

## Investment Consultants Market Investigation

### Draft Order – Consultation

#### The Investment Consultancy and Fiduciary Management Market Investigation Order 2019

#### **RESPONSE FROM FIRST ACTUARIAL LLP**

## Introduction

First Actuarial is responding to the CMA's Draft Order Consultation as follows:

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[Enclosures: DPB Handbook (August 2018)]

## 1. Part 1 - General

### 1.1 Title, commencement, application and scope

#### 1.1.1 Scope - Designated Professional Body Regime

##### Introduction

Although the Remedies of the CMA final report do not specifically cover the Designated Professional Body (DPB) Regime, we felt it necessary to raise awareness of the significant regulatory and commercial implications that the new Order will have on those firms that conduct their business under a DPB licence as it appears to have been overlooked.

##### Background

There are a number of ways to achieve the regulatory requirements in order to give regulated investment advice. One way is to be authorised directly by the FCA. Another way is to obtain a licence from a firm's professional body to be able to give a restricted range of investment advice. The professional body is then called a Designated Professional Body or DPB.

The DPB that licences firms to provide investment advice to trustees of pension schemes is the Institute and Faculty of Actuaries (IFoA).

There are a number of conditions of having a DPB licence. These include:

- The firm must be controlled or managed by actuaries.
- No regulated advice can be given to individuals.
- Regulated advice must be an incidental part of the firm's overall business.
- For a particular client, regulated advice must be complementary to other services being provided to that client.

The DPB compliance regime is a more time efficient way of being able to provide regulated advice when compared with FCA authorisation.

DPB firms must comply with the Rules of the DPB which are set out in the IFoA DPB Handbook. They must carry out an internal annual compliance review. They must prepare an annual return to the IFoA DPB Board, and they will have a monitoring visit from the IFoA DPB Board at least every five years.

The DPB regime is a very effective regulatory regime for those firms that comply with the licence terms and who only wish to carry out the services allowed under the DPB regime.

DPB firms tend to be small and medium sized firms and will have a significant number of smaller clients. The time efficiency of operating under the DPB regime would be passed on to clients (at least to some extent) by lower fees.

## The impact of the CMA report

There are two consequences of the proposals set out in the CMA's final report.

### ***Firms that provide investment only business***

There are a number of DPB firms that only provide investment services. The main part of their business is strategy advice, monitoring services etc. They also advise on particular investments which is currently a regulated service and represents a small part of their business.

These firms can obtain a DPB licence as the regulated part of their services is incidental compared with other services they offer. In addition, for a particular client, the regulated advice will be complementary to other services offered to that client. So, for example, they can provide regulated advice on choosing an investment manager's pooled vehicle if they are already providing advice on investment strategy.

After the changes proposed by the CMA, much or all of the investment consultancy advice services provided by these firms will be regulated. Therefore, regulated services provided by these firms won't be incidental. And for a particular client, regulated services will not be complementary to other services provided (as all or most investment consultancy services will be regulated).

After the proposed changes, actuarial investment only firms will not be able to hold a DPB licence. They will have to be authorised directly by the FCA. The impact of this is more time spent on compliance and probably higher fees for clients. Many of these firms have smaller clients with lower budgets for pension scheme services. It could result in some schemes taking less advice and consequently mean that the security of benefits for members could be reduced.

**These firms will not be able to continue as a DPB firm.**

### ***Firms that advise employers on contract-based pension schemes***

Many DPB firms advise employers on their contract-based pension schemes. They help employers to choose a group personal pension, mastertrust etc. Advice to the employer on its contract-based schemes is not currently a regulated activity. When the CMA proposals have been implemented, advice to an employer on a contract-based scheme will become a regulated activity.

In some cases, a DPB firm will be providing a number of different services to an employer. For example, advice on pension disclosures for company accounts for a defined benefit scheme, as well as advice on its contract-based scheme. Therefore, the DPB firm can continue to advise on a contract-based scheme under the DPB licence to these employers.

For many other employers, the DPB firm won't be providing other services. Therefore, advice on a contract-based scheme (which will be regulated) will not be complementary to other services provided to the employer. In these circumstances, the DPB firm will not be able to assist that employer under its DPB licence.

What are the options for DPB firms in relation to these clients?

