UK Life

AWD Chase de Vere Limited

AXA UK

Baigrie Davies LifeSearch

Baillie Gifford & Co

BPH Wealth Management

Canada Life

Castle Court Consulting

Cazenove Capital Management Limited

Entire Wealth Management Ltd
Financial Services Consumer Panel
Gallagher Employee Benefits
GHC Capital Markets
Honister Capital
HSBC
Institute of Chartered Accountants in England & Wales
International Financial Data Services (UK) Ltd
Investec Wealth & Investment Limited
Investment & Life Assurance Group
Killik & Co
Kingston Independent Financial Advisers
KMG Independent
Norwest Consultants
Openwork Limited
Prudential
QS Financial Planning Solutions
Rathbone Brothers
Sesame Bankhall Group
SG Hambros Bank
St James's Place Wealth Management
The Royal London Mutual Insurance Society
UBS
Whiting & Partners Wealth Management
Winnell Douglas

Appendix 1

Final Handbook text

**RETAIL DISTRIBUTION REVIEW (RETAIL MEDIATION ACTIVITIES RETURN
AND COMPLAINTS DATA) INSTRUMENT 2011**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138 (General rule-making power);
 - (b) section 156 (General supplementary powers);
 - (c) section 157 (Guidance); and
 - (2) the rule-making powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 31 December 2012.

Amendments to the Handbook

- D. The modules of the FSA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Supervision manual (SUP)	Annex B
Dispute Resolution: Complaints sourcebook (DISP)	Annex C

Notes

- E. In this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Retail Distribution Review (Retail Mediation Activities Return and Complaints Data) Instrument 2011.

By order of the Board
22 September 2011

Annex A**Amendments to Glossary of definitions**

In this Annex, underlining indicates new text.

complaint

...

- (2) (in SUP 10 and DISP, except *DISP* 1.1 and the *complaints handling rules* and the *complaints record rule* in relation to *MiFID business*) any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a *person* about the provision of, or failure to provide, a financial service, which:

...

...

Annex B

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Ongoing alerts for retail adviser complaints

10.13.20A R (1) A firm must notify the FSA, in the form set out in SUP 10 Annex 9R, where:

(a) in any twelve month period, it has upheld three complaints about matters relating to the retail investment activities carried out by any one retail investment adviser; or

(b) it has upheld a complaint about matters relating to the retail investment activities carried out by a retail investment adviser, where the redress paid exceeds £50,000.

(2) (a) Notifications made under (1)(a) must be made by the end of the period of 20 business days, beginning on the day in which the firm has upheld the third complaint.

(b) Notifications made under (1)(b) must be made by the end of the period of 20 business days, beginning on the day in which the firm has upheld the complaint.

10.13.20B G For the purpose of SUP 10.13.20AR:

(1) when calculating the number of complaints in SUP 10.13.20AR(1)(a) the firm should exclude complaints previously notified to the FSA under this rule;

(2) redress, under SUP 10.13.20AR(1)(b), should be interpreted to include an amount paid, or cost borne, by the firm, where a cash value can be readily identified, and should include:

(a) amounts paid for distress and inconvenience;

(b) a free transfer out to another provider which transfer would normally be paid for;

(c) goodwill payments and goodwill gestures;

(d) interest on delayed settlements;

(e) waiver of an excess on an insurance policy; and

(f) payments to put the consumer back into the position the

consumer should have been in had the act or omission not occurred; and

- (3) if a *firm* reports on the amount of redress paid under SUP 10.13.20AR(1)(b), the redress should not include repayments or refunds of premiums which had been taken in error (for example where a *firm* had been taking, by direct debit, twice the actual premium amount due under a policy); the refund of the overcharge would not count as redress.

[**Note:** See *DISP* 1.10.2AR for the duty to notify *complaints* under the *complaints reporting rules*]

10.13.20C R Notifications under SUP 10.13.20AR must be made electronically using a method of notification prescribed by the FSA.

...

After SUP 10 Annex 8G insert the following new annex. The text is not underlined.

10 Annex 9R Form G: The Retail Investment Adviser Complaints Alerts Form

The Retail Investment Adviser Complaints Alerts Form G approved by the FSA for notifications under SUP10.13.20AR may be found at the FSA's website www.fsa.gov.uk/Pages/Doing/Regulated/Notify/index.shtml

Form G: Retail Investment Adviser Complaints Alerts Form
(all fields are mandatory except where indicated)

This form relates to SUP 10.13.20AR

Firm details			
Firm Name		Firm Reference Number (FRN)	
Person making notification			
Name		Individual Reference Number (IRN) (where applicable)	
Position in firm		Contact telephone number	
Contact email address		Date of submission	

Retail Investment Adviser	
Name	Individual Reference Number (IRN)*

*Individual details can be found on the FSA Register under the individual tab. If you are unable to identify the retail investment adviser's IRN please contact the FSA at RIAnotifications@fsa.gov.uk for assistance.

