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**TISA**times

## CHAIRMAN'S VIEW



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Well, how time flies. It seems like only yesterday that I agreed to be the Chairman of TISA for a period of two years. That was in 2000 and I never expected the role to continue for an additional 10 years beyond the original agreement.

However, after almost 12 years my extended term will come to an end at the TISA year-end on 30 June.

What kept me interested and committed for so long? I, along with Tony Vine-Lott and members of the TISA board had a personal as well as professional desire to improve the landscape for savers and investors in the UK.

Collectively we felt that although trade bodies represented their individual sectors extremely well there was an urgent and on going need to lobby on behalf of the consumer, to improve regulated products and simplify processes for the benefit of the industry.

The evolution of TISA from representing PEP providers to the wide remit that it performs today has been mainly industry lead. This reflects the confidence that the membership has in TISA's ability to deliver positive outcomes.

However, innovation from within TISA has also been a major factor in our success. The need to expedite cash ISA transfers, and to improve the process of platform re-registration are just two examples.

It has been a pleasure to have served as the TISA Chairman for such a long period of time and work with such committed and knowledgeable people within the TISA team, both in our Stockton office and those based in London.

I would also like to acknowledge the considerable input of the TISA board and the excellent relationship that we continue to enjoy with the officials of HMRC, HM Treasury and the relevant government ministers.

In standing down as Chairman I am delighted that Tony Solway has agreed to take on the role. I have known Tony for many years and believe that TISA and the membership are extremely fortunate to have such an outstanding individual at the helm. In Tony Solway and our excellent Director General, Tony Vine-Lott, TISA has the ideal leadership team to take the association forward to even greater success and I will be a "wise owl" on the board to make sure that they behave themselves.

Thank you for your loyal support.

JOHN BRASINGTON **Chairman**



## TO CONTINUE...

About the market, what can I say. In recent articles in TISA Times I have tried to sound a note of optimism for the future, I think I will leave that to future editions for now. It feels like for the past few years we have been staggering along the edge of a precipice, wondering what it will be that eventually tips us over the edge.

Fortunately, on the whole, markets have held together and prudent governments, companies and people have been writing down debt and putting money aside. At least the world, and financial services in particular, are better prepared if a jolt should occur but, hopefully, common sense and purpose will prevail and we will, albeit slowly, pull away from the brink. Fingers crossed.

In spite of this gloom much of our sector has not done too badly, and probably better than most. TISA continues to thrive, indeed to continue to grow in size, deepening and broadening our activities.

The number of our seminars continues to increase, as does the attendance. We have just announced an increase in our Advisory and Technical Councils, who establish TISA policy, and have been asked by members to establish further cross industry projects to help improve the way the industry operates.

It is the continued support and encouragement from you, our members, that drives us to strive to identify ways in which we can better support you and add value to your business. A big thank you.

I am very fortunate to have an excellent, and very committed team around me who have done an outstanding job for you, as always, and I say thank you to them on your behalf. However as you will have seen from the Chairman's article this is also a time of transition for us - from one Chairman to another.

I have said thank you's to John on a number of occasions but another time is not one too many. It was he who had the foresight to establish a route map for TISA, setting out a future role and opportunity we have managed to fulfil. He helped establish the Association's values, which have stood it in such good stead - of keeping costs low, value to members high and putting consumer outcomes at the forefront of our thinking. He has also been a steadying hand (on my shoulder mainly) and an outstanding sounding board and mentor to all of us in the Association. Thank you John from all of us for an outstanding job, we are fortunate that you will continue to help and support the organisation going forward.

Many of you will know Tony Solway, who has taken over from John as Chairman, from his many years in charge at Henderson Administration/Cogent/BNPP SS. His background and experience means that he knows and understands the workings of the whole of our industry extremely well, and many of the people within it. He has been on the TISA Board for a number of years and

is very well suited to help provide us with direction and support in the next phase of TISA's development. Thank you Tony for taking on the role and it's responsibilities.

I have got this far without mentioning the RDR, I am quite proud of that. Well done to all of you who have managed personally and corporately to get yourselves prepared for the new world and good luck to those who are still in the final run up. There remain a number of unresolved matters, particularly in the detail, and TISA will continue to do all it can to help you all with all of these issues.

I know that I opened on a gloomy note but my natural behaviour is to be optimistic and to believe that the politicians will get a grip and that we will move into more positive territory. Many of our major companies are well positioned to take advantage of the upturn when it arrives and that will benefit us all.

Good luck with all that the forthcoming year holds for us and fingers crossed....

To be continued.....

