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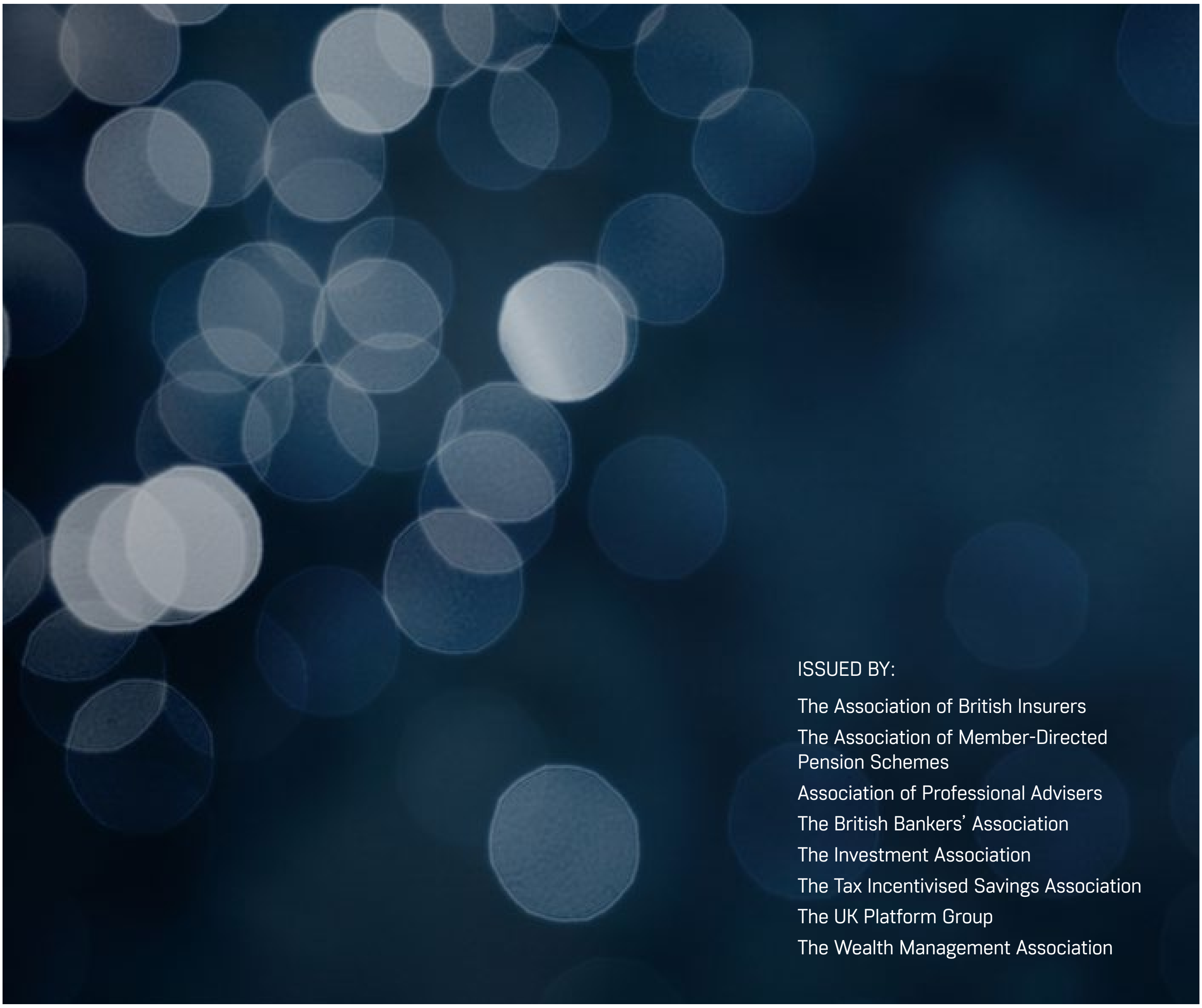
IMPROVING PENSION AND INVESTMENT TRANSFERS AND RE-REGISTRATIONS
CONSULTATION PAPER



ISSUED BY:

The Association of British Insurers
The Association of Member-Directed Pension Schemes
Association of Professional Advisers
The British Bankers' Association
The Investment Association
The Tax Incentivised Savings Association
The UK Platform Group
The Wealth Management Association

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ABBREVIATIONS

ABI Association of British Insurers

BBA British Bankers' Association

AMPS Association of Member-Directed Pension Schemes

APFA Association of Professional Financial Advisers

DB Defined Benefits

DWP Department for Work and Pensions

EPP Executive Pension Plan

FCA Financial Conduct Authority

GIA General Investment Account

GPP Group Personal Pension

HMT Her Majesty's Treasury

IA Investment Association

ISA Individual Savings Account

JISA Junior Individual Savings Account

PP Personal Pension

SIPP Self-Invested Personal Pension

SSAS Small Self-Administered Scheme

TEX TISA Exchange Ltd

TRIG Transfers and Re-registration Industry Group, formed to review current transfer and re-registration processes, and comprised of the eight participating trade bodies and their nominated member representatives

TISA Tax Incentivised Savings Association

tPR The Pensions Regulator

UKPG UK Platform Group

WMA Wealth Management Association

1. OVERVIEW

1.1 INTRODUCTION

1.1.1. The UK investment and pensions industry is responsible for the management of over £3 trillion of assets[1] on behalf of 14.2 million pension savers and 11 million retail investors.[2] These assets are serviced by a broad range of financial services firms and organisations.

1.1.2. The prevalence of transfers and re-registrations has increased over the last 20 years, due to increasing numbers of ISA and Pension accounts and the wide range of choice of services, including online investment platforms and supermarkets.

1.1.3. The following policy developments may also increase the future demand for transfers and re-registrations:

- the automatic enrolment programme, under which 10 million workers are estimated to be newly saving or saving more by 2018
- the freedom and choice reforms, which have given pensions savers access to an unprecedented number of investment options; and
- the forthcoming creation of the pensions dashboard, which will enable individuals to keep track of their various pension pots, potentially driving consolidation of pension arrangements across fewer providers.[2a]

1.1.4. It is therefore imperative that the investment and pensions industry takes proactive and collective decisions to improve the transfers and re-registrations of investment and pension assets. This would allow the industry to:

i. **Enable ease of switching between providers** Customers should be able to switch between providers in an accessible, timely and efficient way so that they are able to manage their investments with their chosen provider(s).

ii. **Meet customers' service expectations** Customers' expectations for the timeliness and simplicity of transferring investments, despite their relative complexity, are likely to be influenced by the ease of switching other retail financial products, such as current accounts, and utilities such as telecommunications and energy providers.

iii. **Deliver continuously improving service standards** Creating an approach where market participants seek to continue to improve service levels, increase efficiency and enhance customer experience, will lead to more effective business models.

iv. **Foster competition between providers** Timely and simple transfers and re-registrations are essential to promoting competition, as customers may be deterred from switching to more appropriate services if they view this process as overly cumbersome or risky.

1.1.5. Following discussions with the FCA in March 2016, the trade bodies representing the major parts of the investment and pension industry agreed to undertake a review of the effectiveness of processes for transferring and re-registering assets between providers ('the Review'). This is an industry led initiative that seeks to improve client outcomes in the absence of regulatory intervention. However, we would anticipate that if this initiative is seen to be unsuccessful, then there is a likelihood of regulatory intervention from the FCA in the future, in relation to the firms they authorise.

1.1.6. This Consultation Paper provides an outline of the Review's findings, and a set of proposals, developed following discussions with industry, for improving these processes.

[1] http://www.theinvestmentassociation.org/assets/files/research/2016/20160929-amsfullreport.pdf, pages 37 (UK Pensions Landscape) and 76 (UK Authorised Funds).

[2] https://www.fca.org.uk/publication/documents/infographic-assets-under-management.pdf

[2a] 'Provider' is used throughout this document to describe both FCA regulated firms that manufacture and distribute retail financial products, and trust-based pension schemes.

1.2. OBJECTIVES OF THE REVIEW

1.2.1. The objectives of the Review have been to:

i. drive continuous improvements in the overall customer experience and enhance the ease of transfer between savings and investment providers

ii. address issues that prevent the efficient transfer of assets; and

iii. establish protocols and governance that ensure the industry is 'self-regulating' to an appropriate level of good practice.