Trigger		Subject of complaint									
		Advising, selling and arranging		Terms and disputed sums / charges		General admin / customer service		Arrears related		Other	
		Date(s) upheld		Date(s) upheld		Date(s) upheld		Date(s) upheld		Date(s) upheld	
(1)	<i>complaint</i> upheld where the redress paid exceeds £50,000										
(2)	<i>three complaints upheld</i> in any	Number (1, 2 or 3)	Date(s) upheld	Number (1, 2 or 3)	Date(s) upheld	Number (1, 2 or 3)	Date(s) upheld	Number (1, 2 or 3)	Date(s) upheld	Number (1, 2 or 3)	Date(s) upheld

twelve <i>month</i> period (other than claims that have already been notified to the FSA using this form)									
---	--	--	--	--	--	--	--	--	--

Amend the following as shown.

16.12.22A R The applicable *data items* referred to in SUP 16.12.4R are set out according to type of *firm* in the table below:

Description of data item	Firms' prudential category and applicable data item (note 1)					
	<i>BIPRU 730k firm</i>	<i>BIPRU 125k firm and UCITS investment firm</i>	<i>BIPRU 50k firm</i>	<i>Exempt CAD firms subject to IPRU(INV) Chapter 13</i>	<i>Firms (other than exempt CAD firms) subject to IPRU(INV) Chapter 13</i>	<i>Firms that are also in one or more of RAGs 1 to 6 and not subject to IPRU(INV) Chapter 13</i>
...						
Fees and levies	...	...	...	...	...
<u>Adviser charges</u>	<u>Section K RMAR</u> (Note 26)	<u>Section K RMAR</u> (Note 26)	<u>Section K RMAR</u> (Note 26)	<u>Section K RMAR</u> (Note 26)	<u>Section K RMAR</u> (Note 26)	<u>Section K RMAR</u> (Note 26)
<u>Consultancy charges</u>	<u>Section L RMAR</u> (Note 27)	<u>Section L RMAR</u> (Note 27)	<u>Section L RMAR</u> (Note 27)	<u>Section L RMAR</u> (Note 27)	<u>Section L RMAR</u> (Note 27)	<u>Section L RMAR</u> (Note 27)
IRB portfolio risk ...	...	...	...
...						
Note 26	<u>This item only applies to firms that provide advice on retail investment products.</u>					
Note 27	<u>This item applies only to firms that provide advice and related services to employers on group personal pension schemes and/or group stakeholder pension schemes.</u>					

...

16.12.23 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.22AR are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

Data item	Frequency				
	Unconsolidated <i>BIPRU investment firm</i>	Solo consolidated <i>BIPRU investment firm</i>	<i>UK Consolidation Group or defined liquidity</i>	Annual regulated business revenue up to	Annual regulated business revenue over £5

			<i>group</i>	and including £5 million	million
...					
Section J RMAR	...	...	...	...	...
<u>Section K</u> <u>RMAR</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>
<u>Section L</u> <u>RMAR</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>
Note 1	...				
...					

16.12.24 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.23R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
...						
Section J RMAR						...
<u>Section K</u> <u>RMAR</u>					<u>30 business days</u>	
<u>Section L</u> <u>RMAR</u>					<u>30 business days</u>	
Note 1	...					
...						

...

16 Annex 18AR Retail Mediation Activities Return ('RMAR')

...

SECTION B: Profit and Loss account

B1: Regulated Business Revenue

A B C D E

		Commissions		Fees / Adviser charges / Consultancy charges	Other income (reg activities)	Regulated business revenue
		Gross	Net			
<u>1</u>	Regulated mortgage contracts					
<u>2</u>	Non-investment insurance					
<u>3</u>	Retail investment <u>products</u>					
<u>4</u>	TOTAL					

B2: Other P&L

<u>5</u>	Income from other FSA regulated activities	
<u>6</u>	Other Revenue (income from non-regulated activities)	
<u>7</u>	TOTAL REVENUE	
<u>8</u>	TOTAL EXPENDITURE	
<u>9</u>	Profit/Loss on ordinary activities before taxation	
<u>10</u>	Profit/Loss on extraordinary activities before taxation	
<u>11</u>	Taxation	
<u>12</u>	Profit/Loss for the period before dividends and appropriations	
<u>13</u>	Dividends and other appropriations	
<u>14</u>	Retained Profit	

...

