



Association of Independent Financial Advisers (AIFA)

Response to FSA Consultation Paper 08/12 Quarterly consultation (No. 17)

The following is AIFA's response to the questions that are relevant to our sector in the Quarterly Consultation (No 17).

(Chapter 6). Proposed amendment to COBS: Record-keeping rule for inducements

Although a formal question has not been asked regarding this proposed amendment, we notice that the CBA could be interpreted as contradictory. Paragraph 6.5 refers to small and medium sized firms which might not relate the general high level over-arching record-keeping requirements in SYSC with record-keeping rules for inducements in COBS. However, the CBA states that significant costs should not be incurred by firms because they should already be adhering to over-arching record-keeping requirements under SYSC; this appears to be contradictory.

(Chapter 7) Q 9. Do you agree with our proposal to further clarify the disclosure requirements relating to income withdrawals from existing personal pension schemes?

We broadly agree and would stress that it is important that providers are required to state their own charges in illustrations, albeit in the same format to retain a level playing field, and not a standard set which may or may not be accurate. However, the RDR has raised wider issues about illustrations and in particular, the cost of adviser remuneration and these concerns must also be borne in mind.

In the interests of transparency, advice and sales channels (in our view, these channels should be discrete) must be required to disclose the charge made for the service and product charges must be disclosed separately.

The CP suggests that the cost of implementation will be negligible but we have been made aware of a number of providers who are small and probably do not

have any system for providing an FSA compliant illustration. We urge consultation with representative bodies of these providers.

(Chapter 11) Q16. Are respondents happy for the complainant eligibility rules to be amended in order to ensure that complaints can be brought to the FOS in relation to debt administration, under all three jurisdictions of the FOS?

Answer to this question was submitted by our sister organisation AFB on 9th August. No further comments.