TONY VINE-LOTT **Director General**



## UPDATE FROM MALCOLM SMALL, DIRECTOR OF POLICY

Over the past months, we have seen TISA develop new projects and Advisory Councils. In addition, a number of new Operational Committees are being formed, to provide a locus for best practice and addressing common regulatory or operational issues. We are seeking to broaden and deepen member engagement by so doing, as well as creating greater value for members through the ability to short-cut to best systems or administration practice in respect of any given industry challenge.

### Retirement

The focus of policymakers remains upon the delivery of automatic enrolment into pension saving, which starts for the largest employers in October this year. Whilst the intention has been to have a “steady state” as this initiative, the largest in pensions in living memory, beds in over the next few years, this does not mean that nothing is happening. The announcement in the Budget regarding the move to a decent, universal, basic state pension and an end to means tested retirement income benefits for future pensioners, was widely welcomed. We expect a White Paper with more details on the plans for this during the course of the summer. Raising state retirement age remains on the political agenda. It is likely that those entering the labour market for the first time today will find state pension age to be in the mid-70s by the time they come to retire. The huge complexity of the current pension regime remains an issue. Retirement Advisory Council has engaged on these issues and has run some successful and well attended seminars on topical matters.

### Wraps And Platforms

Since the last report, the re-registration project we were running has concluded, and TISA Exchange (TeX) has been formed, as a pan-industry utility designed to host standardised legal agreements between platforms and fund managers. These will support re-registration between platforms and will save the costs of revising around 8000 separate agreements around the industry. We believe that TeX may be able to serve the industry in other ways in future years. We have had a great deal of interaction with FSA over the proposed ban on cash or AMC rebates from fund managers to wrap and platform operators. In CP12/12, FSA has confirmed its direction of travel, and is proposing to ban all such rebates, with the exception of unit rebates to consumers. This will provide administrative and system challenges for market participants, and will require some to completely change their business model before the proposed earliest implementation date of 1st January 2014.

### Distribution

The focus of Distribution Advisory Council has been very much on the distribution landscape after delivery of the Retail Distribution Review later this year, and some extremely well attended seminars have been held to consider this. A seminar was also held in the aftermath of some high-profile litigation, to consider what happens when advisers move between advisory firms, or such firms are bought by another. As a result, TISA will be forming a new project to consider whether it might be possible to adopt standardised Adviser Protocols, commonly used in the United States, to govern what happens in these situations. No-one benefits from disputes over client “ownership”, least of all the

clients themselves. TISA is keen to help the industry in this regard – but adoption of such protocols will ultimately be a matter for market participants to decide, not us.

### Centralised Investment Propositions Advisory Council

Following the merger earlier this year with the Investment Funds Association, which represented the interest of owners and operators of Distributor Funds (investment funds in which distribution firms have a direct commercial interest), this new Advisory Council was formed. Its title reflects the much wider interest now being taken by FSA in any standardised investment approach, whether that be a model portfolio provided by a private client asset manager, or “guided architecture” on a platform. The net is now very wide indeed, and discussions with FSA have confirmed their continuing interest in the “suitability” of such approaches to client investment. All those operating in this field are urged to join this Council.

### Other News

TISA continues to support projects where there are consumer-facing industry issues of regulatory interest. We are currently running a project looking at the quality of data held by insurers, platforms, investment houses and pension providers to establish what might be best practice in this area. Run by Carol Knight, the issue of data quality has become centre stage as providers seek to communicate effectively with clients in the run up to, and after, the Retail Distribution Review. With other sector trade bodies, we are also leading a project to see what might be the best answer to the thorny, and growing (especially in the light of automatic enrolment into pension saving) issue of small pension “pots”. Part of this project will be to seek improvement to the pension transfer process, which interfaces with re-registration of assets between platforms. Also relevant here is the project being run to improve the cash ISA transfer process, which has already delivered sharp reductions in transfer times.

TISA aims to support its member firms in their work and tries to respond to areas of concern. The regulatory regime around client money, for example, is causing concern in its operation, so we will seek to provide a point at which member concerns can be aired and shared. The coming months will see further Advisory Councils and Committees created, as we keep expanding our reach, competencies and staff. TISA is growing rapidly at present, and there is no sign of that slowing down.

MALCOLM SMALL **Director of Policy**



Times continue to be turbulent across our industry with changes coming thick and fast. This presents many challenges but of course can also provide new opportunities. Within this environment, TISA continues to provide an increasing level of support and information for our members. Our membership level is higher than ever, we are running more training courses and other events than in previous years, we are establishing new councils and working groups to focus on a wider range of issues and we have a number of specific projects active. So all in all, very busy times!