- Decline to provide services. The employer will have to approach a firm directly authorised by the FCA. This could increase the fees to the employer.
- Become FCA authorised and carry out these services for these clients under FCA authorisation. It is possible for a firm to carry out some services under FCA authorisation and other services under a DPB licence. Where services are carried out under FCA authorisation, there could be an increase in fees to the employer.
- Become FCA authorised and carry out services under FCA authorisation for **all** clients. It may be cumbersome to follow two sets of rules (DPB or FCA) for the same work depending on whether the work is complementary or not. The firm may therefore change to FCA authorisation for these services for all clients. This could increase the cost for these services for all clients.

Where there is an increase in costs for advising employers on a contract-based scheme, the employer may choose not to take advice at all and pick their own pension arrangement. This course of action might result in the employer picking a pension arrangement or default funds which is not appropriate for the employees and therefore the outcome for the employees could worsen.

Note: DPB firms that only provide investment services to a client i.e. Investment only clients will also encounter the same limitations as advising employers on their contract-based schemes i.e. DC only clients. Once investment services become a regulated activity there will not be any complementary non-regulated services, provided to this type of client.

**These firms will need FCA authorisation to continue to service its Investment and DC only clients.**

### Potential solutions

The DPB regime works very effectively for DPB firms. Following the implementation of the CMA proposals, DPB firms will not necessarily be changing the services they are offering.

How can the CMAs proposed changes be implemented without affecting DPB firms' services and without the potential for increasing costs for mainly smaller clients?

Consider the following two potential solutions.

#### ***Remove the incidental and complementary requirement***

If the requirement for regulatory services to be incidental to the overall firm's business and complementary for a particular client is removed, the problems above won't arise.

Under the CMA proposals, including strategy i.e. **strategic asset allocation**, as a regulated activity makes regulated activity very different to what it once was. Therefore, there is an argument that the regulatory regime should be different to accommodate the changes. Removing the incidental and complementary requirements would be a significant change.

Having said that, we do not think the incidental and complementary rules add anything useful to the regulatory regime. They are more of an anomaly. A firm can either effectively provide a particular regulated service or it can't. Therefore, we do not think a firm should be prevented from providing a service to a client, just because they are not providing other services to that client. The complementary requirement doesn't affect the ability of the firm to provide the service. It could therefore easily be removed.

Does the incidental rule serve any purpose? In our view there is less risk if a firm provides lots of a particular service rather than occasionally. If the regulated service is a significant part of the business, they are more likely to have better systems and controls in place and gain more recent experience.

In our view, the conditions to be managed and controlled by actuaries and to only provide advice to business clients (i.e. not individuals) are more than sufficient to differentiate those firms that can be effectively regulated by the DPB regime and those firms that should be regulated by FCA authorisation. The incidental and complementary requirements could therefore be safely removed.

### ***Remove the new regulated services from the requirement to be incidental and complementary***

The definition of regulated advice is to be widened to include services such as investment strategy and advice on contract-based schemes. These new regulated services could be defined in such a way that they are left out of the requirement to be complementary to other services provided to a client and not counted in the regulated services that must be incidental.

This would leave the incidental and complementary rules intact for existing regulated services. Any benefit that these requirements provide would therefore remain.

## **Conclusion**

The CMA has proposed some useful changes to the regulatory regime to protect clients and members of pension schemes. However, there are some unintended consequences.

The FCA need to find a way to implement the changes so that the issues set out above do not arise.

There are currently 14 actuarial firms that conduct regulated activities under a DPB licence.

### ***1.1.2 Commencement***

## **Timeline**

It is our understanding/interpretation from reading the CMA documentation that has been published to date that the timeline proposed to implement all the remedies from this industry investigation is by the end of 2019.

We regularly meet with other investment consultancy firms in the industry and they echo our understanding/interpretation that the changes proposed by the CMA need to be in place by the end of 2019. This doesn't give firms like ours, much time to prepare or consider the best

regulatory regime to adopt so that we may continue to provide the same level of services to our current clients as there are still several significant outstanding issues that need to be answered e.g.:

- What does the Order mean in layman terms by
  - strategic asset allocation; and
  - manager selection?

To firms that have a DPB licence, this detail is required in order to make a judgement on whether it can still satisfy its **DPB Complementary to professional services requirement** for its clients or whether it will have to change its future regulatory regime.

What is the deadline for the financial services industry to have implemented the outcomes of the CMA Final Report?

