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| **Procedure:** | Execution Only | **From (date):** | 2023 |
| **Replacement?:** | Y | **Produced by:** | Essentials |
| **Signed off by:** | (SMF16) | | |

**Execution Only**

Execution only describes a situation in which the adviser exercises no judgement and absolutely no advice whatsoever is given. If any specific advice is given, no matter how limited, then it is not Execution Only. If only generic information is provided to the client, this does not constitute specific advice.

An Execution Only transaction is viewed as a case where the client has:

Identified the product he requires

Stated the premium he is willing to pay

Selected the company he wishes to do the business with

Selected, if appropriate, the fund

Selected, if appropriate, the term of the contract

Selected, if appropriate, any additional benefits

In order to evidence that a transaction is being processed on an execution only basis files should, ideally, contain full and explicit written confirmation from the clients outlining their specific requirements, and that they require no advice and understand that they have received none.

If the adviser believes the proposed transaction is not suitable for the client (perhaps because of information gained previously) this must be confirmed to the client in writing, although the adviser can still proceed to arrange the business on the basis that it is Execution Only.

A transaction cannot be classed as Execution Only if the firm has provided advice on the merits of the transaction itself, even when no advice has been offered on the suitability of that transaction for the client.

Certain types of business should not be conducted on an execution only basis, particularly in areas that are considered to be specialist / high risk.

An acceptable execution-only process should include evidence that

1. The client has instructed the firm in writing as above;
2. The firm has responded confirming
   1. the instruction,
   2. the fact that no advice has been sought or given,
   3. that as a result of the execution only instruction, it is unlikely that access to FOS or FSCS would be available;
   4. the fee for executing the business.
3. The client confirms acceptance of these terms (this may be via written response or counter-signing the firm’s letter).

*Update January 2013-03*

Complex products cannot be executed on an execution-only basis where the firm is a MiFID firm (most IFAs have opted out of MiFID through Article 3). However we strongly recommend that all firm avoid the sale of complex products using the execution only exemption. The list of complex products may be firm specific but should at least include

* Defined benefit occupational pensions (including S32s with GMPs and money purchase schemes with guaranteed underpins),
* Life settlements,
* ‘Complex’ structured products and
* Leveraged exchange traded funds.