### Councils

Elsewhere in this newsletter, we detail the expansion of our Advisory Councils and working groups. This is an important development in our structure, ensuring we provide appropriate platforms for debate on the issues which are important to you. These groups are central to everything we do, providing input into our policy, indentifying issues which need specific project work to resolve, providing topics and speakers for seminars to inform a wider audience. We are grateful to everyone who puts so much time and effort participating in these councils and working groups, making them central to providing the information and changes necessary to help our industry improve and flourish. If your firm is not already represented on at least one of these groups, please read the article providing more detail and consider if you could participate.

### Saving Schemes

**Cash ISA Transfers.** Data on these transfers continues to show that the vast majority are still completed within the regulatory requirement of 15 days. Congratulations are due to all those firms who have put in a lot of work to achieve this.

Many of you will be aware of the work which has been taking place to introduce electronic messaging for Cash ISA to Cash ISA transfers, taking the process to the next level of efficiency. BACS were selected to provide the infrastructure and have worked closely with an industry working party to put a system in place. Work has been on-going over the past months and we are now close to implementation! The system is scheduled to go live towards the end of October with all the major banks committed to implementation by Jan 2013. Firms who are not direct BACS scheme members can access the system through partnership with a bank. For more information, please see [http://www.tisa.uk.com/cash\\_isa\\_transfers.html](http://www.tisa.uk.com/cash_isa_transfers.html)

TISA has been a central part of this work, having a seat on the Programme Board alongside the BBA and BSA, and is very supportive of the move to electronic communication. This is of course taking place alongside similar work with Stocks and Shares transfers which is covered below. Our intention is that at some point in the not too distant future, the two systems coming into place

in the two different sides of the industry will in fact begin to talk to each other! Then we really will be winning....

**Junior ISA.** A number of providers have now come into the market offering Junior ISAs and we are maintaining a list on our website (with open access). HMRC are providing a link to that list on their website so we hope this will become a central source of information for anyone looking to open/transfer an account.

Information on the number of accounts/subscriptions is not yet available but TISA is looking to collect data which is not collected by HMRC in order to help inform the industry. If you are a JISA provider, look out for an invitation to participate!

You might also be interested to know that Peter Shipp is running training sessions on JISA administration – see our website for more information.

**Retirement Planning** Still many potential changes in this arena under discussion within the Advisory Council, a number of consultations responded to, many views and much information shared at various TISA seminars. Perhaps the most activity currently is in relation to the problem of ‘small pots’. When auto-enrolment kicks in, there will be many thousands more people with pensions. As they change jobs they could leave a trail of small pension pots behind them – so there needs to be a pragmatic, cost-effective way of amalgamating them. TISA is leading a cross-industry project on this, supported by DWP, in conjunction with NEST, NAPF, PASA, ABI, APCIMS and IMA.

### Projects

**Small pots and Pension Transfers.** As detailed above, an Executive Committee has been formed to take this work forward, chaired by Malcolm Small, TISA. If you would like further information on this, please contact [malcolm.small@tisa.uk.com](mailto:malcolm.small@tisa.uk.com)

**Data Quality.** Having correct client data is a never-ending challenge. And the stakes have been raised in recent months to meet the stated requirements of The Pensions Regulator as well as the FSA. With this in mind, TISA were asked to establish a project to investigate ways to help firms meet the necessary standards and an Executive Committee has been formed, chaired by Nigel Banfield, L&G, to take this forward.

**Structured Deposits.** Work is continuing on finding a path to answer the FSA's concerns through an Executive Committee chaired by Sally Rigg, KPMG and in conjunction with UKSPA.

### Events

The first half of 2012 has once again seen a successful program of events, across a number of different subjects pertinent to our industry including training sessions on ISA administration; a range of seminars on retirement, regulation, distribution, wraps, fund

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pricing, client assets and discussion forums, giving a very full programme helping our members stay fully informed and at the forefront of changes in the industry. Some of these events have been provided in conjunction with member firms (notably KPMG, Navigant and Kinetic) as a result of a planned extension of support across wider regulatory matters.

We held our usual programme of events for Senior Executives including an evening drinks reception and two lunches all at the House of Commons. Attendance at these events were at record levels and much enjoyed by those attending. Attendees at the evening drinks reception were treated to a speech from Chris Grayling, MP. Guest speakers at the lunches were Jonathon Isaby (Tax Payers Alliance) and Andrew Tyrie (MP and Chairman of treasury select committee). This programme of events provides exceptional networking opportunities for senior executives from member firms across the industry and also the chance to meet and question the high-profile speakers in an informal environment. Attendance is by invitation only.