**The deadline for implementation appears to be 31<sup>st</sup> December 2019.**

**Further consultations**

It is our understanding that once the CMA Order consultation has closed there are then several further consultations that need to happen before full implementation of the Investment Consultants Market Investigation can be signed off as complete:

- **HM Treasury** - Consultation on extending the perimeter activities to include all the main activities of investment consultants i.e. strategic asset allocation advice and advice to employers on contract-based products e.g. GPPP's.
  - HM Treasury will decide on what the industry and market want after the consultation – 'What's best to be adopted'.
  - HM Treasury will make the necessary legislative changes to the Regulated Activities Order.
  - There is a Parliamentary process that must be followed.
- **FCA** consultation
  - FCA will consult on its proposal to HM Treasury.
  - FCA will consult with the financial services industry.
  - FCA will make the necessary changes to the FCA Rules.

What is the timeline for each consultation to fully implement the requirements of the CMA Final Report?

**There are other consultations that need to happen before implementation is complete.**

**FCA authorisation**

If HM Treasury implement changes to the Regulated Activities Order that mean all investment consultancy services are regulated, then for those DPB firms who can no longer satisfy the DPB complementary to professional services requirement for all or some of its clients they will need to consider changing their regulatory status and apply to become an FCA authorised firm.

For a DPB firm to become an FCA firm, either as an Authorised Professional Firm (APF) or a fully authorised FCA firm, they will need to make an application to the FCA (or in the case of becoming an APF, an application to both the IFoA and the FCA). This takes time and currently, we understand it can take 6-9 months to become an FCA authorised firm.

Therefore, if the deadline is the end of 2019 then DPB firms will need to start completing their FCA applications now, submitting them no later than April 2019 to ensure their application is successful and the FCA grants them FCA authorisation.

Will there be any time concessions for DPB firms to become FCA authorised?

**DPB firms need to start completing their FCA applications now.**

### **Transitional period**

It isn't clear from the current published material if there is a transitional period allowing firms to have implemented the necessary changes to their internal processes and procedures.

What is the transitional period to implement the proposed regulatory changes?

**There usually is a transition period to implement such changes.**

## Part 2 – Interpretation

### 2.1 Definition of Investment Consultancy Services

#### 2.1.1 Expansion of Regulated Activities

## Investment Consultancy Services

Investment Consultancy Services are defined in the Order as:

*‘Investment Consultancy Services’ means the provision to Pension Scheme Trustees of services where the Provider advises the Pension Scheme Trustees in relation to one or more of the following: -*

- (a) investments that may be made;*
- (b) any matters in respect of which the Pension Scheme Trustees are required by law to seek advice in relation to the preparation or revision of the statement of investment principles;*
- (c) strategic asset allocation;*
- (d) manager selection.*

*The services do not include:*

- (a) the provision of advice by a Provider to the Pension Scheme Trustees of a pension scheme of which the Provider (or an Interconnected Body Corporate of the Provider) is the Principal Employer or Controlling Employer;*
- (b) the high-level commentary provided by the scheme actuary in or in respect of triennial valuation reports and with regard to the link between the investment approach and the pension scheme’s funding objectives.*

All the regulated activities detailed in Part 2 of the DPB Handbook (DPB Firms – Regulated Activities) – see Appendix A are currently within the scope of the Investment Consultancy Services provided by a DPB Investment Consultancy Firm and probably most FCA authorised firms.

All the non-regulated activities detailed in Annex 2.1 of the DPB Handbook (Non-Regulated Activities) – see Appendix B are currently within the scope of the Investment Consultancy Services provided by a DPB Investment Consultancy Firm and probably FCA authorised firms.

However, for DPB firms the activities within Annex 2.1 currently provide the necessary complementary to professional services requirement, especially where a DPB firm has a client who only receives investment or DC only services or the DPB firm itself only provides investment services.



Therefore, are we to interpret the new definition of Investment Consultancy Services (within the Order - see above) to now include the previously non-regulated activities in Appendix B, specifically those highlighted?

The highlighted activities could be classified as advising on Strategic Asset Allocation or part of a Manager Selection exercise – we discuss these further below.

Investment consultancy services to include previously non-regulated investment activities.

### 2.1.1.1 Strategic Asset Allocation Services

The Order needs to be clear on its definition of Strategic Asset Allocation services.

What does Strategic Asset Allocation services mean? Will there be further guidance on what constitutes Strategic Asset Allocation services?