1.3. SCOPE AND COVERAGE OF THE REVIEW

1.3.1. The scope of the Review included all types of tax wrappers and all types of assets that can be held within these wrappers. A complete list of the relevant tax wrappers, assets and counterparties is outlined in Annex A.

1.3.2. There are two forms of transfer currently undertaken by the industry that are included within the scope of the Review:

i. **Transfers:** This refers to the movement of assets in the form of cash between providers. This involves the encashment of holdings, with the current provider moving the realised value of the assets to the new provider.

ii. **Re-registrations**: The second form of transfer is known as re-registration, but also can be referred to as being in specie. In this instance, rather than encashing the asset and transferring its cash value the holdings themselves are changed between providers, meaning the customer does not disinvest from the market.

1.3.3. The choice of which process is undertaken will largely depend upon whether the new provider (sometimes referred to as the acquiring provider) and the current provider (or ceding provider) support the equivalent range of assets. If the same assets can be held with both the new and current provider, typically a re-registration is carried out. If this is not the case, then it is likely a transfer would be undertaken.

1.3.4. The following issues are not explicitly within the scope of this initiative:

i. The prevention of scams, advice requirements (e.g. transferring from a DB scheme) and products which carry guarantees. This initiative focuses on the timely administration of transfers and re-registrations when all counterparties have agreed that a transfer can take place.

ii. Consideration of providers' pricing model, including exit fees. These were deemed inappropriate for an industry forum to consider.

iii. Transfers of bank accounts or Cash ISAs. These transfers have already been subject to a recent review and improvement of market practice. However, transfers between Cash ISAs and Stocks and Shares ISAs are included.

1.3.5. This consultation paper affects the following stakeholders:

i. Organisations that manufacture and distribute savings and investment products in the UK.

ii. Firms which provide custody, trading, transfer and administration services or solutions to organisations that are providers of savings and investment products and services in the UK.

iii. Consumers/customers and organisations which represent the views and interests of consumers of financial services.

1.4. SUMMARY OF REVIEW PROCESS

1.4.1. Following discussions in February 2016 with the FCA, the Transfers and Re-registration Industry Group (TRIG) was established to undertake the Review. This group comprises representatives of eight trade bodies: The Association of British Insurers, The Association of Member-Directed Pension Schemes, The Association of Professional Financial Advisers, The British Bankers' Association, The Investment Association, The Tax Incentivised Savings Association, The UK Platform Group and The Wealth Management Association.

1.4.2. To ensure relevant practitioner views could be shared, each of these trade bodies also appointed to the group a representative from one of its member firms.

1.4.3. In order to inform the Review, we have:

i. undertaken a scoping exercise, which identified the range of transfer processes and areas of focus.

ii. commissioned consumer research on individuals who had completed either a transfer or re-registration between providers during thelast three years. This was undertaken to better understand customers' perceptions of the process and what, if anything, might cause customer dissatisfaction.

iii. surveyed providers to understand their views on opportunities to drive improvements.

iv. engaged with solution, service and technology providers (who supply services that support transfer processes) in order to understand where there are issues and opportunities to improve the standards and governance structures that underpin the current processes.

v. collected management information to identify volumes and elapsed time between different stages of the transfer/re-registration process.

1.4.4. The trade body members of the TRIG have also informally engaged with their broader membership to seek their views and test the proposals.

1.4.5. The FCA, tPR and DWP have been consulted on proposals in this paper. HMT, the Financial Services Consumer Panel, and the Pension Administration Standards Association have also been kept informed as part of the Review.

1.5. WHAT HAPPENS NEXT?

1.5.1. Comments and feedback are sought on the scope, market analysis and consultation questions set out in this consultation paper by **31 January 2017**. Responses can be uploaded via the submission form link here or through the relevant trade associations.

1.5.2. All responses will be treated as confidential and will not be published on a named basis. The responses will not be shared outside of this process, nor will responses be shared with any external party, including the FCA, HMT, DWP or tPR. We reserve the right to name which organisations have responded directly to this process.

1.5.3. Information uploaded via this form will be visible to the relevant employees of all participating trade bodies. Representative members of the TRIG (ie. individuals who are employed by individual organisations operating within the retail financial services industry) will not be given access to individual submissions, and any information shared with these TRIG members to inform subsequent decisions will be anonymised by the participating trade bodies.

1.5.4. If you wish to respond to this consultation document, but are not comfortable with all of participating trade bodies viewing your submission, please contact the relevant trade body of your choice directly, who will collate and anonymise any submissions they receive. Contact details for the relevant trade bodies can be found in Annex B.

1.5.5. We will also run a stakeholder workshop during the course of the consultation period. This open invitation workshop will give stakeholders an opportunity to hear directly from us about the rationale behind its proposals and enable stakeholders to seek any clarification on the content of the consultation paper. The workshop will also provide us with an opportunity to receive direct feedback from stakeholders on the proposals in addition to, or instead of, a formal written response. Please click here if you wish to attend this stakeholder workshop.

1.5.6. The trade bodies will publish the results of the consultation in Spring 2017, following discussions with the FCA, HMT, DWP and tPR. This publication will outline a final set of recommendations. It will be made publicly available on the relevant trade bodies' websites, and will also be circulated to all respondents.

1.5.7. Until an alternative governance structure is established the TRIG will continue to oversee this work.

2. MARKET ANALYSIS AND CURRENT PRACTICE

2.1. CURRENT REGULATORY SETTINGS FOR TRANSFERS AND RE-REGISTRATIONS

2.1.1. The Review identified hundreds of different combinations of wrappers and asset types that can be involved in transfers and re-registrations. For most transfers and re-registrations, there are more than two parties that need to work together to complete the transaction.

2.1.2. A number of government agencies and regulators have an existing interest in transfers and re-registrations.

i. HMT is responsible for financial services regulatory settings, including savings policy and oversight of the FCA.

ii. The FCA regulates the firms and individuals that promote, arrange or provide contract-based pension schemes, including GPPs used in workplaces and PPs. It is also responsible for regulating the providers of all other retail financial products and the distributors of these financial products.

iii. DWP is responsible for the legislative settings for trust-based pension schemes, encompassing both defined benefit schemes, and money purchase schemes including Master Trusts and single employer defined contribution schemes.

iv. tPR regulates workplace trust-based pension schemes (as described above). The activities regulated include administration and employers' duties, trust and trustee activity.

v. HMRC (alongside DWP) is responsible for putting in place rules around registration conditions for all registered pension schemes and provides tax administration guidance for retail financial products.

2.1.3. These stakeholders already have regulatory expectations for transfers and re-registrations, which are summarised below.

i. Existing FCA rules require that a re-registration request should be executed 'within a reasonable time and in an efficient manner,' but do not set a hard statutory limit for the timeliness of these processes.[3]

ii. The maximum time periods for transfers in trust-based schemes are set out in legislation.[4] For members of trust-based DC schemes, the transfer must generally take place within six months from the start of the transfer process.

Additionally, DWP regulations state that trustees must ensure that core financial transactions[5] for DC pension schemes are processed promptly and accurately.[6]

The DC Code issued by tPR also provides guidance on what constitutes 'prompt' and how 'prompt' processing might be achieved.[7]

[3] https://www.handbook.fca.org.uk/handbook/COBS/6/1G.html

[4] http://www.legislation.gov.uk/ukpga/1993/48/pdfs/ukpga_19930048_310815_en.pdf, section 101J(1). Additional requirements also apply to occupational DB and DC schemes with guarantees, as outlined in sections 93-100.

[5] Core financial transactions include: investment of contributions to the scheme, transfers of assets relating to members into and out of the scheme, transfers of assets relating to members between different investments within the scheme, and payments from the scheme to, or in respect of, members.