### TISA Exchange

As an outcome of the Re-registration project, TISA Exchange (TeX) has been established to help facilitate the electronic transfer of wrappers and assets between fund managers, platforms, wealth managers and any firm which holds assets on behalf of investors. This will be a significant advantage to help firms meet the RDR requirement to offer re-registration and, with a wider perspective, enable substantial savings to be made by utilizing electronic messaging for the transfer of all funds, either in-specie or redemptions, as well as any ISA wrapper.

Support for this has been extensive. The website has been launched ([www.tisaexchange.co.uk](http://www.tisaexchange.co.uk)) which provides all the documentation, current member list and application details.

We are also being asked to incorporate SIPPs. If this is an area of interest to you, the first working party to look at what would be needed is being held on 13th Sept. Please contact me if you would like to be involved.

### Looking forward

**Events.** We have a full program of other events lined up for the remainder of 2012 including seminars on: Centralised Investment Propositions, Distribution, Potential Impacts of the Eurozone, Corporate Wraps, AGM and Discussion Forum and our Annual Conference. We will also be running the session on client assets in Edinburgh. Again, dates for these and all other events can be found in this newsletter and further details on our website.

### In conclusion

TISA is getting ever busier, constantly looking to provide support across many different areas. As

ever, we appreciate your input into ways you feel we may be able to improve our service to you so always feel free to send me your thoughts.

I look forward to hearing from you.

CAROL KNIGHT

**Director of Member Services**





## REPORT FROM JEFFREY MUSHENS, TECHNICAL DIRECTOR

2012 has started with a bang and got busier ever since.

The major areas of interest and work have been:

- The Re-Registration project, which has become TISA Exchange, or TeX.
- Structured Deposits
- Wraps & Platforms, particularly because of the issues with PS11/9 and the practical working out of RDR issues,
- PS11/9
- Extending the range of seminars to include regulatory seminars aimed at senior management

### TeX

At the end of 2011 the Re-Registration project became TISA Exchange (TeX).

TeX is a contract club set up to facilitate electronic transfers. The contract covers many types of firm including any firm that holds units as a nominee for a client. That is, every platform, every stockbroker, every ISA manager, every fund manager (not only those who run their own ISA) and covers the liability issues whether or not the administration is outsourced to a Third Party Administrator.

We've appointed SWIFT as the operator of the register, finalized the legal agreements, chaired inter-operability working groups with IT service providers and encouraged firms to sign up to TeX.

At the end of June, around 30 firms have joined or committed to join TeX. These include 9 of the top 10 fund managers, based on unit trusts/OEICS under management. That's over 52% of total industry funds committed to TeX. The largest platforms have signed or committed. Leading Transfer Agents and wealth managers have joined.

These firms have committed to be able to meet their obligations to re-register funds in a simple transparent way, and be able to move to electronic transfers in due course.

This is a very exciting venture for TISA and the industry. The regulators have encouraged us to set up this facility without themselves writing prescriptive rules. It is a very positive signal to the market that the FSA will enable the industry to develop a solution that works with the grain of market practice.

We expect now to be open for business in the third quarter. If your firm hasn't signed up, or thinks re-registration doesn't apply, give Carol Knight or me a call. We'll happily visit you and explain why your firm should join, and the benefits you'll gain.

### Structured Deposits

Structured Products are squarely in the regulators' sights. So were Structured Deposits, until we started, working with UK Structured Products Association, to tackle the FSA's concerns. This project, like our Advisory Councils, is led by

members. In this case the chair is from KPMG and the deputy chair from Barclays. We aim to wrap this project up in the autumn with deliverables, which, we believe, will satisfy FSA concerns and be better and clearer for customers.

### PS11/9

As many firms are all too aware, the original proposals in PS11/9 were expensive, threatened to blow a hole in Child Trust Funds, out of kilter with requirements for listed securities under the Companies Act and unnecessary.

The biggest issue was the requirement, where firms did not have clients' email addresses, to send to clients the regular annual and interim accounts for funds, whether or not clients wanted them, and without offering any opt-out facility for clients. This was particularly damaging for revenue allocated CTFs where the charges were relatively small and would be more than swallowed up by the mailing costs.

Some parts of PS11/9 were fine, in particular relating to corporate actions, where we, and the industry, felt customers should know in a timely manner about changes affecting their investments.