From the list of non-regulated activities in Appendix B would the following be classified as Strategic Asset Allocation services and therefore be regulated:

- recommending an asset allocation, by asset class, appropriate to an occupational pension scheme's or insurance company's liabilities and objectives, and reviewing this allocation as circumstances change;
- examining, explaining and recommending strategic investment policies and methods of management, including the use (or not) of core holdings, indexed funds, active or passive management, specialist funds (including, but not limited to OEICS, authorised and unauthorised unit trusts), in-house and external management so long as no particular *investments* are mentioned;

### What are Strategic Asset Allocation services?

### 2.1.1.2 Manager Selection Services

The Order needs to be clear on its definition of Manager Selection services.

What does Manager Selection services mean? Will there be further guidance on what constitutes Manager Selection services?

From the list of non-regulated activities in Appendix B would the following be classified as a Manager Selection services and therefore be regulated:

- recommendations of and/or advice and assistance in selection of *investment* managers for segregated funds, including negotiation of terms of appointment;

Currently a Manager Selection exercise will include both regulated and non-regulated activities:

- Regulated - advising (making a recommendation) and arranging (a transition of assets between asset managers)

- Non-regulated activities - collation of manager information including fund performance figures, fees and preparing a report.

There is a whole range of activities performed in a Manager Selection exercise whether that is in relation to pooled funds, segregated funds or Fiduciary Management.

### **What are Manager Selection services?**

### **3. Part 7 – Investment Consultancy Services – objective setting and performance reporting requirements**

#### *3.1 The Prohibition*

##### **3.1.1 Definition of Strategic Objectives**

Part 7 of the Order will require Pension Scheme Trustees to set Strategic Objectives for their Investment Consultancy Provider before entering into a contract with them.

What are the expectations of the CMA on how Strategic Objectives should look for Investment Consultancy Providers?

Will there be guidance on what constitutes good Strategic Objectives – something that may appear appropriate to one person may not be to another. In deciding whether Strategic Objectives meet the Order requirements, what should a firm consider?

Over time the CMA may wish to issue further guidance based on what are good and poor Strategic Objectives across the industry but as an initial starting point is there a template/standard that will be made available?

**Strategic Objectives come into force six months from the date on which the Order is made.**

## Appendix A – Regulated Activities (DPB Firm)

### DPB Handbook (August 2018) - Extract

(A copy of the DPB Handbook can be found on the IFoA website <https://www.actuaries.org.uk/upholding-standards/designated-professional-body/dpb-handbook>)

#### **Regulated activities permitted with a DPB licence**

2.7 The *IFoA* shall only permit **DPB firms** to carry on those **regulated activities** set out in paragraphs 2.10, 2.17 and 2.23 to the extent permitted by its **DPB licence**. **Firms** may however only undertake any of these **regulated activities** provided that they also comply with certain conditions. The conditions are set out in paragraphs 2.29, 2.30, 2.31, 2.36, 2.39, 2.44, 2.50, 2.55 and 2.60.

2.8 For amplification: The **regulated activities** which the *IFoA* permits **DPB firms** to carry on are a sub-set of **exempt regulated activities**.

2.9 For amplification: This part of this **Handbook** may be reviewed and revised, as appropriate from time to time, to ensure that **regulated activities** performed by **DPB firms** do not exceed those which are appropriate under the **DPB** regime. Any revisions, however, must be approved by the **FCA**.

2.10 **DPB firms** may carry on the following **regulated activities** for **business clients** (except in relation to **investments** which are or will be acquired by individuals):

2.10.1 **advising** on (including recommending) any particular **investment**;

2.10.2 **arranging** transactions in **investments**;

2.10.3 **dealing as agent** in **investments** for a **client** on the **client's** instructions, but in the case of a **contract of insurance** only if **dealing as agent** on behalf of the insured;

2.10.4 **assisting** in the administration and performance of a **contract of insurance**; and

2.10.5 **agreeing to carry on** any such activity listed in paragraphs 2.10.1 to 2.10.4 above.

2.11 For amplification: Examples of **business clients** include the following:

- trustees of any trust based occupational pension scheme when acting as such, including trustees who are individuals;

- corporate bodies;

- governments and public organisations;

- sole traders or partners in a partnership in connection with their business affairs (but not their personal affairs e.g. on their pension arrangements); and

- with regard to charities, many larger charities are incorporated (e.g. as companies limited by guarantee or under Royal Charter) and therefore automatically qualify as **business clients**. In cases of unincorporated charities where the trustees include individuals, if the charity employs staff and therefore needs **advice** on, for example, pension arrangements, it will usually be the case that the charity (strictly the trustees) is carrying on a business, for example a school or hospital. If a charity can be said to be carrying on a business, individual trustees can also be advised on the charity's

investments. In the **IFoA's** view this extends also to sporting and aid charities providing services to non-members.