SECTION G: Training and Competence

- 1** Total number of all staff
Of which:
- 2** Number of staff that give advice
- 3** Number of staff that give advice (Full time equivalent)
- 4** Number of staff that supervise others to give advice
- 5** Number of advisers that have been assessed as competent
- 6** Number of advisers that have passed appropriate examinations
- 7** Number of advisers that have left since the last reporting date

	A	B	C	D
	Advising on mortgages	Advising on non-investment insurance (retail customer)	Advising on retail investment products	Total

**What types of advice were provided?
(tick all that apply)**

- 15** Independent
- 8** Independent (whole of market plus option of fee-only)
- 9** Whole of market (without fee-only option)
- 10** On the basis of a fair analysis of the market
- 11** Restricted / Multi-tie - the products of a limited number of providers
- 12** Restricted / Single-tie - the products of one provider
- 16** Restricted - limited types of products

	Mortgage	Non-Inv Insurance	Retail Investment products

Clawed back commission (retail investment firms only)

- 13** Clawed back commission by:
- 14**

Number	
Value	

...

After "Section J" insert new Section K and L. The text is not underlined.

SECTION K: Adviser charges

A B C D E F G

Retail investment product revenue from adviser charges

	<i>Independent advice</i>			<i>Restricted advice</i>			Total
	<i>Adviser charges invoiced directly to retail clients</i>	<i>Adviser charges invoiced via product providers</i>	<i>Adviser charges invoiced via platform service providers</i>	<i>Adviser charges invoiced directly to retail clients</i>	<i>Adviser charges invoiced via product providers</i>	<i>Adviser charges invoiced via platform service providers</i>	
1 Revenue from initial <i>adviser charges</i>							
2 Revenue from ongoing <i>adviser charges</i>							
3 TOTAL							

Payments of initial adviser charges

	<i>Independent advice</i>			<i>Restricted advice</i>			Total
	<i>Adviser charges invoiced directly to retail clients</i>	<i>Adviser charges invoiced via product providers</i>	<i>Adviser charges invoiced via platform service providers</i>	<i>Adviser charges invoiced directly to retail clients</i>	<i>Adviser charges invoiced via product providers</i>	<i>Adviser charges invoiced via platform service providers</i>	
4 Number of lump-sum payments							
5 Regular instalments as proportion of the total due							
6 TOTAL							

Number of one-off advice services

	<i>Independent advice</i>	<i>Restricted advice</i>	Total
7 Number of one-off advice services			

Retail clients paying for ongoing advice services

Number

- 8 *Retail clients* paying for ongoing advice services at the end of the reporting period
- 9 *Retail clients* who started paying for ongoing advice services during the reporting period
- 10 *Retail clients* who stopped paying for ongoing advice services during the reporting period

What types of adviser charging structures are offered?

	<i>Independent Advice</i>		<i>Restricted Advice</i>		Typical charging structure (tick all that apply)
	Minimum	Maximum	Minimum	Maximum	
11 Initial <i>adviser charge</i> per hour (£)					
12 Initial <i>adviser charge</i> as percentage of investment (%)					
13 Initial adviser charge as a fixed fee (£)					
14 Initial adviser charge as a combined charging structure (£)					
15 Ongoing <i>adviser charges</i> per hour (£)					
16 Ongoing <i>adviser charge</i> as percentage of investment (%)					
17 Ongoing adviser charge as a fixed fee (£)					
18 Ongoing adviser charge as a combined charging structure (£)					

SECTION L: Consultancy charges

Retail investment revenue from *group personal pension schemes* or *group stakeholder pension schemes* fees and consultancy charges

A B C D E

	<i>Fees invoiced directly to employer clients</i>	<i>Consultancy charges invoiced via product providers</i>	<i>Consultancy charges invoiced via platform service providers</i>	Total
1 Revenue from initial services				
2 Revenue from ongoing services				
3 Revenue from one-off services				
4 TOTAL				

Number of employers that received one-off services

5 Number of employers that received one-off service in reporting period

Employer clients receiving ongoing *group personal pension schemes* or *group stakeholder pension schemes* services

6 Number of employer clients receiving ongoing <i>group personal pension scheme</i> services at the end of the reporting period	<input type="text"/>
7 Number of employer clients who started receiving ongoing <i>group personal pension scheme</i> services during the reporting period	<input type="text"/>
8 Number of employer clients who stopped receiving ongoing <i>group personal pension scheme</i> services during the reporting period	<input type="text"/>

Range of consultancy charges

	Highest	Lowest	Typical
9 First year's projected <i>consultancy charges</i> (as % of first year's total employer and employee contributions) applying to <i>group personal pension schemes</i> or <i>group stakeholder pension schemes</i> set up in reporting period	<input type="text"/>	<input type="text"/>	<input type="text"/>

Types of consultancy charges in typical scheme (tick all that apply)

	% of employer contributions	% of member contributions	% of fund (annual management charge)	Flat amount per member	Other
10 Active members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Deferred members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Amend the following as shown.