We went to the FSA with our concerns and we're pleased that they listened to our arguments. It's no disgrace to change your mind, and we're grateful that they listened and deferred implementation of the rules till the end of 2013. We still don't like the rules for reports and we will continue to press for a regime like the Companies Act 2006, Schedule 9, where investors opt in to receiving reports.

### Wraps and Platforms

It became clear earlier in the year that there would likely be issues around the introduction of new share classes as a consequence of RDR and banning of rebate.

This led us to set up a working group to look at the accounting, operational, regulatory and tax aspects of these new share classes. For anyone living in a cave for the last year, the introduction of new share classes with lower charges will create pressure to convert holdings to new lower charge classes. And the expectation is that literally thousands of classes will be launched, and there will be hundreds of thousands of clients converting their holdings. So this is a big deal.

We've held 5 meetings, plus some interim meetings on accounting and fund accounting to determine a common policy and agree the regulatory position.

We've got a common understanding on tax (conversion is not a taxable event for CGT, nor will it trigger SDRT), the steps to take on transfer and conversion, and the regulatory clarifications needed with FSA together with HMRC. We expect to be able to agree with trustees, fund accountants and Transfer Agents how the impact of the new classes can be best managed across the industry.

I expect that we'll be able to finalise the project by the end of July. TISA's wide spread of members has proved critical

## REPORT FROM JEFFREY MUSHENS, TECHNICAL DIRECTOR

in the success of the working group, as it includes fund managers, Transfer Agents, platforms, Third Party Administrators and service providers, with a sprinkling of lawyers and accountants.

### Regulatory seminars

We've had an increase in interest from senior executives for more high-level seminars on 'big' regulatory issues as they are coming over the horizon. The aim isn't to provide easy answers, but to draw attention to important issues in good time for businesses to make considered responses.

KPMG and long time TISA supporters Navigant sponsored the first two. The first tackled FATCA (and we hope to kick off a project in the autumn to help members deal with issues arising from this), MiFID, PRIIPS, RDR and commission, whilst the second looked at the implications on pricing of RDR. This was very challenging for members. We're looking at arranging a seminar in the autumn on the implications of Euro zone breakdown and also countdown to RDR.

### Industry solutions

We're getting increasing numbers of firms, professional and commercial, seeking our help or advice about cross sector solutions or dealing with problems that are wider than just one sector. I hope this continues. It's a sign that people think we can help the industry as a whole.



JEFFREY MUSHENS  
Technical Director

## UPDATE ON TISA BOARD WITH EFFECT FROM 1 JULY 2012

TISA has announced that Tony Solway will replace John Brasington as Chairman of TISA from 1st July 2012. John is retiring after 12 years in the role and will continue to serve on the Board. Tony has served on the Board as a non-executive director since July 2008.

Tony Solway has extensive financial services experience, across a number of sectors and in many different contexts, gathered over a career of almost 30 years. He is Chairman of The IMS Group and is currently advising a number of stockbroking and asset management businesses in the City of London on matters of business strategy, governance and operational performance. Until 2008 he was responsible for the co-ordination of BNP Paribas' UK wealth management businesses and was a member of both the UK Executive Committee and Holding Company Board. In this capacity, he was responsible for the development and oversight of asset management and securities services businesses (where he was UK CEO), alongside private banking, insurance and commercial real estate activities.

Tony Solway said:

"I am particularly pleased to become Chairman at a time when TISA is growing in influence within the industry. The recent completion of the re-registration project is an excellent example of how TISA is able to bring interested parties together to find a consensus solution to an issue that affects both the industry and the consumer. This has been made possible by John Brasington's hard work during his tenure as Chairman to establish TISA as a credible force. I look forward to building on these achievements and continuing to raise TISA's role both in thought leadership and in delivering practical solutions to the industry's issues".

John Brasington has been involved with the Association since its inception in 1991. He initially served on the Advisory Council and subsequently the Board, becoming Chairman in 2000. He commented:

"I am extremely proud to have been Chairman for the past 12 years but feel now is the time to hand over the reins. I am confident that Tony Solway, who has extensive experience of the UK and global savings and investments sector, will do an outstanding job of supporting the Association during its next period of development."

Tony Solway became TISA Chairman with effect from 1st July 2012.

TISA has announced that Hugh Mullan, the head of Fidelity's UK Defined Contribution and Retail business, has joined its Board as a non-executive director.

Hugh Mullan moved into his current role in April 2012 and is responsible for: Fidelity's retail business, distributing Fidelity-branded funds via intermediary and other wholesale channels; FundsNetwork, which provides intermediary platform services; the UK defined contribution business; and Personal Investing, which provides open architecture products and services to self-directed investors.