Examples of **clients** who are not **business clients** include:

- company directors about their own pension arrangements; and
- individuals acting as trustees of family trusts.

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2.12 For amplification: Set out below are some examples of the types of activity that fall into each of the categories set out in paragraph 2.10. It should, however, be noted that **DPB firms** are permitted, subject to the conditions set out in paragraphs 2.28 to 2.59 of this **Handbook**, to carry on an activity that is not explicitly listed below, as long as it falls into one of the categories of **regulated activities** set out in paragraph 2.10 of this **Handbook**.

2.13 For amplification: Examples of activities which the **IFoA** permits **DPB firms** to carry on for **business clients** in the context of **advising** on (including recommending) any particular **investment** include:

- **advising** on pooled investment fund contracts or units in a collective **investment** scheme;
- **advising** on a pooled vehicle as part of a segregated portfolio;
- **advising** on additional voluntary contribution contracts for occupational pension schemes;
- **advising** on insured scheme contracts for occupational pension schemes (including executive pension plans);
- **advising** on immediate or deferred annuities for trustees of occupational pension schemes;
- **advising** on policies to be used by an occupational pension scheme for occupational income drawdown;
- **advising** on policies to receive a forced external transfer of a divorce credit given to occupational pension schemes;
- **advising** on **UK** gilts (or strips) in the context of matching the liabilities of an occupational pension scheme or insurance company;
- **advising** on the merits of different **options** and/or **futures** to manage a pension scheme's or insurance company's exposure to a particular risk;
- **advising** the trustees of an occupational scheme or an insurance company on **securities** issued by an insurance company as a result of demutualisation;
- **advising** companies (but not individual directors) or trustees on directors and officers' policies, trustee liability insurance policies or similar;
- **advising** an employer on a private health insurance policy where the employer is the policyholder.

2.14 For amplification: Examples of activities which the **IFoA** permits **DPB firms** to carry on for

**business clients** in the context of **arranging** deals in **investments** include:

- **arranging** any **investment** arising from **advice** given in the examples in paragraph 2.13;
- portfolio restructuring, including the obtaining of tenders for programmed package trades in **securities**;
- **arranging** a transfer of assets from one occupational pension scheme or insurance company to another as part of a bulk transfer or merger;
- **arranging** a transfer of assets from one investment manager to another investment manager on behalf of an occupational pension scheme or insurance company; and
- **arranging** for a prospective policyholder to enter into a particular insurance policy including assistance in the completion of application forms and forwarding them to the insurer.

## Appendix B – Non-Regulated Activities (DPB Firm)

### DPB Handbook (August 2018) - Extract

#### Annex 2.1

#### Non- Regulated Activities

The purpose of this annex is to provide **DPB firms** with guidance as to activities which the **IFoA** does not consider to be **regulated activities** (that is, non-regulated activities). It should, however, be noted that the listed activities may often be conducted in conjunction with **regulated activities**.

In addition, it is extremely important for **DPB firms** to note that this annex represents the **IFoA's** understanding of what it believes to be non-regulated activities. It is not, and could not be, authoritative as to the legal position and **DPB firms** are advised to contact the **FCA** in case of doubt, and if necessary to seek their own legal advice.

It is the responsibility of a **DPB firm** to satisfy itself whether any particular activity is a **regulated activity**.

In general terms, the **IFoA** considers that any activities which are only **generic advice** or use the **authorised person exemption** are not **regulated activities**. However, it should be noted that the requirements on trustees under section 36 of the Pensions Act 1995 to seek investment advice would generally exclude the possibility of using the **authorised person exemption** for trustees of pension schemes unless the **authorised person** provides the written advice required by that section. Also, the **authorised person exemption** cannot be used in the case of insurance policies.

