

WHAT TO CONSIDER WHEN CHOOSING A PLATFORM

This three stage process takes you through key steps in making the decision to adopt a new platform or reviewing your existing arrangement.

There is a considerable amount of focus within the industry concerning the adoption of investment platforms by intermediary businesses and the impact this has on their clients. The Financial Services Authority (FSA) has published two discussion papers covering this area, 'Platforms and more principles based regulation' and the 'Retail Distribution Review', to gather feedback on this subject. Firms need to carefully evaluate the platform(s) they choose, to make sure they are right for their business and clients, and that the process is documented and regularly reviewed.



▶ REVIEW YOUR BUSINESS STRATEGY AND THE NEEDS OF YOUR CLIENTS

Platforms have the potential to drive efficiencies and enhancements to service within any advisory firm, an area that many will be considering with the approach of the RDR. However, it is essential that any business choosing to adopt a platform selects one that supports business objectives and is of material benefit to the clients it is intended for.

Key points to consider:

- Remuneration mode
- Back Office functions
- Current and target clients
- Cost of migration
- Client communication
- Training
- Process and system change
- Service proposition
- Advice process
- Risk management procedures

▶ DEFINING PLATFORM CRITERIA TO SUIT YOUR BUSINESS REQUIREMENTS

Once you have defined what the requirements of your business and clients are you can then evaluate the propositions in the platform market place to produce a list of potentially suitable offerings.

Key areas to consider:

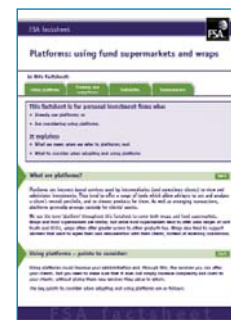
- Investment choice
- Brand
- Remuneration options
- Cost
- Fee management
- Product/tax wrapper choice
- Functionality (adviser/administrator/client)
- Charging structure
- Business support
- Management information

CARRYING OUT APPROPRIATE DUE DILIGENCE

As with entering into any other business relationship it is important that appropriate due diligence is carried out before selecting a platform to use. The need for this has also been highlighted by the Financial Services Authority in their factsheet 'Platforms: using fund supermarkets and wraps'.

Key questions to ask and document:

- How will the continued suitability be monitored
- Scalability and robustness of service
- Quality and value of products/wrappers
- Terms and conditions of using platform
- Conflicts of interest
- Commitment to future development
- Impact to terms and conditions regime



TOP TIPS

DO

- Make sure your chosen platform supports your business objectives
- Get prepared for RDR
- Carry out regular reviews on your platform
- Document the process

DON'T

- Forget the needs of your clients
- Assume all platforms are the same

SUMMARY OF KEY BENEFITS

BY CAREFULLY EVALUATING THE PLATFORM YOU CHOOSE, YOU CAN MAKE SURE IT'S RIGHT FOR YOU, YOUR BUSINESS AND YOUR CLIENTS.



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