[6] http://www.legislation.gov.uk/uksi/1996/1715/regulation/24#regulation-21-4

2.1.4. The FCA, tPR and HMT have also undertaken analysis of transfers and re-registrations across different sections of the industry in the past 18 months.

i. The FCA undertook a sector analysis in 2015 which identified a potential market-wide risk relating to the timescales customers experience when transferring and re-registering between platforms or SIPP operators.

ii. Research commissioned by tPR and undertaken by OMB Research in 2015 found that the average pension transfer time experienced by members, taken across the trust based sector, was 25 days (mean), and the median time was 11 days. This research highlighted large differences in the average time taken by different types of occupational pension schemes, with Master Trusts reporting a significantly lower mean and median timeframe than trust-based schemes as a whole.[8]

iii. HMT formally consulted on issues in relation to pension transfers in its 2015 pension transfers and early exit charges consultation.[9] Evidence gathered by the FCA alongside the consultation showed that for the majority of individuals transferring between FCA-regulated contract-based pensions schemes, transfer times were relatively quick (16 days on average).[10]

iv. Respondents to the HMT consultation identified due diligence checks and a lack of digitalised and standardised processes as the main reasons for delay. The respondents suggested various options to improve the transfer process, some of which overlap with the scope of our work on transfers and re-registrations. These included:

- encouraging greater use of electronic processes
- standardisation of transfer documentation and processes
- reducing the statutory timeframe
- streamlining the due diligence process, including establishing a whitelist of trusted pension providers; and
- improving guidance and transparency for customers.

v. The Government committed to the development of Pension Wise guidance (a pensions transfers 'roadmap') and making trust-based pension schemes more transparent and accountable for their performance in processing transfers through a new reporting regime.[10] We understand these issues are currently being progressed by Pension Wise, tPR and DWP.

[7] http://thepensionsregulator.gov.uk/docs/code-13.pdf, paragraphs 70-75.

[8] http://tpr.gov.uk/docs/flexible-pension-access-survey-2015.pdf

[9] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/449861/PU1847_Pensions_transfers_v4.pdf

[10] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/498871/pension_transfers_and_early_exit_charges_response.pdf

2.2. THE TRANSFERS AND RE-REGISTRATIONS ECOSYSTEM

2.2.1. There has been a lot of progress to improve transfer and re-registration processes, covering both timeliness and quality considerations. These initiatives include:

i. **Origo Options**. Origo is the industry standards and software provider established by a number of long-term savings providers. The Options transfer service automates pension transfers and re-registrations between members of Origo. The typical transfer time on these services is around eight days.[11]

ii. **The UK Funds Market Practice Group (UKFMPG) and UK Electronic Transfers and Re-registration group (UKETRG)**. These forums seek to establish open market standards that can be adopted by any market participant. They develop standards in line with the ISO standards.

iii. **TEX Transfer Service**. TEX is the organisation founded by TISA, which creates a contract club between providers undertaking re-registration, wrapper and cash transfers. It primarily focusses on ISA and GIA wrappers, but is now seeking to support pension transfers. It implements the market standards established by the UKETRG.

iv. **Bacs cash ISA transfers**. The payments standards provider Bacs has established protocols for transferring cash ISAs, across the VocaLink network. VocaLink is the service provider appointed by Bacs to act as a central utility to support cash ISA transfers. It also provides support for current account transfers between banks. This supports both banks and investment providers.

v. **CREST transfers**. The equity settlement service CREST has long established services that support the transfer of equity and fixed income products.

vi. **Solution providers**. There is now a range of different solution providers who help support the processing and automation of many different types of transfers. Firms such as Calastone, Altus, Actuare, SWIFT and ORIGO have all played important roles in helping to improve transfer and re-registration processes.

2.3. INITIAL FEEDBACK FROM STAKEHOLDERS

2.3.1. Despite this progress, our initial consultation with industry representatives identified a number of areas for improvement in relation to current transfer and re-registration practices. These include:

- ensuring that the transfer/re-registration process is explained to and understood by customers and that they know what to expect
- setting out clear service standards to which industry participants can adhere
- improving how the industry develops best practice and standards, driving greater levels of consistency across organisations
- improving the adoption of industry standards and automated messaging solutions and ensuring that these solutions are able to interoperate
- ensuring all parts of the market and the supply chain are prioritising the efficient transfer of assets between organisations
- improving the standards of defined contribution pension transfers; and
- ensuring that the industry and the regulators have a clear and common understanding of the issues.

[11] http://www.origo.com/news/Origo_Options_Transfers_data_shows_majority_of_pensions_transfers_complete_in_two_weeks_or_under.aspx

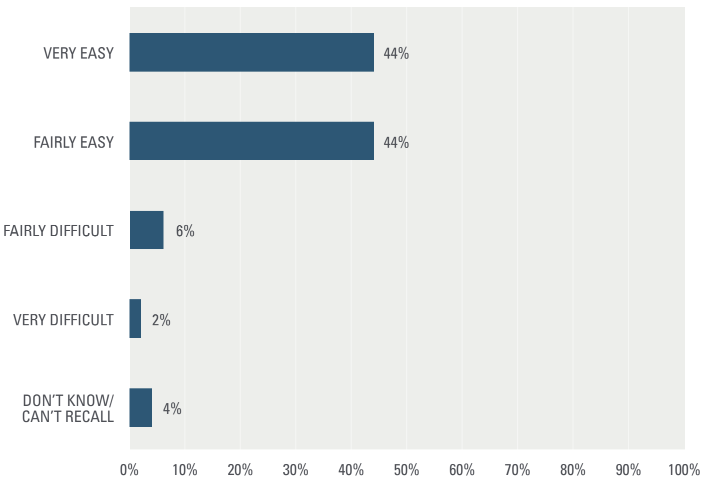
2.4. UNDERSTANDING THE CONSUMER PERSPECTIVE

2.4.1. As part of the review, we commissioned primary research from YouGov that sought to understand the views of customers. This research surveyed 491 individuals with a savings or investment product (excluding savings accounts and Cash ISAs) who had completed a transfer/re-registration between providers during the last three years.[12]

2.4.2. Most customers reported that they had found the process either very easy or fairly easy to complete, as highlighted in figure 1 below.

2.4.3. The research also found that those customers who had transferred assets reported that they were reasonably satisfied with the process, with 85% stating that they were either very satisfied or fairly satisfied with the overall process.

Figure 1. How easy or difficult would you describe the process of transferring your product?



2.5. ANALYSIS OF TRANSFER TIMELINES AND VOLUMES

2.5.1. We also collected quantitative and qualitative information from the industry to test whether the consumer experience matched the providers' views about overall service quality. This was undertaken in order to better understand both the experience of those customers who expressed dissatisfaction and which types of transfers and re-registrations are most common, in order to effectively prioritise efforts.

2.5.2. In total, 24 firms responded to the question on volumes of transfers by type. The approach and methodology for this analysis is outlined in Annex B.

2.5.3. This identified that three main transfer/re-registration scenarios are between intermediate holders and account for 94.3% of volumes reported by firms. This includes:

- transfers /re-registrations between ISA/JISA wrappers, accounting for 112,500 transfers/re-registrations, or 43.5% of total volumes
- transfers /re-registrations between pension wrappers in cash, accounting for 75,600 transfers/re-registrations, or 28.8% of total volumes; and
- transfers /re-registrations between General Investment Accounts, accounting for 57,000 transfers/re-registrations, or 22.0% of total volumes.

2.5.4. The data collection also identified that the four most frequently transferred/re-registered asset types held by customers are:

- UK domiciled mutual funds
- Restricted access mutual funds[13]
- Cash (sterling)
- Equities

[12] This consumer research excluded cash ISA and current account transfers as they are not considered within the scope of this project.

[13] This refers to funds which are available to only selected distributors (ie. preferentially priced).

2.5.5. The table below shows an average of the minimum 'typical' number of business days that firms expect would be required to transfer these asset types between the same type of wrapper at two providers using electronic messaging and manual processing, where good practice has been followed ('Min'), alongside an average of the maximum number of business days that firms expect would be required when good practice has not been followed ('Max').

Figure 2. Total days for transfers and re-registrations between wrappers of commonly held asset classes [14]

TOTAL DAYS TO TRANSFER AN ASSET BETWEEN WRAPPERS		WRAPPER					
ASSET	MIN / MAX	ISA / JISA		PENSION (CASH)		GENERAL INVESTMENT ACCOUNT	
		MAN	ELEC	MAN	ELEC	MAN	ELEC
ONSHORE MUTUAL FUND	MIN	17	14	24	18	15	12
	MAX	105	82	129	110	94	67
RESTRICTED ACCESS MUTUAL FUND	MIN	20	15	26	19	18	13
	MAX	108	88	133	116	98	73
CASH (STERLING)	MIN	16	14	22	18	14	12
	MAX	86	83	110	111	75	67
EQUITY	MIN	18	16	24	20	16	14
	MAX	84	81	108	109	73	66

2.5.6. The table highlights the large variability between the minimum and maximum number of business days taken to process similar transfers. It also highlights that electronic messaging almost always improves both the maximum and minimum number of business days taken to transfer all of the four most popular types of assets.