16 Annex 18BG Notes for Completion of the Retail Mediation Activities Return ('RMAR')

...

Contents

...

Section K: Adviser charges

Section L: Consultancy charges

...

Scope

...

6. The following *firms* are required to complete the *RMAR*:

...

(c) *firms* (defined as *retail investment firms*) that have *retail customers*, and have *permission* to carry on the following activities in relation to *retail ~~investments~~ investment products*:

- *Advising on investments*;
- *Arranging (bringing about) deals in investments*;
- *Making arrangements with a view to transactions in investments*; and

(d) *personal investment firms*.

Retail ~~investments~~ investment products are defined as:

- (a) a *life policy*; or
- (b) a *unit*; or
- (c) a *stakeholder pension scheme*; or
- (d) a *personal pension scheme*; or
- (e) an interest in an *investment trust savings scheme*; or
- (f) a *security in an investment trust*; or
- (g) any other *designated investment* which offers exposure to underlying financial assets, in a packaged form which modifies that exposure when compared with a direct holding in the financial asset; or
- (e)(h) a *structured capital-at-risk product*;

whether or not any of (a) to (h) are held within an *ISA* or a *CTF*.

...

Note also that all *long-term care insurance contracts* are defined as *life policies*, and as such

are included as *retail ~~investments~~ investment products*.

...

EEA Firms

...

10. In broad terms, *incoming EEA firms* carrying on *regulated activities* through a branch in the *United Kingdom* are not required to complete the sections of the RMAR in the following table.

Prudential reporting requirements	Section A (balance sheet)
	Section B (profit & loss)
	Section C (<i>client money</i>)
	Section D (capital requirements)
	Section E (professional indemnity insurance)
Threshold conditions	Section F (save in relation to questions about <i>approved persons</i>)
Training & competence	Section G
<u>Adviser charges</u>	<u>Section K</u>
<u>Consultancy charges</u>	<u>Section L</u>

11. *Firms* that only carry on *reinsurance mediation* are not required to complete ~~section~~ sections C, K or L.

...

Authorised professional firms

...

14. Where APFs are required to submit financial information (i.e. sections A to E), they should do so in relation to all of their *regulated activities*. ~~Section~~ Sections F, K and L should also be completed in relation to all *regulated activities*. Other sections (G to I) need not include information in relation to *non-mainstream regulated activities*. However, APFs may complete all sections on the basis of all of their *regulated activities* if this approach is more cost effective.

Accounting principles

15. The following principles should be adhered to by *firms* in the submission of financial information (sections A to E and sections K and L).

...

Section B: guide for completion of individual fields

...	
-----	--

<u>Fees / Adviser charges / Consultancy charges</u>	You should record here <u>adviser charges</u> and <u>consultancy charges</u> , and net income received from <u>customers</u> or other sources on a fixed fee rather than commission basis, but only in respect of the relevant <u>regulated activities</u> .
Other income from regulated activities	You should record here any income that has derived from the relevant <u>regulated activities</u> during the reporting period, which has not been recorded under commissions or fees, <u>adviser charges</u> or <u>consultancy charges</u> . Such income may include interest on <u>client money</u> , where the <u>firm</u> is permitted to retain this, or payments made by <u>product providers</u> on a basis other than fees or commissions.
...	...

...

Section G: Training & Competence

...

Section G: guide for completion of individual fields

...	...
What types of advice were provided? (tick all that apply)	If staff provide more than one type of advice (<u>for example</u> , they restrict their product range by <u>product provider</u> and type of product), or in relation to more than one business type (i.e. home finance transaction <u>home finance transaction</u> advising, advising on <u>non-investment insurance contracts</u> , or <u>retail investment products</u>), tick all that apply.
<u>Independent</u>	<u>For a retail investment firm to provide independent advice its personal recommendations must be based on a comprehensive and fair analysis of the relevant market, and be unbiased and unrestricted (COBS 6.2A.3R).</u>
Independent (whole of market plus option of fee-only)	To provide independent advice <u>hold itself out as acting independently</u> , a <u>firm carrying on home finance mediation activity</u> must consider products from across the whole of the market, and offer its clients the opportunity to pay by fee (MCOB 4.3.7R, COBS 6.2.15R).
Whole of market (without fee-only option)	A <u>firm carrying on home finance mediation activity</u> provides whole of market recommendations when it has considered a large number of products that are generally available from the market as a whole.

