



# Altus

clear thinking for Financial Services

## Preparing for Re-Registration

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Thanks to RDR, from January 1st 2013 it will become compulsory for any business holding assets in a nominee account to facilitate their smooth transfer to another nominee. So far, most of the headlines have revolved around platforms and fund re-registration but the real impact is much broader.

Funds are just one type of asset and platforms are just one type of nominee. The challenge is for all parties involved to seamlessly collaborate in the end-to-end process of transferring a client's entire portfolio in-specie. What's more they will need to do so within new and much more stringent SLAs.

The FSA say they will be encouraging adviser firms to have due regard to providers' ability or inability to support re-registration when selecting a platform. Firms that are seen as poor performers in this area may well suffer as a result.

Complying with these new rules will require providers to develop a thorough understanding of their own transfer process and how industry best practice is likely to evolve in future. That sounds like a lot of work for over-stretched change teams but fortunately Altus can provide some short-cuts. Read on to find out more...



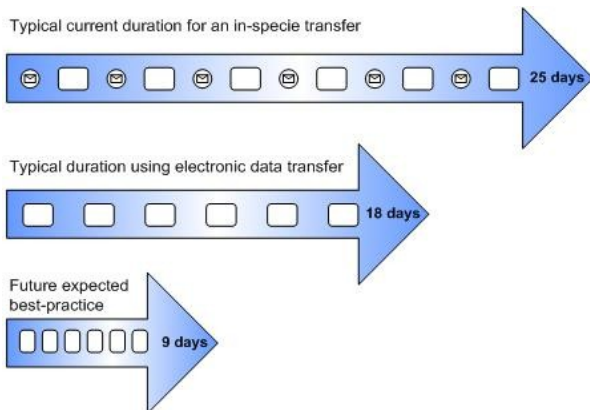
## Preparing for Re-Registration

### The Issue

Like it or not, the Retail Distribution Review, and Re-Registration in particular, is coming. In January 2013 the retail investment landscape is set to undergo a sea change and, for platform providers and fund managers in particular, it's time to start plotting a course now. The FSA is "proposing rules that will compel all nominee companies, including platforms, to offer to re-register a customer's investments to another nominee company" (FSA CP10/29). Organisations will no longer be able to require encashment if it is legally possible to offer in-specie re-registration. These proposals apply not just to platforms but to any firm that holds a customer's investment as a nominee, such as private client investment managers and tax wrapper providers.

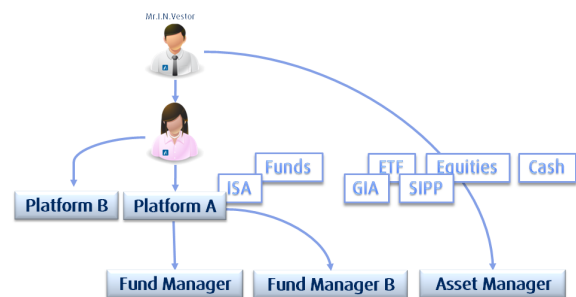
The FSA also says it "will introduce the notion of a timely transfer by requiring that any transfers are carried out in a reasonable time" and many firms are looking to electronic communications to meet this challenge. Automating the messages is undoubtedly essential, but without a step back to examine the end-to-end process, it will not be enough to stay competitive in the post-RDR environment.

#### Re-Registration timescales will need to change



As the preceding graphic demonstrates, it is inconceivable that providers will be able to meet Re-Registration requirements without introducing more efficient processes. Whether it be changes to streamline current procedures, improving the way information is obtained from customers, or a whole new process to deal with portfolio transfers, there is a lot to think about.

Funds Transfer is only a part of the picture



Based on experience in similar sectors<sup>1</sup>, providers can expect that up to a third of investors could move their investments around to take advantage of favourable rates and promotions. This would result in an unprecedented increase in the number of portfolio transfers that organisations will have to deal with. Any firm that is not set up to handle this volume of transactions with quick, efficient processes will soon find itself not only losing its customer base, but also coming under the close scrutiny of the FSA.

### The Altus Approach

With an in-depth knowledge of Financial Services, Altus has been using its industry reference models to analyse the changes embodied in the new rules and to develop an approach which fund managers and platform providers can use to accelerate their operational preparations for re-registration.

### The Altus Approach (cont.)

We begin with a review of the current operation to identify those areas most impacted. The focus here is on the underlying logic of the process rather than how it is physically implemented to provide a clear view of the overall shape of transfers.

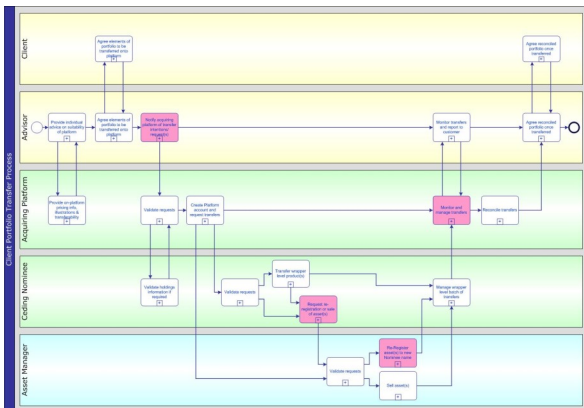
Sample Re-Registration Business Scenario diagram



Altus has worked with several industry-leading platforms and fund managers to design systems in this area and brings a wealth of experience to pinpoint likely issues and potential improvements.

Having worked through the broad future shape of the process, we then add the detail to make it work. That means process maps with all the necessary business logic to deal with multiple transfer scenarios, varying counterparty capabilities, and the complex mix of pre and post-RDR business.

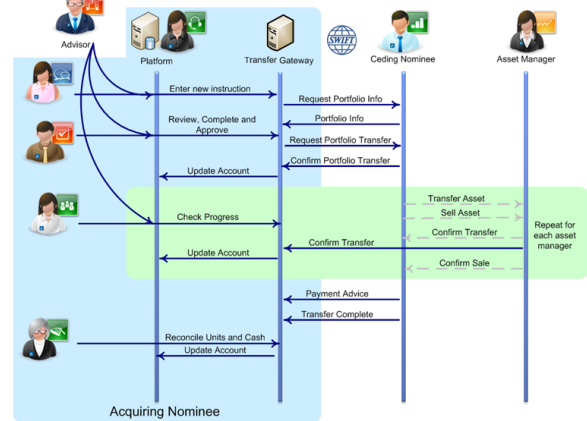
Sample Portfolio transfer process summary



Thanks to our product work, Altus also has extensive experience with the new electronic messaging standard for re-registration (ISO20022) and how this integrates with other aspects of the initiative such as SLAs and standard indemnity contracts.

Altus applies this knowledge together with our broader understanding of provider systems to help your organisation design and communicate the system interactions that will be required to support your new transfer process.

Sample Transfer In sequence diagram



### The Benefits

Re-registration is complex - in both a process and technical sense. Getting to grips with that complexity takes time, which many providers simply don't have.

What Altus offers is a short-cut to understanding the challenges of re-registration and to rapidly developing a robust solution.

<sup>1</sup> TISA-Cimetric "The ISA Market—A Definitive review" March 2011




## clear thinking for Financial Services

Altus understand Financial Services - the products, the processes, the people and the systems that make the whole thing tick. With years of experience in complex change programmes, we understand that successful solutions begin with the business.

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