2.5.7. The main reasons given by firms for outliers (in terms of long delays) were:

- counterparty delays in responding to information requests
- turnaround times for getting paperwork from customers/IFAs or the acquiring provider; and
- general delays in the post.

2.5.8. Certain respondents noted that with the use of electronic messaging, some transfers could be completed within minutes (for asset re-registration) and within an hour (for transferring to a new ISA/JISA).

[14] 'Min' means minimum total days to transfer an asset, 'Max' means maximum, 'Man' means manual processing, 'Elec' means electronic processing.

3. INTRODUCING THE RECOMMENDATIONS

3.1. SUMMARY OF ANALYSIS

3.1.1. Our analysis identifies considerable progress across the industry in driving improvements in transfer/re-registration standards and a number of examples of good practice from organisations, including effective frameworks and services for transfers and re-registrations. This provides a helpful platform upon which to build.

3.1.2. Consumer research does not show high levels of overall dissatisfaction and does not suggest that transfer and re-registration processes present a barrier to changing providers for most customers.

3.1.3. However, our data collection highlights that customers currently experience a wide range of outcomes when transferring/re-registering assets and that a number of customers face significant delays and frustration.

3.1.4. We therefore believe there is a benefit in improving processes, with an initial focus on eliminating the outliers and a longer term focus on reducing the 'normal' transfer times.

3.1.5. The complexity involved in some types of transfer/re-registration means that efforts at reform will be more challenging than equivalent efforts in other markets (eg. current account transfers) and that more time may be required to develop industry protocols.

3.1.6. We believe that the industry is best placed to drive improvements in standards, rather than relying on regulatory intervention, as the complexity of the processes and the differing regulatory responsibilities for individual counterparties within one process makes it challenging for DWP, tPR and the FCA to develop and implement detailed, overarching regulation.

3.1.7. However, the support of the FCA, DWP and tPR will be necessary to achieve buy-in from across the retail investment industry and to encourage uncooperative counterparties to prioritise improving their transfer and re-registration processes.

3.2. KEY RECOMMENDATIONS

3.2.1. Following the Review, we have developed a set of five proposed recommendations to improve transfers and re-registrations. These are set out below, and discussed in the subsequent sections.

1. Create clear service expectations for pension and investment transfers and re-registrations.
2. Publish service level management information.
3. Address significant process improvement opportunities.
4. Create common industry standards and best practice guidelines.
5. Set up an independent governance and oversight body.

4. PROPOSAL 1 – CREATE CLEAR SERVICE EXPECTATIONS FOR PENSION AND INVESTMENT TRANSFERS/RE-REGISTRATIONS

4.1. CONTEXT

4.1.1. Currently there is no standard expectation of the length of time that should be taken to process a transfer or re-registration across the retail investment industry or for the time that counterparties should take to process the relevant steps in the process.

4.1.2. This means that customers are likely to be unaware of what to expect when starting the process. Some providers do set expectations based on their own experience. However, this varies significantly by organisation. There is also no common practice as to how and at what point customers should be made aware of the process and length of a transfer.

4.1.3. Without an industry agreed service standard there is also no clear benchmark for organisations to meet.

4.1.4. Transfers and re-registration processes require processing by at least two counterparties and, in some cases, dozens of counterparties. This means that the timeliness of the transfer could be delayed by just one party not delivering timely responses to requests. The number of counterparties and variety of tax wrappers and assets involved makes pension and investment transfers and re-registrations more complex when compared to Current Account or Cash ISA transfers. Therefore, any proposal must take into account the fact that some processes may need to be excluded from any set market standard.

4.2. PROPOSAL

4.2.1. Our proposal is for organisations to adopt a maximum '48 hour standard' for completing each step of a transfer or re-registration process. This would mean that each firm would process its step on or before 17:30 of the second business day following the day of receipt.[15]

i. This approach ensures that each counterparty in a process will be equally accountable to ensure that an efficient transfer and re-registration process is in place. Similarly, organisations will not be accountable for the underperformance of counterparties that are outside of their control.

ii. For the purposes of measurement, each step in the process will begin at the point that an organisation can begin processing, rather than when the organisation does start processing. Similarly, each step will be deemed complete at the point when the relevant communication has been sent to the consecutive counterparty. This 48 hour window will comprise two business days, with a 'business day' defined as a day when the London Stock Exchange is open.

iii. In practice, this would mean that a relatively simple process with three sequential steps should be completed within no more than six business days, and a more complex process with six sequential steps could take up to 12 business days to complete.

iv. Counterparties would be allowed to 'stop the clock' in the event of legitimate delays. This could include the need for due diligence (eg. for scam and money laundering prevention), or legislative requirements for people to take financial advice.

v. We believe introducing these service standards gives customers, regulators and advisers a mechanism to apply pressure on non-cooperative counterparties to make improvements. Employers, benefit consultants and financial advisers may over time make attainment of a high service standard a criterion for selecting an organisation. We believe this could improve overall service levels.

[15] This assumes that the instruction was received before 17.30. Where the instruction is received after 17:30 but before 24:00, the step would be considered to be received on the following business day.

4.2.2. Additionally organisations should monitor their adherence to this service standard, and contribute data to published industry information on the percentage of transfer steps it manages to complete within this standard. This is outlined further in Proposal 2.

4.2.3. The project reviewed options for delivering an end-to-end service standard, along the lines of the seven day switching standard for bank accounts. However, given the level of complexity and variety in the range of transfer and re-registration processes, this was seen as being impractical at the current time. However we welcome views as part of this consultation around how an end-to-end service standard could be achieved in the medium-term.

4.2.4. In many cases, the best way for organisations to meet the 48 hour standard will be to adopt automated services where they have not previously been adopted and integrate those services fully into their systems. We encourage organisations to consider using automated systems where they have not done so already. However, if they are able to meet the 48 hour standard through other means, it will not be necessary to introduce automated systems.

4.2.5. We understand that a number of organisations and solution providers currently maintain standards for some steps that are significantly less than 48 hours. We would expect that all organisations who currently complete their steps in less than 48 hours will maintain these standards. By adopting a maximum 48 hour standard for each step in the transfer process, we believe that the overall time taken to complete a transfer or re-registration should reduce. The maximum time taken to complete comparable transfers/ re-registrations will shift towards best practice over time as non-cooperative counterparties are incentivised to prioritise the timely processing of their steps.

4.2.6. We also expect that, where the new provider (sometimes referred to as the acquiring provider) and the current provider (or ceding provider) both support the equivalent range of assets, the introduction of 48 hour standard should not influence the decision to progress with a re-registration (as opposed to a transfer).

4.2.7. By adopting this service standard we believe the industry could drive down the overall average transfer time, helping to bring greater consistency to the range of outcomes currently seen. Figure 3 (below) compares the current performance seen in the market (both the average minimum and average maximum) against what a proposed 48 hour standard could introduce. The 'With 48 hour standard' total business days is indicative only, as:

- the exact number of steps will vary depending on the number of assets and the choice to use either electronic or manual systems.
- these estimates include 'steps' undertaken by customers, who will not be subject to the 48 hour standard; and
- a number of steps are currently undertaken in significantly less than 48 hours by many organisations and we expect these organisations to maintain their current standards.

4.2.8. For this approach to work a standard industry understanding of what constitutes a 'step' in the process is required. This will avoid counterparties breaking steps down into smaller steps to increase the amount of time they have to complete the transfer. While the steps will vary depending on the wrapper and asset type, we propose defining all steps as, 'the execution of a complete instruction received and the dispatch, where necessary, of the next complete instruction'. This definition of a step will be applied in all transfers and re-registration processes. Some examples of how we believe this definition could be interpreted and applied to two common processes are outlined in figures 4 and 5.