On the basis of a fair analysis of the market	<p>A firm gives recommendations on a fair analysis of the market when it has considered a large number of providers in the relevant sector(s) of the market (ICOB 4.2.11R).</p> <p><u>If an insurance intermediary informs a customer that it gives advice on the basis of a fair analysis of the market, it must give that advice on the basis of an analysis of a sufficiently large number of contracts of insurance available on the market to enable it to make a recommendation, in accordance with professional criteria, regarding which contract of insurance would be adequate to meet the customer's needs. (See ICOBS 5.3.3R, see also ICOBS 4.1.6R and ICOBS 4.1.8G).</u></p>
<u>Restricted / Multi-tie / - the products of a limited number of providers</u>	<p>A firm provides advice on multi-tie advice when it recommends products selected from a limited number of provider firms only.</p> <p><u>Restricted advice applies to advice on retail investment products. Multi-tie applies to insurance mediation activity and home finance mediation activity.</u></p>
<u>Restricted / Single-tie / - the products of one provider</u>	<p>A firm provides single-tie advice on when it recommends products selected from one provider firm only.</p> <p><u>Restricted advice applies to advice on retail investment products. Single-tie applies to insurance mediation activity and home finance mediation activity.</u></p>
<u>Restricted – limited types of products</u>	<p><u>A firm provides advice on limited types of products.</u></p>

...

After “Section J: data required for calculation of fees” insert the following new annexes (Section K: Adviser Charges and Section L: Consultancy Charges). The text is not underlined.

Section K: Adviser charges

In this section we are seeking data from *firms* in relation to *adviser charges* (COBS 6.1A and COBS 6.1B). We will use the data we collect to monitor and analyse the way *retail investment firms* implement the rules on *adviser charges*.

Data in this section should be reported on a cumulative basis throughout the *firm's* financial year, with the exception of the minimum and maximum *adviser charges*, which are the costs of advice services that a *firm* discloses to a *retail client* in writing, in good time before making the *personal recommendation* (or providing any related service) (COBS 6.1A.17R).

The *firm's* charging structure can be based on published tariffs or price lists and only needs to be updated as and when the tariffs or prices lists are updated.

All the data in this section should only be in relation to the provision of a *personal recommendation* by the *firm* in respect of a *retail investment product* (or any related service provided by the *firm*).

If a *firm* makes a management charge which covers *adviser charges* and charges for services that do not relate to a *personal recommendation* on *retail investment products*, then *firms* should report the full amount of the management charge received. *Firms* should not differentiate between the amounts relevant to the different services. For example, if a *firm* makes a management charge for a non-discretionary management service that predominantly relates to *advice* on stocks and shares, but provides *personal recommendations* on *retail investment products* as part of this service, then it should report the whole of this charge in section K.

In most cases, *firms* are asked to split the data based on whether the advice was *independent* or *restricted*. *Independent advice* is a *personal recommendation* to a *retail client* in relation to a *retail investment product* which is based on a comprehensive and fair analysis of the relevant market, and is unbiased and unrestricted (COBS 6.2A.3R). *Restricted advice* is advice which is not *independent advice*. *Restricted advice* includes *basic advice*, but the rules on *adviser charges* do not apply to a *firm* when it gives *basic advice*, so revenue from *basic advice* should not be captured here.

For revenue from *adviser charges* and payments of initial *adviser charges*, *firms* are also asked to split the data based on the payment mechanism, i.e. whether the *adviser charges* have been received directly from *retail clients*, via *product providers*, or via *platform service providers*. COBS 6.1B.9R allows for *firms* to facilitate the payment of *adviser charges* from a *retail investment product* or otherwise by means of a *platform service*.

Firms that have *appointed representatives* should include their *appointed representatives* as well as the *firm* itself in the information submitted in this section.

Data elements are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

Section K: guide for completion of individual fields

Adviser charge revenue	
Initial <i>adviser charges</i> (row 1)	<p>These are all <i>adviser charges</i> invoiced to <i>retail clients</i> during the reporting period for services that are not ongoing.</p> <p>These charges may be paid as a one-off lump sum, or as regular contributions over a period of time if the <i>adviser charge</i> relates to a <i>retail investment product</i> for which an instruction from the <i>retail client</i> for regular payments is in place and the <i>firm</i> has disclosed that no ongoing <i>personal recommendations</i> or service will be provided (COBS</p>