Prior to that, Hugh was Fidelity's chief operating officer for Europe, responsible for technology, change, customer operations, investment services and fund accounting across Europe.

He joined Fidelity in 2008 from Barclays Wealth, where he held roles as chief operating officer of the investment and product division and as global head of operations. Before that, he spent seven years with Schroders in a number of roles.

Tony Solway, TISA chairman said:

"I am delighted to welcome Hugh to the TISA Board. Fidelity has been a long standing supporter of TISA's activities and Hugh's blend of operational, management and strategic skills will be of immense value to us as we continue our efforts to address the high level and day to day challenges faced by our industry".



## STRUCTURE OF TISA MEMBER FORUMS

With the broadening remit now being covered by TISA and the expanding membership, we find ourselves in a position where the various forums for direct interaction with our members has grown on a rather as-hoc basis as a result of member demand.

We currently have 7 forums we refer to as Advisory Councils, which are market focused, as well as some recently formed Technical groups. And there are new opportunities to focus on other areas currently under consideration.

Therefore we are introducing a change in structure so that we are better placed to provide forums to discuss broad, high level policy issues alongside technical committees which discuss operational issues.

### Structure going forward

**Advisory Councils** These will be the forums which work at policy level, with participants at senior management/ senior executive level:

- Children's Savings
- Centralised Investment Propositions (CIPs)
- Distribution
- Retirement
- Savings & Investment
- Wrap & Platform

**Technical committees.** These will deal with technical/ operational issues, with participants at senior/ middle management or senior administrator level

- Retirement Technical Group
- Cash & investment Savings Committee (incorporating and amalgamating the current Investment Savings and Cash Savings councils) which will focus on Stocks & Shares ISAs, Cash ISAs and Junior ISAs as well as CTF technical and operational issues
- Wrap & Platform technical group.
- Client Money Committee (We are currently inviting participants to this new group)
- Others may be formed on a permanent or temporary basis in the future

There may also be occasions where either the Advisory Councils or the Technical groups decide to establish working parties to deal with specific issues. These are likely to be short term groups with very specific agendas. A current example is the working group looking at unit conversion issues which have resulted from the FSA ban on cash rebates.

In addition to all the above, we have a number of projects on-going at any one time.

- Data Quality
- Pensions Small Pots & Transfers
- Structured Deposits.

Every Council, Technical Committee, working group and project has oversight from a senior TISA executive, has an industry chair and secretariat services is provided by TISA.

All of these forums play a major part in forming the direction and activity of TISA and are the primary route for interaction between the Association and our members. Participation in any of the groups above is restricted to TISA members and is a key benefit of membership. Current details of who sits on all of these groups can be found on the TISA website at: [www.tisa.uk.com/councils.html](http://www.tisa.uk.com/councils.html) If you are a member and logged in to the membership area, you will also be able to view the minutes for each of the groups. If your firm is not currently represented on any of our forums and you would like further information, please contact [carol.knight@tisa.uk.com](mailto:carol.knight@tisa.uk.com) in the first instance.

## SAVINGS SCHEMES REVIEW

### ISA Subscription Limits

Indexation within the tax system is now related to the Consumer Prices Index (CPI) which has determined the overall ISA subscription limit for the current 2012/13 tax year at £11,280 and the Cash ISA subscription limit at £5,640. The subscription limits for 2013/14 will be calculated with reference to the September 2012 CPI and should be known by mid-October so that managers can prepare their marketing and literature for the next year.

### ISA Statistics

The HMRC figures for the 2010/11 year, which I reported in the annual review last December, remain the latest available although provisional subscription statistics for the 2011/12 year are due to be published in the next few weeks with market value data following in September.

For several years now we have collated ISA quarterly subscription statistics from participating providers, more recently via the Cimetric electronic portal. As this data builds over time contributors are able to compare their own data with anonymised peer group data. We hope to extend this process to monitor contributions to the new Junior ISA products and will be talking to interested parties in the coming months.

### Junior ISA Subscription limits

We are now in the first full year of the new Junior ISA scheme with the JISA subscription limit remaining at £3,600. As with the adult ISA limits mentioned above, the JISA subscription limit is due to be increased from 2013/14 by index-linking and the new limit for that year should also be known by mid-October.

### Cash ISA electronic transfers

As you will read elsewhere, the arrival of the paperless electronic transfer of Cash ISAs is just around the corner with the BACS solution in the final stages of testing and implementation. It is worth noting that this will be incorporated in our ISA workshops later this year.

