



OPEN DOOR POLICY

B U I L D I N G P R O P O S I T I O N S

Open Door Policy :
For Distributors

Background

Financial Services is heavily regulated, there is no let up in the amount of reporting and controls which are in place, amended and refined. A Distributor is defined by the regulator in FG22/5 as:

Firms are distributors if they offer, sell, recommend, advise on, arrange, deal, propose, or provide a product or service, including at renewal. (FG22/5 S6.56)

This therefore applies to Financial Advisers, both restricted and independent.

It is apparent that the Regulator requires firms to be able to demonstrate good client outcomes in a way which is detailed and follows expectations. The only sure way to do this is to document the advice process. This will bring several key benefits to a Distributor.

- Having a robust advice process which can be recorded and referred to when required
- Provide guidance to individuals within the firm
- Create robust repeatable guidance and process to help ensure treating customers fairly
- Contribute to a strong training programme for individuals within the firm
- Contribute to a strong induction programme for new joiners
- Assist in compliance with the Consumer Duty
- Make available source information for the Regulator and Compliance Services for reviews and audits

Open Door Policy offers consultancy services to create and document key propositions. These documents are deliberately over-engineered and they do state the obvious, they are designed to leave no stone unturned and ensure that as many 'how' and 'why' questions are documented and addressed.

One thing these document cannot be is a template, it is vitally important that the end result for each individual firm is a set of propositions which are unique and reflect their client bank, promote good client outcomes and are a reflection of the firm's philosophy and fundamental beliefs.

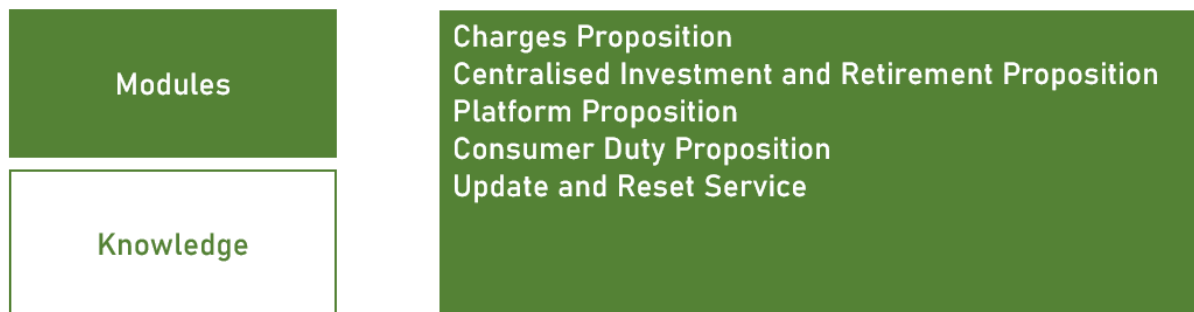
Here's what we do

Let's start with what we don't do. Open Door Policy will not give you a report, or a list of recommended changes. It is quite simple to absorb what the regulator wants to see and then tell firms where they do or don't meet expectations. It's easy to produce a recommended list of actions, reviewable each year.

At Open Door Policy that is stage one, that's the discovery session. We work with firms to build their proposition in their style, and because each business is different, build a proposition which is unique to that business.

Modules

We take the core fundamentals within an advice business, the advice process, and create a unique proposition. This is in the form of a proposition document and its aim is to answer the 'why' and 'how' questions. If for instance a firm wishes to formalise how they charge, we do exactly that, build a bespoke charging structure. Everything is based on what the Regulator expects to see, so the starting point is knowing exactly what the FCA wants, via various publications, podcasts and webinars.



