

# Financial Adviser

18 AUGUST 2011

20 Hal Austin

26 Will the new approach to financial regulation work?

33 DATA PROTECTION PRIORITIES

FIRST FOR INTERMEDIARY NEWS

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## Friends: clarity or delay in trail commission

Friends Life has called for clarity from the FSA on rules regarding legacy commission, as the company prepares to split its open and closed books.

Evelyn Bourke, who has taken charge of the Resolution-owned insurer's UK heritage business, said while the business is happy with the implementation date of the retail distribution review, a delay in the trail commission rules will be needed if guidance is not produced soon.

She said: "We are calling for clarity. There needs to be time to get systems ready. If we do not get final rules soon, it will make it very difficult and challenging for the industry."

The announced split will see the life insurer's open business comprising corporate benefits, protection and retirement income business units, each have a managing director.

Andy Briggs, chief executive of Friends Life, said IFA network Sesame would come under Ms Bourke's remit, but insisted the business was still of "strategic importance".

The Sesame Bankhall Group, which is owned by Friends Life, recorded nil profit. The results attributed this to investments SBC has made into its business over the past year.

Blair Cann, certified financial planner for Hertfordshire-based M Thurlow & Co, said: "It seems to be inevitable with mergers that companies focus on one strategic proposition. It is often presented as a step forward but can be more about costs."

### Hargreaves Lansdown - Correction

In a Financial Adviser article and FTAdviser article published on 11 August 2011 it was suggested that Hargreaves Lansdown could potentially lose between £220m and £1bn a year in revenue due to proposed changes to the way platforms (and fund supermarkets) are remunerated. We accept that these figures are incorrect as Hargreaves Lansdown's total revenue in the financial year ending 30 June 2010 was £159m and less than 50% of that revenue from the last financial year represents payments from fund groups. Financial Adviser and FTAdviser accept these figures are incorrect and apologise for any confusion caused.

Sifa to keep its own brand and continue to be run by Ian Muirhead as its MD

## SimplyBiz's Sifa acquisition deal to 'bolster IFA link with legal services'

INTERMEDIARY  
by Marc Shofman  
Chief Reporter

SimplyBiz has acquired Sifa in an effort to help IFAs take advantage of the Legal Service Act, as doubts emerged on possible delays in implementing alternative business models under the Act.

Ken Davy, chairman of SimplyBiz, said IFAs have a "unique opportunity" to develop links with the legal profession as a result of the Act which is due to be implemented in October, known in the legal profession as Tesco Law. The deal, which was struck for an undisclosed sum, will see Sifa keep its own brand and continue to be run by Ian Muirhead as managing director.

Mr Davy said he would be making an additional sum of money available for Sifa to inject into the business and expand its resources and opportunities for SimplyBiz's 2000 member firms and Sifa's 170 businesses.

However, some aspects of legal services into which advisers can enter may be limited due to a delay in the Solicitors Regulation Authority's approval process of alternative business structures.

Richard Cohen, who sat on the SRA's ABS working group and is chairman of online legal services business Epop, described the partnership between SimplyBiz and Sifa as "laudable" but warned that delays in implementing parts of the Act may cause problems for some IFAs.

Mr Cohen said: "The Act made the opportunities for partnering more widely known and appreciated, but it did not require the change to permit it."

He said those advisers looking to provide services such as conveyancing, probate, advocacy and dealing with court proceedings themselves, would have to wait until the ABS structure is ready.



Cohen: problems in delays

Mr Cohen added: "There is a difference between providing the service yourself or a referral service. Under the rules, if an FSA-regulated adviser wanted to provide legal services, it would need to apply to the SRA as an ABS. This only applies to reserved activity, which is conveyancing, probate, appearing as an advocate and dealing with court proceedings.

"Everything else, such as will writing or powers of attorney, is unreserved and there has never been anything to stop advisers."

Stuart Bushell, legal affairs director for Sifa, agreed that some advisory firms will have to hold back on plans to become an ABS as a result of the delay.

He said: "Historically both advisers and law firms have lacked a good understanding of each other and struggled to find the right partners. We can help do that."

"The delay affects all sorts of people with plans to become an ABS. Some have had to arrange loans to pay for the deal but the terms will have to be delayed. Others changing employment as a result will also have had their plans thwarted. The issue is we still do not know how long the delay will be."

Antony Townsend, chief executive of the SRA, blamed the delay on the parliamentary process. He said: "We were on track to license ABS from 6 October, so it is disappointing to learn that we cannot."

"We will work with the ministry of justice to speed up the process. But we are in the hands of the parliamentary timetable. It seems unlikely that we will be able to license ABS much before the end of the year, and we shall make further announcements as soon as we have more certainty."

Several advisory firms have launched referral services in the past few months, including Guardian Wealth Management, the Sesame network and Paradigm Mortgage Services.

Sesame said it would initially focus on using partners to do conveyancing, with further phased developments taking

place that will provide all-encompassing client wealth protection services, including will writing, trust deed production, probate, estate and trust administration, powers of attorney and the provision of other legal advice required by clients and their families.

Paul Lockyer, head of Sesame Bankhall Legal Services, said: "Our main focus is referrals. We have no plans at the moment to have an ABS set up but we will see how the market pans out. If it would be effective to do so, then we will not rule it out."

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## Inside...

### 16 Firing Line

Backing gold equities  
18 Bradley George

### 23 In Depth

The debt mountain  
23 Eurozone crisis

### Winners and losers

25 Platform sector reform

### The real tooth fairy

27 Dental protection

### 31 Better Business

SME exemption fears  
31 GDP and flexible working

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