### Forthcoming ISA developments

The ISA scheme is a mature savings scheme, well understood and supported across a variety of different ISA product types. The ISA Regulations that govern how the

scheme works, and the associated Guidance Notes, are an almost constant work-in-progress for HM Treasury and HMRC, keeping up with various changes in the financial landscape.

The Guidance Notes and the associated ISA Bulletins that are published from time to time address such things as the interpretation of the recognised stock exchange requirements; guidance on handling errors (by provider and/or investor); arrangements for handling bulk transfers between managers and clarifications on various points that have been raised with HMRC by industry practitioners.

There are other issues that can only be addressed by amendments to the actual ISA Regulations and these come in the form of amending Statutory Instruments. These now include an annual amendment to change the subscription limits specified in Regulations 4ZA.

There are several current strands which have been the subject of various degrees of consultation over recent months for which we anticipate seeing amendments being laid before the Summer recess, shortly after this edition of TISAtimes is published. These include generic regulations relating to the re-instatement of ISAs where either a Cash ISA manager is declared in default or where compensation is received in respect of a Stocks & Shares ISA qualifying investment. This should avoid the need for special retrospective regulations following each failure, as was previously necessary to deal with Northern Rock, Icesave, Keydata and Lehman Brothers.

There will also be amendments to modify Regulation 8 which will allow the marketing of connected ISA and JISA accounts with retrospective effect from the launch of JISAs. This means that a Cash ISA provider could offer a preferential interest rate on a Cash ISA where the investor is a parent who also opens a JISA with that same provider.

### Looked-after Children

Under the CTF scheme, children in care received a Revenue-allocated account with £500 of government money (double the standard voucher value) with the Official Solicitor (or

an equivalent) acting in place of a parent as registered contact for the account. Whereas the CTF scheme was universal so that virtually all children had an account, this is not the case with the JISA scheme. However, in February, Children's Minister Tim Loughton announced the appointment of the charity The Share Foundation to support more than 55,000 children who are in long term care. The charity will open a JISA for every young person who has been in care for more than a year, who does not have a CTF, with the Government providing initial payments of £200 for each account. The charity will administer the arrangements and has been recruiting a panel of interested JISA providers to operate the accounts for the children in care. Allocation of accounts to these providers will be determined by an independent adviser, Kleinwort Benson.

Because the ISA Regulations currently require that only a person with parental responsibility can open a CTF, these arrangements will require a further amendment to the Regulations to allow the accounts for children in care to be opened by The Share Foundation.

### Child Trust Funds

The flow of CTF vouchers has almost dried up although there are still occasions when, exceptionally, a child may become eligible for a CTF for reasons connected with the mechanics of child benefit entitlement and other factors with which we need not be concerned here. We understand that the electronic interface with CTF providers is likely to be closed down later this year so that thereafter, for as long as the CTF scheme remains in place, the exceptional issue of a CTF voucher would be of necessity a manual process.

There continues to be a split of opinion within the industry on whether CTFs should be merged with JISAs. Some point out that the CTF scheme runs very smoothly, so why change it whilst others indicate that there are many more providers of JISAs than CTFs so that children in the CTF cohort (or rather their registered contact parents) have access to a smaller range of products from which to choose.

## SAVINGS SCHEMES REVIEW

Whilst there are no doubt many varying opinions on the merging issue, it seems undoubtedly true that eventually the CTF scheme will lose critical mass. (When we reach 2020 and the oldest children reach 18, the number of CTFs will start to reduce by about 700,000 year on year from that point onwards.) The question is for how long is it appropriate or sensible to maintain the CTF as a separate scheme.

Whenever a decision is made to merge CTFs and JISAs, it will not be a simple matter of 'rebranding' as was the case when PEPs became ISAs overnight. This was very straightforward in the sense that a PEP was virtually identical to a previous year(s) Stocks and Shares ISA. With a CTF rebranding there will be a number of complex issues to be considered and addressed. For example, a CTF can potentially hold in the one account the whole range of qualifying investments from cash deposits through to shares. However, there are two types of JISA – Cash and Stocks & Shares.

Each CTF will need to be tested to see which type of JISA it should become. Possibly, some CTFs will need to be split in two! We also have the fact that CTFs run from birthday to birthday rather than by tax year and that all the stakeholder accounts have capped charges and life-styling implications. Another issue is that some CTF providers do not offer ISAs (Junior or otherwise). The introduction of a compulsory merging of CTFs into JISAs could deprive them of their whole book of CTF business unless it were carefully thought through. So no easy answers here!

