



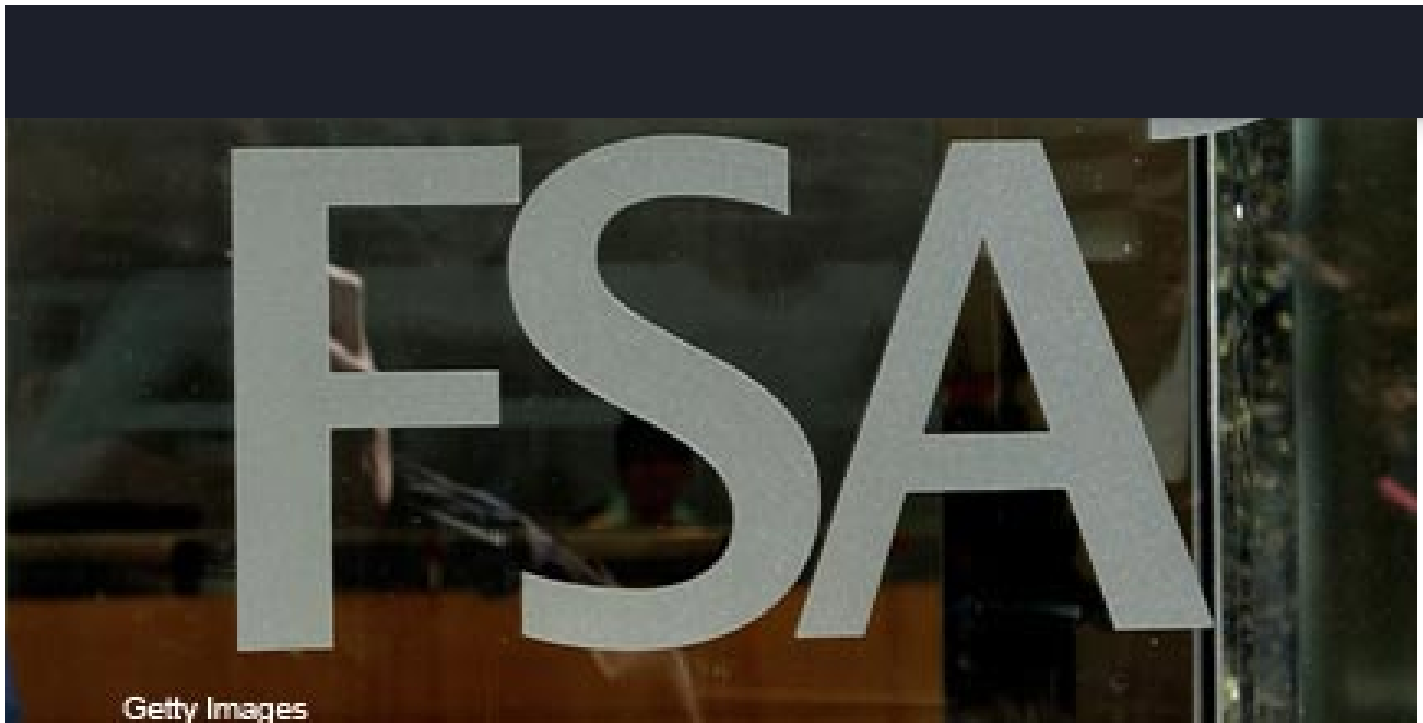
FSA warns over rebalancing permission breaches

Advice firms without discretionary status could breach their permissions if they use anything other than a 'completely mechanical' process when rebalancing portfolios.

By **William Robins**

25 May, 2012

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Advice firms without discretionary status could breach their permissions if they use anything other than a 'completely mechanical' process when rebalancing portfolios.

Rory Percival, technical specialist at the Financial Services Authority (FSA) told the [Institute of Financial Planning](#) Paraplanner Conference that the regulator had sought legal advice on the definition of 'discretionary' when portfolios were being rebalanced.

'If you are doing rebalancing the message is in the word "discretion". Any thought process done without the explicit consent of the customer can only be done with discretionary permissions,' he said.

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He said that in order to not fall foul of the rules advisers must have a set time and day for

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leave it a couple of weeks or you have gone on an equity fund and chose another, if you do that you are exerting a thought process.'

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Sam Caunt

May 25, 2012, 10:43

Please clarify - "He said that in order to not fall foul of the rules advisers must have a set time and day for rebalancing and that this must be stuck to". So we write to a client who delays his approval of the rebalancing beyond the proposed time and date. What then? Redo it? This article / guidance is too vague.



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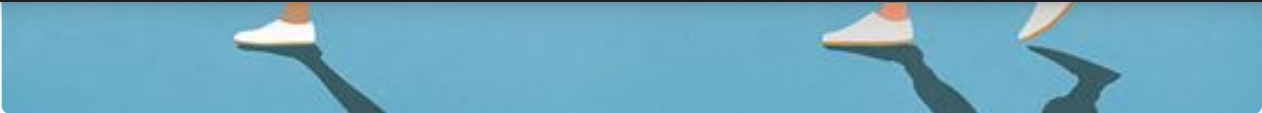
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