Figure 3. Total days for transfers and re-registrations between wrappers of commonly held asset classes, compared with proposed 48 hour standard[16]

TOTAL BUSINESS DAYS TO TRANSFER AN ASSET BETWEEN WRAPPERS		**WRAPPERS**					
Asset	MIN / MAX	ISA/JISA		PENSION		UNWRAPPED	
		MAN	ELEC	MAN	ELEC	MAN	ELEC
ONSHORE MUTUAL FUND	MIN	17	14	24	18	15	12
	MAX	105	82	129	110	94	67
	WITH 48 HOUR STANDARD	20		22		18	
RESTRICTED ACCESS MUTUAL FUND	MIN	20	15	26	19	18	13
	MAX	108	88	133	116	98	73
	WITH 48 HOUR STANDARD	20		22		18	
CASH (STERLING)	MIN	16	14	22	18	14	12
	MAX	86	83	110	111	75	67
	WITH 48 HOUR STANDARD	20		22		18	
EQUITY	MIN	18	16	24	20	16	14
	MAX	84	81	108	109	73	66
	WITH 48 HOUR STANDARD	26		28		24	

[16] 'Min' means minimum total days to transfer an asset, 'Max' means maximum, 'Man' means manual processing, 'Elec' means electronic processing.

Figure 4. Example of steps: GPP to GPP transfer

Figure 5. Example of steps: Stocks and Shares ISA re-registration

STEP 1
Customer completes and signs transfer form, and sends to acquiring party

STEP 2
Acquiring party receives, validates and processes forms, and sends discharge form and discovery request to ceding party

STEP 3
Ceding party receives, validates and processes forms, and sends valuation to acquiring party

STEP 4
Acquiring party receives valuation, processes and sends acceptance to ceding party, contacts ceding party to arrange transfers date and agrees transfer details

STEP 5
Acquiring party contacts custodian to arrange transfer

STEP 6
Custodian agrees dates and transfer details with ceding party

STEP 7
Ceding party sends instructions (to its own custodian if applicable) to make transfer to acquiring party's custodian free of payment

STEP 8
Custodian receives transfer and allocates to acquiring party's account

STEP 9
Ceding party processes confirmation on client account, notifies the customer and sends cash to acquiring party

STEP 10
Acquiring party processes confirmation on client account and notifies customer

STEP 11
Client completes and signs transfer form, and sends to acquiring party

4.2.10. In addition to the proportion of steps completed within the 48 hour standard, participating providers would be required to provide the following information, in a durable medium, to customers following the initiation of a transfer or re-registration:

i. The provider's typical timeframe for completion of the process, to set the client's expectations of the likely time to complete the process.

ii. A summary of any potential causes of delays that might arise in relation to the transfer or re-registration process.

iii. The proposed escalation pathway, including contact details and a proposed deadline to contact the receiving provider should the process be incomplete.

4.2.11. An example of 'best practice' communication, covering the information above, is included in Annex C.

4.2.12. The accuracy of the 'best estimate' of the likely timeframe provided to customers should improve over time, as the industry collects standardised information of the typical timeframes for different transfer and re-registration processes.

4.2.13. We believe that, following the successful introduction of the 48 hour standard and the achievement of a satisfactory level of adherence across all relevant counterparties, the industry should consider further improvements. These improvements could:

- reduce individual steps in the process to less than 48 hours, or
- reduce all steps in the process to 24 hours.

4.2.14. We believe that the standard should come into effect as soon as possible and that participating organisations should commit to the 48 hour standard no later than six months after the conclusion of this consultation process (based on current assumptions this would mean an effective implementation date of September 2017). However, the collection and publication of management information (as discussed in Proposal 2, in the following pages) would be phased in at a later date, in order to encourage organisations who may not meet the new standard for a large proportion of current transfers and re-registrations to participate in this initiative.

CONSULTATION QUESTIONS

1. Do you agree with the proposal that the industry should introduce a standard for completing each step in a transfer and re-registration process?
2. Do you agree with the new service level of 48 hours for each step in the transfer process?
3. Do you agree with the definition of a step?
4. Do you believe the industry should consider setting end-to-end targets for transfer and re-registration processes instead of, or as well as, the 48 hour standard? If so, how would you consider this working?
5. Do you agree that participating organisations should be required to provide communication to customers covering the information outlined above, at the outset of the transfer process?
6. Do you agree with the proposed implementation timetable with organisations committing to the standard by September 2017 and full implementation by March 2018?

5. PROPOSAL 2 – PUBLISH SERVICE LEVEL MANAGEMENT INFORMATION

5.1. CONTEXT

5.1.1. There is strong evidence to suggest that collecting and publishing management information can drive improvements in service standards. ORIGO Options and Bacs currently provide service level management information about the length of transfers to industry participants to drive better behaviour.

5.1.2. However, beyond this there is no standardised or regular publication of management information by the industry on investment and pension transfer and re-registration service levels.

5.1.3. Our analysis has shown that management information is inconsistently developed, with different interpretations of when processes start and stop. Industry and regulatory reviews of transfer standards usually involves 'one off' pieces of analysis. This can make comparison of the management information of different organisations at a given point in time difficult and also undermines attempts at tracking performance over time.

5.1.4. There is also limited information that tracks the end-to-end transfer and re-registration timeliness. Given this is most relevant to customers, this is something the industry should seek to collect and track improvements going forward.

5.2. PROPOSAL

5.2.1. This consultation proposes that the industry should develop a common reporting mechanism for all transfers and re-registration processes. This should incorporate all participating organisations (i.e. organisations which have signed up to the 48 hours standard).

5.2.2. A register of participating organisations would be maintained and be made available to both the public and the FCA, tPR and DWP.

5.2.3. For each participating organisation, and in relation to a specified period, this management information would include:

i. the total number of transfers or re-registrations they have handled and the number of times they have completed a step in the process; and

ii. the percentage of steps completed within the 48 hour standard, both in total and broken down by each step in the process.

5.2.4. As discussed in Proposal 1, we recommend that all participating organisations should publish information covering the proportion of steps they have completed within the 48 hour service standard on their websites, in their marketing materials and on request. A 'best practice transfers' quality mark could also be developed for participating organisations to use on their marketing material and website, in order to promote that they have committed to improving customers' experiences of these processes.

5.2.5. Acquiring parties would also be required to collect data on the length of the end-to-end process. This would be measured from the point they receive a valid set of instructions from the customer or adviser until the point at which the transfer or re-registration is complete and no further action is required. This data would be used to gain a more complete picture of industry performance against the 48 hour standards over time.

5.2.6. Service level reporting should be available to all participating organisations and should report the performance of a firm against that of other organisations. We also believe that this reporting should be accessible to the FCA, tPR and DWP. This could involve the production of an industry league table, which would enable organisations to see their performance relative to the rest of the participating providers and could be on either a named or blind basis.

5.2.7. We are interested in views on how individual firm positions should be reported and the levels of confidentiality that would need to be put in place. In particular, we are interested in views on whether members of the public should be able to access data on an individual firm's relative performance.

5.2.8. We recommend that the reporting should be established from March 2018 (or 12 months after concluding this consultation), in order to give organisations adequate time to establish systems to capture the management information and improve their compliance with the standard. This time frame would also give the broader industry time to ensure the integrity and comparability of the management information. The management information would then be published six months after this date, by October 2018 (covering the period April to September 2018).

5.2.9. The responsibilities for collating and reporting this information at an industry-wide level would be subject to the outcome of the governance proposals. If this responsibility is not given to a broader governance structure, or if this governance structure is yet to be established, the responsibility for producing this information would fall to the existing trade bodies.

CONSULTATION QUESTIONS

7. Do you agree with the approach to service level reporting?
8. Would a 'best practice transfers' quality mark be a useful tool to increase awareness and uptake of this initiative? If so, how should it work?
9. What do you believe is the right approach to publishing this material to other participating organisations? Who do you believe should have access to this information?
10. Do you agree that service level management information should be collected from March 2018 and then published by the end of October 2018 (covering the period April to September 2018)?

6. PROPOSAL 3 – ADDRESS SIGNIFICANT PROCESS IMPROVEMENT OPPORTUNITIES

6.1. CONTEXT

6.1.1. As part of our analysis, we have identified a number of issues that exist within current transfer and re-registration processes. Systematically addressing these issues will improve the timeliness and quality of transfers and re-registrations.