	6.1A.22R (2)).
Ongoing <i>adviser charges</i> (row 2)	These are all <i>adviser charges</i> , which are not initial charges, invoiced to <i>retail clients</i> during the reporting period for an ongoing service (<i>COBS</i> 6.1A.22R (1)).
<i>Adviser charges</i> invoiced directly to <i>retail clients</i> (column A, data elements 1A to 6A)	These are all <i>adviser charges</i> invoiced directly to <i>retail clients</i> .
<i>Adviser charges</i> invoiced via <i>product providers</i> (column A, data elements 1B to 6B)	These are all <i>adviser charges</i> invoiced via <i>retail investment product providers</i> who facilitate, directly or through a third party, the payment of <i>adviser charges</i> from a <i>retail client's retail investment product</i> .
<i>Adviser charges</i> invoiced via <i>platform service providers</i> (column C, data elements 1C to 6C)	These are all <i>adviser charges</i> invoiced via <i>platform service providers</i> who facilitate, directly or through a third party, the payment of <i>adviser charges</i> by means of a <i>platform service</i> .
Payments of initial adviser charges	
(See above three rows for an explanation of the different payment mechanisms.)	
Number of lump-sum payments (row 4)	<p>This is the number of initial <i>adviser charge</i> payments invoiced as a lump sum during the reporting period, i.e. the <i>client</i> pays the entire initial <i>adviser charge</i> in one payment.</p> <p>If an initial charge is not paid in full, we expect it to be recorded under row 5 of Section K as 'Regular instalments as proportion of the total due.</p>
Regular instalments as the proportion of the total due (row 5)	<p>An initial <i>adviser charge</i> may be structured to be payable over a period of time when it relates to a <i>retail investment product</i> for which an instruction from the <i>retail client</i> for regular payments is in place and the <i>firm</i> has disclosed that no ongoing <i>personal recommendations</i> or service will be provided (<i>COBS</i> 6.1A.22R(2)). Each instalment should be captured by the <i>firm</i> as a fraction, to two decimal places, representing the amount paid off as a proportion of the amount owed. The sum of these fractions should be reported in the appropriate data field in row 5 to two decimal places.</p> <p>This could be calculated either using (1) the length of the repayment period, if these instalments are of equal value, or (2) the amount paid. These two methods are outlined below (both methods should arrive at the same answer).</p> <p>(1) For each <i>retail client</i> calculate the number of <i>months</i> in the reporting period in which equal instalments are made</p>

	<p>divided by the total number of <i>months</i> in which payments are due to be made. Sum up fractions based on payment mechanism and type of advice and report in the appropriate field.</p> <p>(2) For each instalment calculate the amount paid divided by the total amount due. Sum up fractions based on payment mechanism and type of advice and report in the appropriate field.</p>
Number of one-off advice services (row 7)	This should be the number of one-off advice services provided during the reporting period, to which there is a corresponding initial <i>adviser charge</i> .
Retail clients paying for ongoing advice services	
<i>Retail clients</i> paying for ongoing advice services (row 8)	This should be the number of <i>retail clients</i> paying for ongoing advice services (i.e. paying ongoing <i>adviser charges</i>) at the end of the reporting period.
<i>Retail clients</i> who start paying for ongoing advice services (row 9)	This should be the number of <i>retail clients</i> who began paying for an ongoing advice service (i.e. paying ongoing <i>adviser charges</i>) during the reporting period.
<i>Retail clients</i> who stop paying for ongoing advice services (row 10)	This should be the number of <i>retail clients</i> who stopped paying for ongoing advice service (i.e. paying ongoing <i>adviser charges</i>) during the reporting period.
Charging structure	
What types of adviser charging structures are offered?	Only those fields relevant to the <i>firm's</i> charging structure should be completed.
Combined charging structure (£)	When a <i>firm</i> operates charging structures which are a combination of per hour, percentage of investment and/or fixed fee, <i>firms</i> should record the actual minimum and maximum charges charged in the reporting period and not the published tariff or price list for that combined charging structure. For example, where the <i>firm's</i> charging structure is a combination of a fixed fee element and a percentage basis the <i>firm</i> will need to work out what the actual maximum and minimum <i>adviser charges</i> charged in the reporting period were in order to report values in UK Sterling (£).
Minimum and maximum <i>adviser charges</i>	Where a <i>firm</i> has no range in their charging structure, the minimum and maximum <i>adviser charges</i> should be recorded as the same.
Typical charging structure	If a <i>firm</i> has more than one charging structure, it should

<p>(tick all that apply)</p>	<p>report all charging structures and indicate what the typical charging structure is for initial and ongoing services. If the adviser charging structures typically offered are split evenly between the different charging types (per hour, percentage of investment, fixed fee or combined) for initial and/or ongoing advice services, tick the charging structures that are relevant.</p>
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Section L: Consultancy charges

In this section we are seeking data from *firms* in relation to *consultancy charges* (COBS 6.1C). We will use the data we collect to monitor and analyse the way *retail investment firms* implement the rules on *consultancy charges*.

Consultancy charges are payable on behalf of an employee to a *firm* or other intermediary in respect of advice given or services provided in connection with *group personal pensions schemes* (including a group *SIPP*) and *group stakeholder pension schemes*.

Consultancy charge data should be reported on a cumulative basis throughout the *firm's* financial year, with the exception of the highest, lowest and typical *consultancy charges*. All the data in this section should only be in respect of *retail investment products*.

