



Implementing the platform rules: Progress and considerations



What we will cover today

- Why are we looking at the platform market
- Platform rules
- Thematic review findings
- Areas for further focus
- Consumer communications
- Re-registration

Why are we looking at the platform market

- Platforms are an important part of the investment market
- RDR covers all areas of the distribution of retail investments – all areas need to be transparent and fair, including platforms
- Last year we announced new rules (PS13/1)
- We carried out a thematic review to see if platforms were ready for the rules

Platform rules

- Rules for new business come into force on 6 April 2014. Legacy business can continue until April 2016
- If caught by the rules you can only be paid through explicit platform charge –not funded by providers
- It must be clear to consumers how much they are paying – and what for
- Rebates can only be in the form of units (other than in some very specific circumstances)

Thematic review findings

- Platforms appear confident that they will materially be ready for April
- Significant consideration has been given to the impact on consumers
- There are still some areas where further focus is required

Area for further focus: previously advised consumers

- Some clients who have relied on an adviser may find themselves without one
- They may have a problem accessing their investments
- These clients should not be disadvantaged compared to other consumers

Area for further focus: contingency planning

- We did not see as much focus as we would have expected
- Saw robust projects, but little thought given to 'Plan B'
- Considerations need to be given to, for example:
 - consumers not responding as predicted
 - technology not working

Area for further focus: consumer communications

- Important issue that deserves careful consideration
- This is one of the topics we have highlighted for a group discussion!



Consumer communication



Consumer communications

- **Good practice**

Providing tools for advisers to help them illustrate changes to consumers along with tailored communications directly to each consumer

- **Poor practice**

Blanket communications telling consumers that most people will be better off without a sufficient explanation of the impact on the consumer

What firms need to think about when communicating with consumers

- What should consumers reasonably expect?
- What does good look like from a consumer point of view?



Re-registration



Our expectations

- We would like to see further progress on re-registration
- Firms must be able to transfer a consumer from one platform to another in a reasonable timescale
- Exit charges should not be a barrier to moving platform and should not inhibit competition

In summary.....

- Platforms seem prepared for the introduction of the rules
- Focus further on client communications, contingency planning and consumers without an adviser
- Ensure consumers understand the impact of the changes