### Watch this space!

We are passing through interesting times and, as I have said before, by the time you read this, things will almost certainly have moved on yet again. TISA will be publishing Technical Bulletins and running further seminars and training sessions on these and many other issues. Full details and booking facilities can be found on the TISA website. If your firm is a member,

remember to log in as a member before booking so that you take advantage of the member rates for our events.

We look forward to helping you.

PETER SHIPP

Technical Director (Savings Schemes)



leading on investments and savings

## Annual Conference

The Plaisterers' Hall, London EC2 - Wednesday 14 November, 2012

### Confirmed speakers:

**Steve Webb MP**, Minister of State for Work & Pensions **Edward Harley**, Head of Department, Asset Management, FSA  
Further speakers to be announced

The Conference will be chaired by: **Justin Urquhart Stewart**, Marketing Director & Co-founder, Seven Investment Management

### The conference will also include a panel session

Conference Sponsor: **L&G Plc** Drinks Reception Sponsor: **Navigant**  
Refreshments Sponsor: **Kinetic Partners LLP** Exhibitors: **SWIFT**

The TISA Conference offers you the opportunity to listen to high level speakers give their perception of the industry from different perspectives – government, the media, the economy, the industry, the regulators.

Each speaker will give their viewpoint on what is happening in the industry and what may be ahead of us in the future. This is an opportunity for you to hear from those at the forefront of the retail savings and investment industry. They will be discussing issues which affect you now and those which will influence your sector of the market in the coming years.

Registration from 12.45pm, the conference presentations will start at 1.30pm & finish at approximately 6.00pm.

A drinks reception will follow the conclusion of the conference.

Member rate: **£210 per person** | Non-member rate: **£395 per person**

Member firms are entitled to one free place at the conference (additional places £210)

Places are allocated on a first come first served basis.

To guarantee your place book on-line now at: [http://www.tisa.uk.com/other\\_event.html?event\\_id=244](http://www.tisa.uk.com/other_event.html?event_id=244)

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## DATES FOR YOUR DIARY 2012

### TRAINING

- **ISA QUALIFYING INVESTMENTS**

18TH SEPTEMBER: London

9TH OCTOBER: Edinburgh

- **ISA TRANSFERS**

2ND OCTOBER: Edinburgh

6TH NOVEMBER: London

- **ISA KEY FACTS**

3RD OCTOBER: London

20TH NOVEMBER: Edinburgh

4TH DECEMBER: London

- **ISA REPAIRS & VOIDS**

23RD OCTOBER: London

27TH NOVEMBER: Edinburgh

### EVENTS

6TH SEPTEMBER: Beware of CASS

20TH SEPTEMBER: CIP Seminar

27TH SEPTEMBER: Distribution Seminar

3RD OCTOBER: Eurozone Seminar

17TH OCTOBER: AGM & Discussion Forum

18TH OCTOBER: Corporate Wrap Seminar

14TH NOVEMBER: TISA Annual Conference

For further information on any of the above, plus details of the many other events which are still in the planning stage, please visit the TISA website at <http://tisa.uk.com/events.htm>

## TISA ADVISORY COUNCILS

As outlined in the relevant article earlier in this newsletter, TISA has a number of Advisory Councils, Technical Committees and working groups.

These groups exist to serve the needs of senior figures from the widest range within the financial services industry in the UK, providing a meeting point where topical issues can be debated in confidence and responses formulated on behalf of TISA to, amongst other things, regulatory consultations. They act as senior level centres of expertise for TISA on matters pertaining to relevant aspects of all retail financial services schemes in the UK. As such, they inform, and participate in, engagement with HM Government, civil servants, interest groups and the FSA.

### OBJECTIVES

- To consider, study and report upon to the TISA Board, as required, all initiatives, consultations or developments of any kind which impact retail savings and investment schemes in UK financial services
- To respond in writing or verbally to all such initiatives, after clearance from the Board
- To represent the interests of TISA members in doing so
- To inform the wider TISA membership in written briefings of the strategic and tactical impacts of such initiatives, through the administration team
- To formulate, and pursue, TISA initiatives designed to facilitate beneficial change or to share best practice
- To formulate the content (where appropriate) of at least one Seminar per annum in consultation with the administration team and such other events as may be deemed advisable from time to time
- To report formally upon its activities to the Board once a year
- To have regard, in all its activities, to the best interests of consumers of retail financial services in the UK.

Details of members, together with the minutes from meetings (you will need to be logged in as a member for access to these) are available at [www.tisa.uk.com/councils.html](http://www.tisa.uk.com/councils.html)