6.1.2. A number of issues have so far been identified by stakeholders as contributing to delays:

- Requirements later in the process for additional or different documentation from different organisations.
- Automated processes not being adopted.
- The pension discharge process for trust-based schemes.
- Unit conversions being required when ceding and receiving parties do not hold the same share class.

6.1.3. Cash movement was also identified as a critical issue to fix. Cheques are still used by a number of organisations and even some automated payment mechanisms such as Bacs will add around three days to a transfer/re-registration process. There has been very limited take up of Faster Payments, which can allow same day money transfer.

6.1.4. The industry has made some progress identifying and proposing fixes to some of these issues. However, these issues could be given more visibility within organisations.

6.1.5. One of the biggest areas for concern, where service standards seem to be most challenging, is within small single employer trust-based pensions schemes and to a lesser extent large single employer schemes. This is an area which requires significant focus to drive up transfer standards. This includes a potential review of discharge forms, which some stakeholders have suggested can take a long period to complete and often involve paper-based processes.

6.1.6. Addressing these issues will increase the proportion of steps that can be completed within the 48 hour transfer standard and should significantly increase the speed of the end-to-end transfer and re-registration processes for customers.

6.2. PROPOSAL

6.2.1. We propose that the industry should develop a programme that seeks to identify, prioritise and implement solutions that resolve the most pressing transfer and re-registration issues. This process could be an enduring exercise, whereby the many transfer/re-registration processes are continually analysed to identify potential improvements.

6.2.2. To manage this programme a practitioner forum would be established with the remit of identifying, prioritising and resolving issues with the transfer and re-registration processes. The aim would be to meet on a monthly basis and work on the issues identified by the completion of this consultation process.

6.2.3. The issues to be addressed in the first stage will be agreed in Spring 2017 as part of this consultation process. These will be documented ahead of the establishment of the practitioner forum.

6.2.4. We believe there is an obvious 'quick win' by concentrating initially upon the removal of cheques from the transfer/re-registration process as a method of payment between providers. This should be achieved by March 2018. There should also be a review undertaken that looks at adopting improved payment mechanisms, such as Faster Payments, again reducing transfer completion times.

CONSULTATION QUESTIONS

11. Do you agree with the approach of prioritising key process issues and focusing initially on 'quick wins'?
12. What do you see as the priority issues that need to be addressed? Please list these in order of priority.
13. Can you identify other actions or quick wins that could be taken which would improve transfer and re-registration standards?
14. Do you agree with the approach on payments and that we should consider removing cheques by March 2018?

7. PROPOSAL 4 – CREATE COMMON INDUSTRY STANDARDS AND GOOD PRACTICE GUIDELINES

7.1. CONTEXT

7.1.1. Industry standards and good practice guidelines provide a mechanism for different providers to maintain an agreed means for communicating with each other and their customers. In most mature industries standards are developed in order to assist efficiency, competition, transparency and comparability.

7.1.2. There has already been positive progress in the development of standards in financial services, including well-developed standards to support most transfers and re-registrations. These standards have been developed in parallel for different wrappers and have successfully been employed by solution providers within relevant pockets of the retail investment market.

7.1.3. However, a number of issues arise from the current approach to the development and ownership of industry standards:

i. In order to provide a straightforward transfer/re-registration experience to customers, some providers are required to invest in multiple technology solutions. Even where only one solution is required, some smaller providers and occupational schemes view the price of existing solutions as prohibitive. Many providers have expressed a desire to make savings by reducing these variants.

ii. There are areas where overlapping or competing solutions have been developed for the same product or where transfers or re-registrations need to take place between different wrappers. This has led to a lack of interoperability between solutions, leading to providers defaulting to manual solutions and thereby increasing the time taken to complete the processes.

iii. Coordinating and prioritising updates of standards across the retail investment industry is challenging. Changes can take time to implement and decisions to upgrade solutions are not always motivated by better customer outcomes and/or benefits to the industry as a whole. This can reduce the adoption of, and time to market for, improved solutions.

iv. The maintenance of standards is resource intensive. This can result in a heavy reliance on the goodwill of a relatively small group of individuals, which may be unsustainable. Where industry engagement is low, standards development risks being driven by the commercial objectives of solution providers rather than the needs of those who use them.

7.1.4. In addition to the development of industry standards, there is a secondary issue of how the standards should be implemented. Our analysis suggests two models for implementing any agreed standards:

- **Interoperable, multi-supplier model**. This implementation model involves the development of open standards by the industry and allows any interested organisation to develop commercial solutions to support their implementation.

The use of ISO20022 by the TeX open framework for ISA, GIA and pension transfers/re-registrations and delivered by firms such as Actuare, Altus, Calastone, Euroclear and Origo is an example of this model in practice.

This implementation model has the following strengths:

i. It allows providers to choose from a range of solutions to meet their needs. This could lead to greater innovation which could potentially lower costs to providers.

ii. The shift towards open access to standards, in order to facilitate greater competition and innovation between suppliers, is consistent with the current direction of travel within other cross-industry initiatives such as the Payments Strategy and the Open Banking Project.

- **Utility model**. This implementation model involves the industry selecting one or more suppliers which would provide technology solutions to implement any agreed industry standards. Any solution of this kind would need to be scrutinised to ensure compliance with competition requirements. Origo (Pensions cash transfers) and Bacs (Cash ISA transfers) are both existing examples of this model in practice, albeit within a specific section of the retail investment market.

This implementation model has the following strengths:

i. It could enable more effective prioritisation and decision-making, which improves speed of adoption and change.

ii. It provides greater industry control as firms are appointed to deliver solutions.

iii. It could also potentially achieve lower costs for providers through:

- developing single and common industry solutions
- providing economies of scale, as the costs associated with the solution can be split across a larger volume of transactions/ providers, and
- minimising the costs and complexity associated with making different solutions interoperable and the challenges of translating standards into solutions.

7.1.7. Under both implementation models, our assumption is that a provider would have the benefit of being able to utilise a single solution within their operations, minimising implementation costs.

7.1.8. There are mixed views about whether it is beneficial for standards to be developed independently from the services that implement the standards. Some organisations believe the benefits of open standards outweigh the costs associated with the added complexity of running an interoperable model. Others believe that standards that are tightly coupled to industry utilities are preferable, as this enables more effective prioritisation and improves the speed of adoption and change.

7.1.9. Either implementation model could work well or poorly, depending upon how it is governed and the level of ongoing engagement from industry and solution providers.

7.2. PROPOSAL

7.2.1. We believe that the industry should continue to develop industry standards and best practice for transfer processes and that there should be common, independent standards that can be used across all parts of the industry.

7.2.2. This does not mean that there needs to be a single standard developed for all types of transfer and it could mean that different standards are required for different processes. However, the industry should avoid developing standards that either duplicate or overlap existing protocols.

7.2.3. We believe the development of standards and best practice should follow these principles:

i. Once established, the standards should be open and free for providers to use (subject to the industry meeting any funding requirements to support ongoing development and governance).

ii. The standards should be developed independently from any particular technology or service delivery solution (even though they may, under a utility model, involve the appointment at any one time of one or more providers to implement the agreed standards).

iii. Ongoing changes to standards should be subject to the identification of clear customer and commercial benefits.

iv. Standards development should be overseen by a senior, accountable board which represents the entire industry.

v. Regulators should recognise (and if possible endorse) the development, adoption and management of industry standards.

7.2.4. The body responsible for the development of these standards should be accountable to the industry (possibly through the trade bodies) as outlined in Proposal 5.

7.2.5. We believe there is scope to develop industry standards that go well beyond transfer and re-registration processes. There are many industry initiatives that would benefit from having a single approach to developing standards. The initial focus of this approach will be around transfers and re-registration, however, we would welcome thoughts on whether there should be other industry standards that could be considered in the future.

7.2.6. With respect to the implementation of standards, we believe that the industry could shift towards either of the following two models, but are neutral about which option is preferable.

i. **An expanded utility model**

The industry contracts a selected provider, or providers, to act as the market infrastructure to implement agreed standards and deliver solutions to all participating providers.

The contract/s could be re-tendered on a periodic basis to enable new suppliers to enter the market and to ensure that services remain cost effective. Again, competition compliance would need to be built in.

ii. **An interoperable, multi-supplier model**

Industry standards are developed which are then accessible by any market participant or solution provider which can implement these services in whichever way they deem appropriate. The industry would need to ensure that there was the appropriate level of interoperability between different solutions.