Firms are asked to split the data on revenue from *consultancy charges* by payment mechanism, i.e. whether the *consultancy charges* have been received directly as a *fee* from the employer, via *product providers*, or via *platform service providers*. COBS 6.1D.9R allows for *firms* to facilitate the payment of *consultancy charges* from a *retail investment product* or otherwise by means of a third party such as a *platform service provider*.

Firms that have *appointed representatives* should include their *appointed representatives* as well as the *firm* itself in the information submitted in this section.

Data elements are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

Section L: guide for completion of individual fields

Retail investment revenue from either or both group personal pension scheme and group stakeholder pension scheme fee and consultancy charges	
Initial services (row 1)	This is the revenue invoiced during the reporting period for services provided at the scheme outset. For example, the initial services for setting up the scheme such as advice on the selection of scheme provider and launching the scheme to employees.
Ongoing services (row 2)	This is the revenue invoiced during the reporting period for an ongoing service. For example, assisting the employer with the annual scheme renewal or promoting the scheme to new joiners.
One-off services (row 3)	This is the revenue invoiced for services provided during the term of the scheme, which have not been included in row 1 or row 2. For example, one-off advice or services an employer may seek about an existing scheme such as whether it meets the government's requirements for auto-

	enrolment.
<i>Fees</i> invoiced directly to employer clients (column A, data elements 1A to 4A)	These are all of the <i>fees</i> invoiced directly to employer clients.
<i>Consultancy charges</i> invoiced via <i>product providers</i> (column B, data elements 1B to 4B)	These are all <i>consultancy charges</i> invoiced via <i>retail investment product providers</i> who facilitate, directly or through a third party, the payment of <i>consultancy charges</i> .
<i>Consultancy charges</i> invoiced via <i>platform service providers</i> (column C, data elements 1C to 4C)	These are all <i>consultancy charges</i> invoiced via <i>platform service providers</i> who facilitate, directly or through a third party, the payment of <i>consultancy charges</i> by means of a <i>platform service</i> .
Number of employers that received one-off services	
Number of employers that received one-off services in the reporting period (row 5)	This should be the number of employers who received services of a one-off nature not included previously in any initial or ongoing charges within the reporting period and where no ongoing service is envisaged.
Employer clients paying for either or both ongoing group personal pension scheme and stakeholder pension scheme services	
Employer clients receiving ongoing services (row 6)	This should be the number of employer clients receiving ongoing services (i.e. paying ongoing <i>consultancy charges</i>) at the end of the reporting period.
Employer clients who start receiving ongoing services (row 7)	This should be the number of employer clients who began receiving an ongoing service (i.e. paying ongoing <i>consultancy charges</i>) during the reporting period.
Employer clients who stop receiving ongoing services (row 8)	This should be the number of employer clients who stopped receiving an ongoing service (i.e. paying ongoing <i>consultancy charges</i>) during the reporting period.
Range of consultancy charges	
Highest, lowest and typical <i>consultancy charges</i> (row 9)	<i>Firms</i> need to report the highest, lowest and typical <i>consultancy charges</i> calculated as the first year's projected <i>consultancy charges</i> (as % of first year's total employer and employee contributions) applying to <i>group personal pension schemes</i> and <i>group stakeholder pension schemes</i> set up in the reporting period.
Types of consultancy charges in typical scheme	
Charging structures offered to active and deferred members of <i>group personal pension</i>	Only those fields relevant to the <i>firm's</i> typical charging structure should be completed.

<i>schemes and group stakeholder pension schemes</i>	Tick all that apply.
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Amend the following as shown.

Transitional provisions

TP 1.2

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional Provision: dates in force	Handbook provision; coming into force
...					
8M	<u>SUP 10.13.20A R</u>	<u>R</u>	<u>This rule applies to complaints upheld on or after 31 December 2012.</u>	<u>From 31/12/2012</u>	<u>31/12/2012</u>
...					
12M	...				
	<u>(20A) SUP 16.12.22AR</u>	<u>R</u>	<p><u>(1) Where a firm is required under SUP 16.12.22AR to submit information on adviser charges in Section K of the RMAR or consultancy charges in Section L of the RMAR the firm is not required to report information collected prior to 31 December 2012.</u></p> <p><u>(2) The first reporting period for Section K or Section L of the RMAR begins on the first day of the firm's first full reporting period (as specified in SUP 16.12) after 31 December 2012.</u></p>	<u>31/12/2012 to 30/06/2013</u>	<u>31/12/2012</u>
...					

...

Schedule 2 Notification requirements

...

