

March 2010

Doesn't sound very interesting does it but the fact is that the **Retail Distribution Review (RDR)** will have a profound effect on the financial services industry in the UK and the relationship between us as financial advisers and you the client.

This is the first in a series of **briefings** designed to explain to you the main provisions of the review and the changes that are likely to result.

Who has conducted the Review and why?

The Review has been carried out by the Financial Services Authority (FSA) with the intention of improving the provision of financial advice in the UK.

What are likely to be the main outcomes of the Review?

The main proposals are as follows:

- The banning of all 'commission' payable by product providers to advisers.
- An increase in the minimum qualifications levels for all financial advisers.
- Redefining the distinctions between 'independent' and 'tied' advice.

What are likely to be the main effects assuming these proposals are adopted?

The number of firms and individuals offering independent financial advice is expected to reduce.

Those that remain will offer a wider ranging, clearly defined service, paid for by fees agreed by the client.

Larger institutions such as the banks will mainly offer a purely transactional service, selling their own products at a fixed fee and with limited advice.

When are the results of the Review likely to take effect?

The FSA have said that the final rules are likely to be published in a Policy Statement in the first quarter of 2010 with the new rules being implemented at the end of 2012.

What action is HFP Ltd taking as a result of the Review?

We remain 100% committed to providing **independent** financial advice. This is what you expect of us and we would not wish to operate in any other capacity. Also, we already provide fee based advice to an increasing number of clients. However, the changes which are being imposed on us are significant and we do realise that we will need to redefine our business model and come up with a new proposition, to ensure that we continue to offer a personalised service that is both relevant to you and financially viable for us.

We will keep you updated but please do not hesitate to contact us to clarify any of the issues raised.

Paul Harrold
Director

Phone: 01953 851151
Fax: 01953 851377
E-mail: info@hfp.co.uk
Web: hfp.co.uk

8 The Fairland
Hingham
Norwich
NR9 4HN