Over time this should allow a provider to adopt a single technology platform of its choice to support a broad range of transfer standards.

7.2.7. We would value feedback from industry regarding the costs, benefits and practicalities of the proposed implementation models. Final decisions on the preferred approach will be taken and tested for competition compliance by September 2017. The timeframe for delivery of the next steps for this proposal would be contingent on the final recommendations.

CONSULTATION QUESTIONS

15. Do you agree with the approach to the development of industry standards?
16. Do you agree with the assessment of the strengths of the two implementation models?
17. What do you consider to be the key barrier(s) (if any) to the uptake of existing solutions for transfers and re-registrations?
18. Which of the proposed implementation models is your preferred approach and why?
19. Do you consider that alternative models exist for improving the development and maintenance of standards and implementation of the standards? If yes, what are they?
20. Which current standard development activities should be considered as part of this proposal?
21. Are there other industry standards that should be aligned under this initiative?

8. PROPOSAL 5 – INTRODUCE AN INDEPENDENT GOVERNANCE AND OVERSIGHT BODY

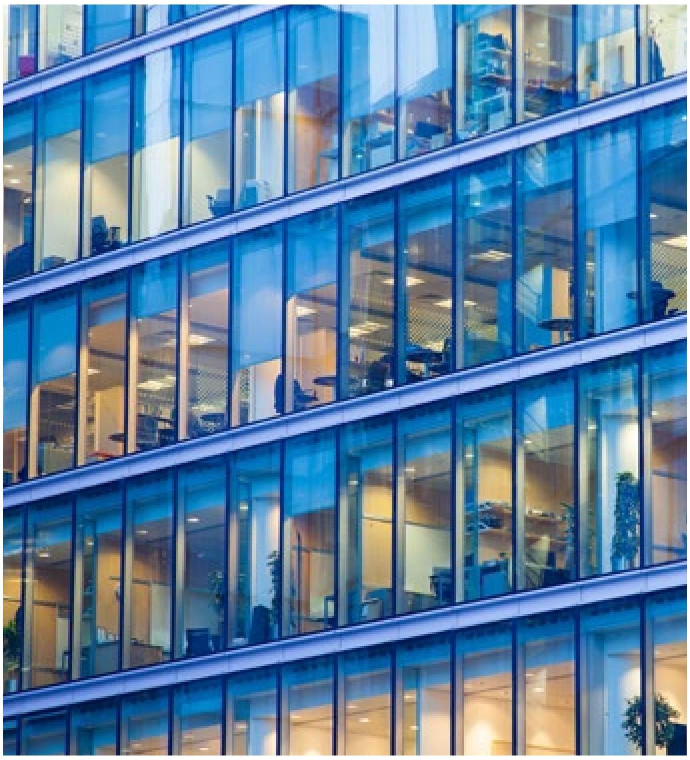
8.1. CONTEXT

8.1.1. Prior to the formation of the TRIG there was no single cross industry forum which included stakeholders from across the whole retail investment and pensions industry. There are, however, a number of other governance forums, none of which has a representative view of the entire industry.

8.1.2. Many forums are run on a voluntary basis with no dedicated resource. The seniority of attendees and representation of different parts of the industry on some of these forums could also be improved.

8.1.3. There are a number of forums and communities which undertake parts of the governance process. We believe there is an opportunity to bring some of these forums closer together.

8.1.4. We believe that, in order to deliver against the proposals in this consultation and to ensure that issues such as management information are coordinated, there is a need for a governance body.



8.2. PROPOSAL

8.2.1. We believe a new governance and oversight body should be created to oversee this initiative and its recommendations. This body could have the following responsibilities (as outlined in the previous proposals):

i. **Create clear service expectations for pension and investment transfers**. The governance body would be responsible for promoting the 48 hour standard and for reviewing the standard periodically to ensure that it meets the needs and expectations of customers.

ii. **Publish service level management information**. The governance body would be responsible for managing the regular collection, analysis and publication of management information.

iii. **Address significant process improvement opportunities**. The governance body would establish a practitioner forum with the remit of identifying, prioritising and resolving issues with the transfer process. The aim would be to meet on a monthly basis and work on the issues identified by this consultation process.

iv. **Develop common industry standards, drive good practice and oversee implementation of standards across the industry**. The governance body would be responsible for developing and maintaining industry standards and best practice. It would also undertake the agreed activity to implementthese (as required), which could include including governing the relationships with firms responsible for implementing any technology or services to support agreed market practice.

v. **Manage stakeholder communications**. The governance body would be responsible for communication with organisations, solution providers and relevant government agencies.

8.2.2. We believe that the transfer/re-registration of assets should be underpinned by a set of customer principles. The governance structure should continuously monitor how these are being delivered.

The principles are as follows:

1. At all stages in the process, it should be clear to customers what they can expect.
2. Services should be developed in alignment with how customers manage their financial affairs.
3. The industry should seek to remove unnecessary barriers to transferring assets in a timely manner.
4. Communications for customers should be clear, timely and accessible.
5. The development of services should deliver a clear and measurable customer benefit.

8.2.3. We believe the governance body would need to be resourced and funded appropriately by the retail financial services industry as a whole. This could be done on an annual fee basis for any relevant provider or counterparty. Fee levels could take into account the size of the organisation and the role it plays in the process and would be set so as to ensure maximum participation.

8.2.4. Where there are forums or bodies already in existence covering similar activity, we will need to consider how these will work with any new governance structure. The activities related to transfers and re-registration carried out by UKFMPG, UKETRG, ORIGO, TEX, Vocalink and Bacs, as well as those of the trade associations, will need to be reviewed. Any funding requirement for this new forum should take into account any funding and resourcing arrangements already in place.

8.2.5. We also believe that, over time, the remit of this type of governance body could be extended to include other activities. We would welcome thoughts on what else could be considered over time within this structure, however we will consider this as a future development.

8.2.6. Final recommendations will be made on these proposals in Spring 2017. The group would then seek to have this body in place by September 2017.

8.2.7. The responsibilities of the governance body will include ongoing monitoring of industry performance. However, in order to evaluate the effectiveness of these proposals, we recommend a formal review to be initiated two years after this consultation process completes. This is assumed to be in Spring 2019.

CONSULTATION QUESTIONS

22. Do you agree with the creation of a new independent governance body?
23. In your view, is there already a body that could perform this role?
24. Are there existing forums that should be included in the revised scope of this forum?
25. What do you believe should be the approach for funding and resourcing the governance body?
26. Are there other responsibilities you believe should be considered within the scope for this body?
27. Do you agree with the customer principles? Are there principles you would add or change?
28. Do you agree with the proposal to set up the governance committee by September 2017?
29. Do you agree with the 2 year period for a formal review, i.e. in Spring 2019?

9. SUMMARY OF CONSULTATION QUESTIONS

1. Do you agree with the proposal that the industry should introduce a standard for completing each step in a transfer and re-registration process?
2. Do you agree with the new service level of 48 hours for each step in the transfer process?
3. Do you agree with the definition of a step?
4. Do you believe the industry should consider setting end-to-end targets for transfer and re-registration processes instead of, or as well as, the 48 hour standard? If so, how would you consider this working?
5. Do you agree that participating organisations should be required to provide communication to customers, covering the information outlined above, at the outset of the transfer process?
6. Do you agree with the proposed implementation timetable with organisations committing to the standard by September 2017 and full implementation by March 2018?
7. Do you agree with the approach to service level reporting?
8. Would a 'best practice transfers' quality mark would be a useful tool to increase awareness and uptake of this initiative? If so, how should it work?
9. What do you believe is the right approach to publishing this material to the industry? Who do you believe should have access to this information?
10. Do you agree that service level management information should be collected from March 2018, then published by the end of October 2018 (covering the period April to September 2018)?
11. Do you agree with the approach of prioritising key process issues, and focusing initially on 'quick wins'?
12. What do you see as the priority issues that need to be addressed? Please list these in order of priority.
13. Can you identify other actions or quick wins that could be taken which would improve transfer and re-registration standards?
14. Do you agree with the approach on payments and that we should consider removing cheques by March 2018?
15. Do you agree with the approach to the development of industry standards?
16. Do you agree with the assessment of the strengths of the two implementation models?
17. What do you consider to be the key barrier/s (if any) to the uptake of existing solutions for transfers and re-registrations?
18. Which of the proposed implementation models is your preferred approach, and why?
19. Do you consider that alternative models exist for improving the development and maintenance of standards and implementation of the standards? If yes, what are they?
20. Which current standard development should be considered as part of this proposal?
21. Are there other industry standards that should be aligned under this initiative?
22. Do you agree with the creation of a new independent governance body?
23. In your view, is there already a body that could perform this role?
24. Are there existing forums that should be included in the revised scope of this forum?
25. What do you believe should be the approach for funding and resourcing the governance body?
26. Are there other responsibilities you believe should be considered within the scope for this body?
27. Do you agree with the customer principles? Are there principles you would add or change?
28. Do you agree with the proposal to set up the governance committee by September 2017?
29. Do you agree with the 2 year period for a formal review i.e. in Spring 2019?