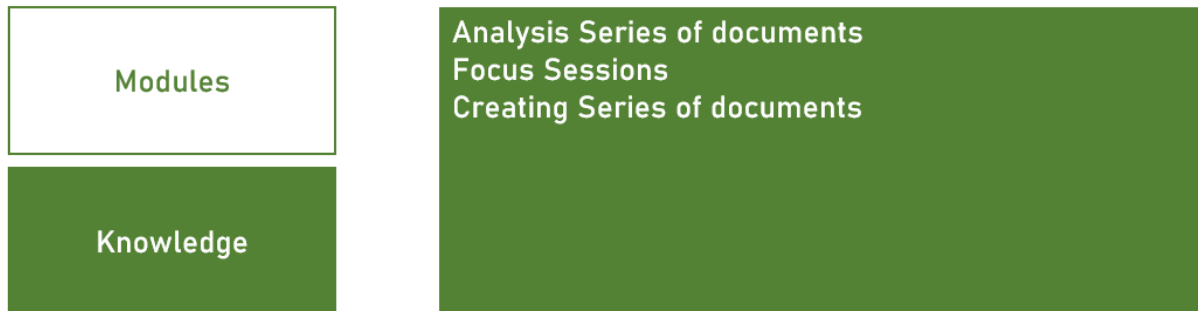
If for example Open Door Policy built a firm's Consumer Duty Proposition, it would not be a report detailing what needs to be done, we would work together and actually do it. The end result is the document a firm would use to demonstrate to the regulator that they are complying with the Consumer Duty. We build stuff, we don't just recommend what should be built.

Under 'Modules' the firm can decide which consultancies they want to formalise. It's not uncommon for a firm to purchase the complete package of four modules.

Of course, things move on, and guidance evolves so a valuable part of the service is ensuring propositions remain fit for purpose and we do that via the Update and Reset Service.

Knowledge

Propositions cannot be created without knowing exactly what the Regulator expects, that is the core of everything. Open Door Policy digests, understands and simplifies guidance from the Regulator in order to create a solid knowledge bank. Overengineered? Yes, absolutely.

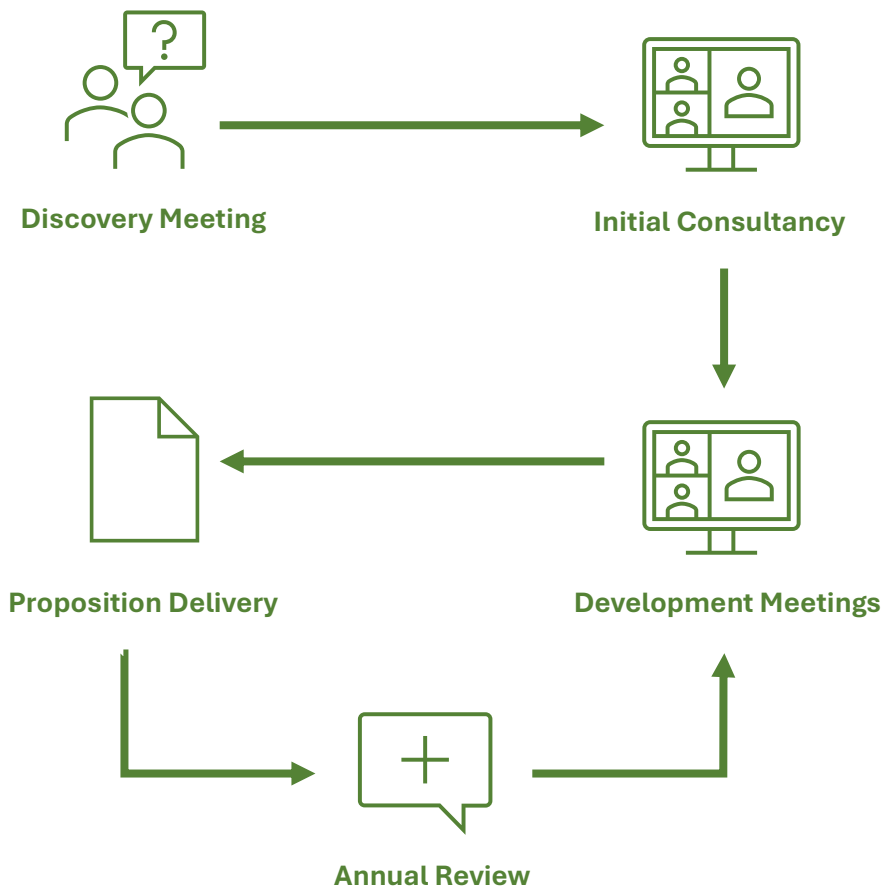


Make use of the Open Door Policy guidance papers and recorded web sessions to give your business an educational foundation. This helps support Regulator expectations as the FCA wish to see a positive and educational culture within firms. 'Knowledge' helps do that.