Sch 2.2 G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
<u>SUP 10.13.20A R</u>	<u>Retail investment advisers (RIA) – if a firm has upheld a complaint and paid redress of over £50,000, or has upheld 3 complaints in the last 12 months, about matters relating to the retail investment activities carried out by a retail investment adviser</u>	<u>Approved Persons Form G Retail Investment Adviser Complaints Alerts Form (see SUP 10 Annex 9R)</u>	<u>A complaint is upheld with a claim value of over £50,000 or three complaints are upheld in a 12 month period about matters relating to the retail investment activities carried out by a retail investment adviser</u>	<u>By the end of the period of 20 business days beginning on the day on which the matter to be notified occurs</u>
...				

Annex C

Amendments to Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 1.10.2A R (1) Twice a year a *firm* must provide the *FSA* with a complete report concerning *complaints* received from *eligible complainants* about matters relating to the *retail investment activities* carried out by its *retail investment advisers*. The report must be set out in the format in *DISP 1 Annex 1CR*.
- (2) *DISP 1 Annex 1CR* requires (for the relevant reporting period) information about:
- (a) the total number of *complaints* received by the *firm* about matters relating to the *retail investment activities* carried out by its *retail investment advisers*;
- (b) the total number of *complaints* closed by the *firm* about matters relating to the *retail investment activities* carried out by its *retail investment advisers*;
- (c) the total number of *complaints* upheld by the *firm* about matters relating to the *retail investment activities* carried out by its *retail investment advisers*; and
- (d) the total amount of redress paid in respect of *complaints* upheld during the reporting period about matters relating to the *retail investment activities* carried out by its *retail investment advisers*.
- (3) For the purpose of *DISP 1 Annex 1CR retail investment adviser information* must be reported by *FSA Individual Reference Number (IRN)*.
- 1.10.3 G For the purpose of *DISP 1.10.2R* and *DISP 1.10.2AR*, when completing the return, the *firm* should take into account the following matters.
- ...
- (3) If a *firm* reports on the amount of redress paid under *DISP 1.10.2R(4)* or *DISP 1.10.2AR*, redress should be interpreted to include an amount paid, or cost borne, by the *firm*, where a cash value can be readily identified, and should include:
- (a) amounts paid for distress and inconvenience;
- (b) a free transfer out to another provider which transfer would normally be paid for;

- (c) goodwill payments and goodwill gestures;
 - (d) interest on delayed settlements;
 - (e) waiver of an excess on an insurance policy; and
 - (f) payments to put the consumer back into the position the consumer should have been in had the act or omission not occurred.
- (4) If a *firm* reports on the amount of redress paid under *DISP* 1.10.2R(4) or *DISP* 1.10.2AR, the redress should not, however, include repayments or refunds of premiums which had been taken in error (for example where a *firm* had been taking, by direct debit, twice the actual premium amount due under a policy). The refund of the overcharge would not count as redress.

[Note: See *SUP* 10.13.20AR for the ongoing duty to notify *complaints* about matters relating to the *retail investment activities* of a *retail investment adviser*].

After *DISP* 1 Annex 1BR insert the following new annex. The text is not underlined.

Annex 1CR Illustration of the online reporting requirements, referred to in *DISP* 1.10.2AR

This annex belongs to *DISP* 1.10.2AR

COMPLAINTS BY RETAIL INVESTMENT ADVISERS REPORTING / NIL RETURN DECLARATION

1 Does the data reported in this return cover *complaints* about matters relating to the *retail investment activities* carried out by more than one *retail investment adviser*? If 'Yes', then list the individual reference numbers (IRNs) of all the *retail investment advisers* included in this return.

Yes / No

2 We wish to declare a nil return

Yes / No

Total complaints, complaints closed, complaints upheld and total redress paid during the reporting period

	A	B	C	D	E	F
	IRN	Name of RIA	Total number of complaints received	Total number of complaints closed	Total number of complaints Upheld	Total redress paid
1						
2						
3						
4						

NOTES ON THE COMPLETION OF THIS RETURN

Nil returns

If no *complaints* have been received during the reporting period or none of the *complaints* received is about matters relating to the retail investment activities carried out by a *retail investment adviser* the *firm* may submit a NIL RETURN by clicking on the relevant box.

...

Amend the following as shown:

TP 1.1 Transitional Provisions table

(1)	(2) Material provision to which transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
30	<u>DISP 1.10.2AR</u>	<u>R</u>	<u>Where a firm, which has a reporting period ending on or before 30 June 2013</u>	<u>31 December 2012 to 30 June 2013.</u>	<u>31 December 2012</u>

		<p><u>submits its report to the FSA in accordance with the complaints reporting rule at DISP 1.10.2AR the number of complaints must be calculated for the period from the 31 December 2012 to the end of the firm's relevant reporting period.</u></p>		
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...

PUB REF: 002756

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