ANNEX A: COVERAGE OF TAX WRAPPERS, PRODUCTS AND COUNTERPARTIES

This annex describes the scope of the Review and proposals, in terms of tax wrappers, products and counterparties.

SAVINGS AND INVESTMENT TAX WRAPPERS:

- General Investment Account (GIA)
- Individual Savings Account (ISA)
- Junior Individual Savings Account (JISA)
- UK investment Bond
- Offshore Investment Bond
- Small Self-Administered Scheme (SSAS)
- Self-Invested Personal Pension (SIPP)
- Personal Pension / Group Personal Pension (PP/GPP)
- Section 32 Buyout
- Trust-based Money Purchase, including Executive Pension Plan (EPPs) Master Trusts, and single employer trust-based DC schemes

ASSETS:

- UK domiciled Mutual Fund
- Non-UK domiciled Mutual Fund
- Restricted access Mutual Fund
- Dematerialised Equity
- Other Equity
- Government Bond
- Corporate Bond
- Structured Product
- Physical (eg. commercial property)
- Cash (Sterling)
- Cash (Non-Sterling)
- Cash (Term Deposit)
- CFDs & other exotic instruments
- Insured funds

COUNTERPARTIES:

- Customer (the individual who is the ultimate beneficiary and/or owner of the product)
- Financial adviser
- Ceding provider (the provider from whom assets are moving)
- Acquiring provider (the provider to whom assets are moving)
- Fund manager (who may be neither the ceding nor acquiring provider)
- Third party custodian or settlement service (such as CREST)
- Technology or transfer agency solution provider
- Trust-based scheme administrators and pension scheme trustees

ANNEX B: TRADE BODY CONTACTS

The individuals below can be contacted in relation to any queries you have about the contents of this consultation paper or the consultation process.

Please direct queries towards a relevant trade body of which your organisation is a member in the first instance.

If your organisation is a member of more than one of the relevant trade bodies, or if you or your organisation are not a member of any of the relevant trade bodies, please contact a relevant trade body of your choosing.

Association of British Insurers
lucy.forgie@abi.org.uk

The Association of Member-Directed Pension Schemes
samina.kausar@ascentric.co.uk

The Association of Professional Financial Advisers
chris.hannant@apfa.net

The British Bankers' Association
peter.tyler@bba.org.uk

The Investment Association
jacqui.bungay@theia.org

The Tax Incentivised Savings Association
carol.knight@tisa.uk.com

The UK Platform Group
sarahm@thewma.co.uk

The Wealth Management Association
sarahm@thewma.co.uk

ANNEX C: DATA COLLECTION PROCESS

Between 28 July 2016 and 30 August 2016, the trade bodies involved in this project sent out an information request to their member firms. This request sought information on:

- the volumes of different types of transfers
- which parts of the transfer process caused the most delays, broken down by :
    - individual wrappers; and
    - individual asset types
- anecdotal feedback on common causes of delays.

In total, 25 firms from across the retail investment industry responded to the data request.

The scope of this survey was focussed around the most common range of tax wrappers and assets. This included:

- The following tax wrappers:
    - General Investment Account
    - ISA and JISA
    - Pension (split further into cash and in-specie)
- The following assets:
    - UK domiciled Mutual Fund
    - Restricted access Mutual Fund (split further into in-specie, conversion, and sale)
    - Dematerialised Equity (through CREST or through a broker)
    - Government Bond and Corporate Bond (through CREST or a broker)
    - Cash (including sterling, non-sterling, and term deposits)

For each wrapper and asset, the transfer process was broken down into each step.

- For each step, firms were asked to give both the minimum and maximum days normally taken, together with a verbal description of common causes of outliers. Separate data was collected for manual processing and electronic messaging.
- In total, 24 firms responded to the question on volumes of transfers by type. The results are set out in the table below.

Figure 6. Volumes of transfers undertaken between January 2016 to June 2016 (or, if this is not available, most recent six month reporting period) [17]

<table>
<tr><th colspan="4" rowspan="4">VOLUME BY SCENARIO (TRANSFERS IN 000s)
TOTAL RESPONSES 258.7
FIRMS RESPONDING 24</th><th colspan="5">TO</th></tr>
<tr><th>CLIENT</th><th colspan="4">INTERMEDIATE HOLDER</th></tr>
<tr><th rowspan="2">UNWRAPPED</th><th rowspan="2">UNWRAPPED</th><th rowspan="2">ISA / JISA</th><th colspan="2">PENSION</th></tr>
<tr><th>CASH</th><th>IN-SPECIE</th></tr>
<tr><td rowspan="5">FROM</td><td>CLIENT</td><td colspan="2">UNWRAPPED</td><td></td><td>7.5</td><td></td><td></td><td></td></tr>
<tr><td rowspan="4">INTERMEDIATE HOLDER</td><td colspan="2">UNWRAPPED</td><td>2.7</td><td>57.0</td><td>-</td><td>0.0</td><td>0.0</td></tr>
<tr><td colspan="2">ISA / JISA</td><td></td><td></td><td>112.5</td><td></td><td></td></tr>
<tr><td rowspan="2">PENSION</td><td>CASH</td><td></td><td></td><td></td><td>74.5</td><td></td></tr>
<tr><td>IN-SPECIE</td><td></td><td></td><td></td><td></td><td>4.5</td></tr>
</table>

[17] Note: in the table above, 'client' represents customers transferring assets held in their own name while 'intermediate holder' is all firms in the survey.

ANNEX D: INVESTMENT AND PENSION TRANSFER STANDARD DISCLOSURE EXAMPLE

EXAMPLE OF CUSTOMER COMMUNICATION

Organisations would have the discretion to tailor communication and to determine the most appropriate means of distribution.

Dear [X Customer]

Thank you for choosing to transfer [or re-register] your [X Product] to us from [X Provider]. We can confirm we have received your instruction, and have started to process this.

Many financial services companies aim to make it simple for you to move your investments between them. These companies can be recognised by the 'Making Transfers Easy' quality mark and we are proud to be one of these organisations. If you are transferring investments between any organisations who carry this quality mark, they will do their utmost to ensure a smooth transfer.

Potential reference to industry 'quality mark'

We typically complete transfers within [X] business days.

Disclosure of provider typical time frames

The actual time will vary depending on the number and nature of the assets, product and counterparties. Furthermore, sometimes your asset has to be turned into cash before you can move it, rather than be moved without selling it first.

These complexities can mean that sometimes a transfer can take longer than the average. For example, transfers involving illiquid investments, such as property, or transfers where there are additional benefits or additional documentation is required, may cause delays in your transfer. Additionally, if any firm you are transferring assets from doesn't carry the 'Making Transfers Easy' quality mark, this can lead to delays.

Information about potential delays in timelines

You can track the status of your instruction by [outline process]. If there are any significant changes in the likely date of completion, we will communicate to you again via [X channel], by [X date]. If at any time you have any questions with regards to this process, you can contact us via [X contact details].

Clear point of escalation, including how to find current status

Yours sincerely,

[X Provider]

EXAMPLE OF FIRM DISCLOSURE STATEMENT

Our Performance

Many financial services companies aim to make it simple for you if you choose to move your assets between them. We are one of those companies. Whilst it is not always possible, companies that abide by the 48 Hour Standard aim to complete their steps in the process within two business days of receipt of all necessary information.

In 2016 we completed

93%

of all our steps within the 48 hour standard.