Working together

This is true consultancy, the starting point being the firm and what they want to achieve, and it makes for a fluid set of sessions. Open Door Policy brings to the table 10 years' worth of experience over hundreds of consultancies. This means we know what good looks like. Each proposition is project managed to its conclusion, ensuring it is completed to agreed timescales and to the highest standards.

Online meetings are a highly effective way of progressing each session.



After an initial discovery meeting where we will agree how we will move forward, Open Door policy will create a project plan in order to get things done. This will involve a number of consultancy meetings, working towards finalised documentation.

The Update and Reset Service does exactly that. Once a year we conduct a consultancy session to make any changes from within the firm and to bring propositions up to speed with the ever evolving guidance from the Regulator and the marketplace itself. If during the course of the year additional developments dictate an immediate update, the firm will be contacted with instructions on how to do that.

Consultancy Service in more detail

Over engineering means each of the propositions are covered off in great detail. The following is a list of the main headings from each.

Charges Proposition

Regulator guidance

- FG12/16, FG14/21, FG22/5, TR14/21
- Factsheet 10
- MiFID II
- FG24/1

Charging structure and service strategy

- Consumer duty requirements
- Process for providing ongoing advice
- Charging assessment
- Value assessment
- Discounting
- Capacity analysis
- Summary

Method of delivery

- The advice process
- Graphics
- Service and charges schedule

Review procedure

CIP and CRP (a combined CIRP)

Regulator guidance

- Factsheets 011 and 012
- FG11/5, FG12/16, FG22/5
- MiFID II
- TR24/1

Responsibilities and reviews

- Personnel
- Information collection
- Investment solution review procedure
- Investment solution monitoring procedure
- Software support

Risk

- Management
- Client risk
- Investment solution risk

Accumulation strategy

- Duration and fund selection

Decumulation strategy

- Retirement planning process
- Withdrawal options
- Safe withdrawal limits and maximum recommended withdrawal rates
- Sequencing risk
- Investment Pathways

ESG strategy

Product governance

- PROD statement
- Segmentation
- Investment experience
- Relevant financial instruments
- Segmentation matrix

Platform, product and investment selection

- Platform and product philosophy
- Investment solution philosophy
- Retrofitting
- Conflict of interest
- Research
- Distribution chain assessment
- The selection process

Review procedure

Platform Proposition

Regulator guidance

- Factsheets 011 and 012
- FG12/16
- MiFID II
- TR16/1
- FG22/5
- TR24/1

Responsibilities

Product governance

- Segmentation
- Platform functionality

Platform research and due diligence

- Platform philosophy
- Retrofitting
- Conflict of interest
- Platform panels
- Distribution chain assessment
- Selection process

Review Procedure

Consumer Duty

Strategic area

- Principle 12 and cross cutting rules
- Products and services outcome
- Price and value outcome
- Consumer understanding outcome
- Consumer support outcome
- Monitoring, reviewing and responsibility

Subdivision in each strategic area

- Consumer duty requirements : Explains what the regulator wants
- Meeting the consumer duty requirements : Explains how the firm will do it
- Additional collateral : Additional information or references

Update and Reset

As equally important as each of the propositions is to ensure that they remain fit for purpose. The Update and Reset Service does exactly that by keeping things updates throughout the year, along with a annual review.

How we charge

Certainty is important, especially when dealing with a consultancy service which very much depends on a firm's requirement and its complexity. For this reason Open Door policy will provide a menu driven service. The costs for each service is a fixed quantity at outset and represents great value for money.

Open Door Policy has ten years worth of experience, working with hundreds of firms in building propositions, so we understand the costs involved, and can give you an estimate of the time and potential cost if you were to build them yourselves to the same high standard.

Each consultancy session is a module in itself, so you can mix and match as you see fit, or even stagger them over a period of time, the choice is yours.

Find out more

Have a chat with Open Door Policy, we can arrange a Discovery meeting, which is at no cost to you. We can talk through options and how you could formalise propositions in your business.

Website



www.opendoorpolicy.co.uk

Email



info@opendoorpolicy.co.uk

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OPEN DOOR POLICY

BUILDING PROPOSITIONS

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