



The Actuarial Profession

making financial sense of the future

DPB Seminar

10 April 2006

Current Issues

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Recap

Exempt Regulated Activities

The regulated activities a DPB firm can do

Incidental

Arising out of / complementary to other services

Account commission to client

Exempt Regulated Activities

Handbook section 3

prohibited activities

permission lists

“can do”

Advising – particular investments

Arranging

Business clients

Not individuals (generally)

Insurance Mediation Directive

Changes introduced 14 January 2005

Institute's DPB regime extended

18 firms have had permissions extended

Insurance Mediation Activities

Insurance contracts

Advising

Arranging

Assisting in administration and performance

Handbook section 3 – permissions

Handbook section 4 – conduct of business

- customer information

- requirements for advice – use of panels

- statement of demands and needs

Purchase of annuities and IMD

Advice to trustees on annuity purchase is an IMA

IMA includes “advising on investments in relation to a contract of insurance”

Annuities are contracts of insurance

Giving advice is a regulated activity

- Particular not generic advice

- Trustees are potential investors

- Advice must be more than information

- Advice must relate to the merits

“Promoting Pensions to Employees”

FSA guidance to employers on promoting

Stakeholder schemes

Group Personal Pensions

Exemption to employers from authorisation conditional on

Employer contributing

Employer not receiving a direct financial benefit from promoting

Employer must make the promotion

Highlight that employees have the right to seek professional advice

Exemption does **not** apply to third parties acting for employer

DPB Committee review of FSA guidance

No DPB firm may approve a financial promotion

No DPB firm may communicate or cause to be communicated a financial promotion unless the communication is exempt under the Financial Promotion Order

More guidance in DPB Handbook

Compliance Bulletin 16

DPB firms:

- Can** help employer draft the communication

- Can't** communicate it

Markets in Financial Instruments Directive (MiFID)

Expected to apply Nov 2007

Changes are likely

FSA have indicated no significant impact

Extent of regulated activity could change

Watching brief