Examples of activities which the **IFoA** considers to be non-regulated activity for **business clients** include the following:

- **generic advice** to trustees on the method of funding an occupational pension scheme: self-invested; managed fund or insured;
- recommending an asset allocation, by asset class, appropriate to an occupational pension scheme's or insurance company's liabilities and objectives, and reviewing this allocation as circumstances change;
- examining, explaining and recommending strategic investment policies and methods of management, including the use (or not) of core holdings, indexed funds, active or passive management, specialist funds (including, but not limited to OEICS, authorised and unauthorised unit trusts), in-house and external management so long as no particular **investments** are mentioned;
- recommendations of and/or advice and assistance in selection of **investment managers** for segregated funds, including negotiation of terms of appointment;
- recommendations of and/or advice and assistance in selection of authorised custodians with a view to custody services being provided in the **UK** including negotiation of terms of appointment;
- advice relating to Statements of Investment Principles for **UK** approved occupational pension schemes;

- advice on the suitability in principle of using *options*, warrants, *futures*, *contracts for differences* so long as the advice does not relate to any particular derivative contract;
- monitoring the portfolio performance of assets, including the testing of *investment* strategies and the monitoring of individual managers; and advice to managers on relating fee to performance;
- advice on, and analysis of, portfolios by geographical area, by type of industry and by risk characteristic;
- asset liability studies
- advice on reporting systems and presentation of results;
- drafting and providing *investment* related information on behalf of trustees to be supplied to UK approved occupational pension scheme members, including benefit illustrations;
- attending on, and advising, trustees or a board of directors as an independent expert in institutional *investment*, so long as no advice on particular *investments* is given;
- membership of, or consultancy to, advisory committees that meet regularly with internal or external fund managers, so long as no advice on particular *investments* is given;
- advice given to an employer on comparisons between occupational pension schemes, stakeholder pension schemes and personal pension plans in general terms, so long as no advice is given about a stakeholder pension scheme or personal pension plan from a particular provider;
- advice on the design of a defined contribution pension scheme (contributions, retirement, *investment* options in generic terms etc);
- a *DPB firm* or *principals* or employees of the *DPB firm* acting as a trustee of a trust which includes or may include *investments* so long as:
  - (a) the *DPB firm* does not hold itself out as providing an *investment* management service and does not receive any remuneration for managing the trust assets in addition to any remuneration received as trustee. A *DPB firm* is not regarded as receiving additional remuneration merely because its remuneration is calculated by reference to time spent; and
  - (b) if the assets of the trust are held for the purposes of an occupational pension scheme, all routine or day to day decisions, relating to the management of the *investments*, are taken by an *authorised person*.
- advice that a *person* should take out insurance of a particular class, e.g. Directors & Officers or warranty insurance, without identifying any particular insurer.
- Monitoring or review of group pension plan arrangements
- Arranging for a person to join or leave a group pension plans

Examples of activities which the *IFoA* considers to be non-regulated activity for *business clients* where the *investments* are or will be acquired by individuals include the following:



- advice to an employer or an individual, including making presentations to employees, on comparisons between occupational pension schemes, stakeholder pension schemes and personal pension plans in general terms so long as no particular product or product provider is mentioned (see article 17 of the *Financial Promotion Order*);
- advice to an employer on designing the features (e.g. contribution scale, investment funds to make available in generic terms) of a group personal pension or stakeholder pension scheme to which it will contribute, and drafting information to be provided to employees by the employer on these aspects (but not information on a particular product);
- advice to an employer on the selection of a contract-based pensions product such as a GPP for the employees to use; this is not considered to be regulated as the advice is not being given to the holder of the investment;
- introducing employees seeking non-insurance *investments* to an *authorised person*, which is not in the same group as the *DPB firm* and where the *DPB firm* receives no pecuniary reward or advantage from the introduction, for the provision of *independent* advice or *restricted advice*. (Introducing employees to an *authorised person* for *advice* on insurance products may be *regulated activity* but is allowed under paragraph 2.22 of this *Handbook*)

Examples of activities which the **IFoA** considers to be non-regulated activity for individuals include the following:

- any advice relating to an individual member's rights in an occupational pension scheme, including advice relating to additional voluntary contributions into such a scheme (but not a Free Standing AVC), transfers between occupational schemes and retirement options under such a scheme which does not involve *investment* (this is excluded under Article 89 of the *Regulated Activities Order*);
- making a recommendation to an individual that they buy a particular type of *investment* (e.g. a personal pension), but making it clear that the individual will have to seek advice from an *authorised person* if the individual wishes to obtain *advice* on which particular product may be suitable (an example of *generic advice*).; and
- advice to employers in drafting communications to individuals.