



Quantifying Risk, Enabling Opportunity.

Suitability of Umbrella Funds with a Market Conduct lens

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What is “Market Conduct”?

“TCF will require regulated firms to consider their **treatment of customers** at all stages of their relationship with the customer, from **product design** and **marketing**, through to the **advice, point-of-sale** and **after-sale** stages. Firms will ultimately be **required to demonstrate** – through management behaviours and monitoring – that they are **consistently treating customers fairly** throughout the stages of the product life cycle to which they contribute.”

FSB TCF Roadmap document, 2011

6 TCF principles (summary)

- Customers are confident they are dealing with firms where the **fair treatment of customers** is central to the **firm's culture**
- Products and services marketed and sold in the retail market are **designed** to meet the **needs of identified customer groups** and are targeted accordingly Fair treatment of customers is central to the firm's culture
- Customers are provided with **clear information** and kept appropriately informed before, during and after the time of contracting

6 TCF principles (summary)

- Where customers receive **advice**, it is **suitable** and takes account of their circumstances
- **Products perform** as firms have led customers to expect, and **service** is of an **acceptable standard** and as they have been led to expect
- Customers do not face **unreasonable post-sale barriers** imposed by firms to change product, switch providers, submit a claim or make a complaint

6 TCF principles (summary)

That had a very strong emphasis on Insurance Companies and individualized products

Translated more towards RETIREMENT FUNDS:

6 TCF principles (Retirement Funds Focus)

1. Fair treatment of customers is central to the **Fund's culture** – including **service providers**
2. **Benefit Designs** and **services** from Funds meet needs of **members and beneficiaries**
3. **Members** are provided with **clear information** and kept appropriately informed **at all times**

6 TCF principles (Retirement Funds Focus)

4. **Advice** to **Members** is suitable and takes account their circumstances
5. **Products** (investments; risk products; etc) **perform** as expected, and service to Members is of an **acceptable standard**
6. **Members** do not face **unreasonable post- sale barriers** to transfer benefits from one Fund to another or switch from one investment/risk product to another

Umbrella Funds (Commercial/Unionised/Private)

Possible Issues

- Constitution of the Board
- Section 14 Transfer
- Investment / Risk Benefits Choice
- Access to information

Constitution of the Board

Possible TCF principles: 1

Section 14 – discussion

Possible TCF principles: 2;3;6

Investment / Risk Benefits Choice

Possible TCF principles: 2;5;6

Access to information

Possible TCF principles: 3;4

Concluding remarks

Fine print

Concluding remarks

Fine Print

Don't only consider the quotation (compare the numbers)

Consider the fine print and Market Conduct issues

Thank you



Questions?