| **Compliance Checklist** |
| --- |
|  |
| **New business submission form - comprehensive** |
|  |
| **COMPLIANCE CHECKLIST** | **QUALITY OF ADVICE CHECKLIST** |
| **Onboarding Mandatory elements on the client file**

|  |  |
| --- | --- |
| **Element** | **Seen\*** |
| Engagement letter confirming adviser charge |  |
| AML documents |  |

**Mandatory Fact-find elements on the client file are present (and for existing client, have been refreshed):**

|  |  |
| --- | --- |
| **Element** | **Seen** |
| Circumstances |  |
| Financial objectives |  |
| Health |  |
| Assets and Liabilities |  |
| Knowledge and experience |  |
| Income levels |  |
| Cost of living levels |  |

**Mandatory Risk Profiling elements on the client file (and for existing client, has been refreshed)**

|  |  |
| --- | --- |
| **Element** | **Seen** |
| Attitude to Risk |  |
| Capacity for Loss |  |
| Need to take risk |  |

**Mandatory Analysis elements on the client file**

|  |  |
| --- | --- |
| **Element** | **Seen** |
| Pre-transaction investment / protection data where applicable (e.g. ceding scheme data where applicable) |  |
| Illustrations and KFDs |  |
| Transaction specific support material (eg tvas / critical yield for drawdown). |  |

**Mandatory Suitability / annual review letter elements on the client file**

| **Element** | **Seen** |
| --- | --- |
| Scope of advice |  |
| Limitations of advice |  |
| Confirmation of circumstances, including health |  |
| Confirmation of net asset position |  |
| Confirmation of cost of living levels and how these are met through income and / or capital |  |
| Statement of objectives |  |
| Confirmation of investment knowledge and experience |  |
| Confirmation of attitude to take risk  |  |
| Confirmation of capacity for loss |  |
| Recommendation |  |
| Justification for recommendation |  |
| Risks implicit within the recommendation |  |
| Consequence of stated risks  |  |
| Clear comparison of before and after charges for switch cases |  |
| Where there is a negative cost outcome on switch cases a clear clarification of that fact |  |
| For negative cost outcome cases the justification for imposing that on the client |  |
| Cooling off notice |  |
| Adviser charge in £££s |  |

 |

| **Advice issue established** | **Yes / No** |
| --- | --- |
| ***Terms of engagement*** |  |
| The terms of engagement is clear on price and services to be delivered initially and ongoing |  |
|  |  |
| ***Fact Finding including risk profiling*** |  |
| Personal circumstances |  |
| Health |  |
| Financial objectives |  |
| Assets and Liabilities |  |
| Net expenditure needs over a pre and post horizon time horizon |  |
| Attitude to risk |  |
| Capacity for loss |  |
| Need to take risk |  |
| Where the amount of risk needed is different from the level of intrinsic attitude to risk, there is a clear note of a client discussion and agreement  |  |
|  |  |
| ***Analysis*** |  |
| For DB transfers a TVAS was obtained, and the file shows an analysis of the various options relative to the client’s financial objectives and personal circumstances |  |
| For investment switch business the ceding and prospective funds are adequately analysed |  |
| For complex, non-standard investments (e.g. structured investments, UCIS, AIM etc.), due diligence shows identification and understanding of the risks including the probability and impact of the risk happening. |  |
| Any other reasonable analysis given the circumstances |  |
|  |  |
| ***Suitability***  |  |
| *Financial objectives* |  |
| Income and expense based |  |
| Identifies critical planning issues |  |
| *Risk assessment* |  |
| Deals with attitude, capacity, need, relative to objectives |  |
| *Tax efficient opportunities have been identified* |  |
| Pension contributions |  |
| ISAs |  |
| CGT allowance usage |  |
| Bond and / vs OEIC usage |  |
| VCTs / EISs / BPRs |  |
| *Generational planning* |  |
| Identification of amounts required - next generations |  |
| IHT liability |  |
| The use of trusts and other investment vehicles / opportunities to mitigate IHT / increase devolution to subsequent generations |  |
| *Investment for events*  |  |
| Retirement |  |
| Projects (school fees, weddings, LTC etc) |  |
| Insuring (protection) objectives including IHT mitigation |  |
| *Recommendation itself* |  |
| Justification for recommendation |  |
| Cost comparison for investment based advice cases |  |

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