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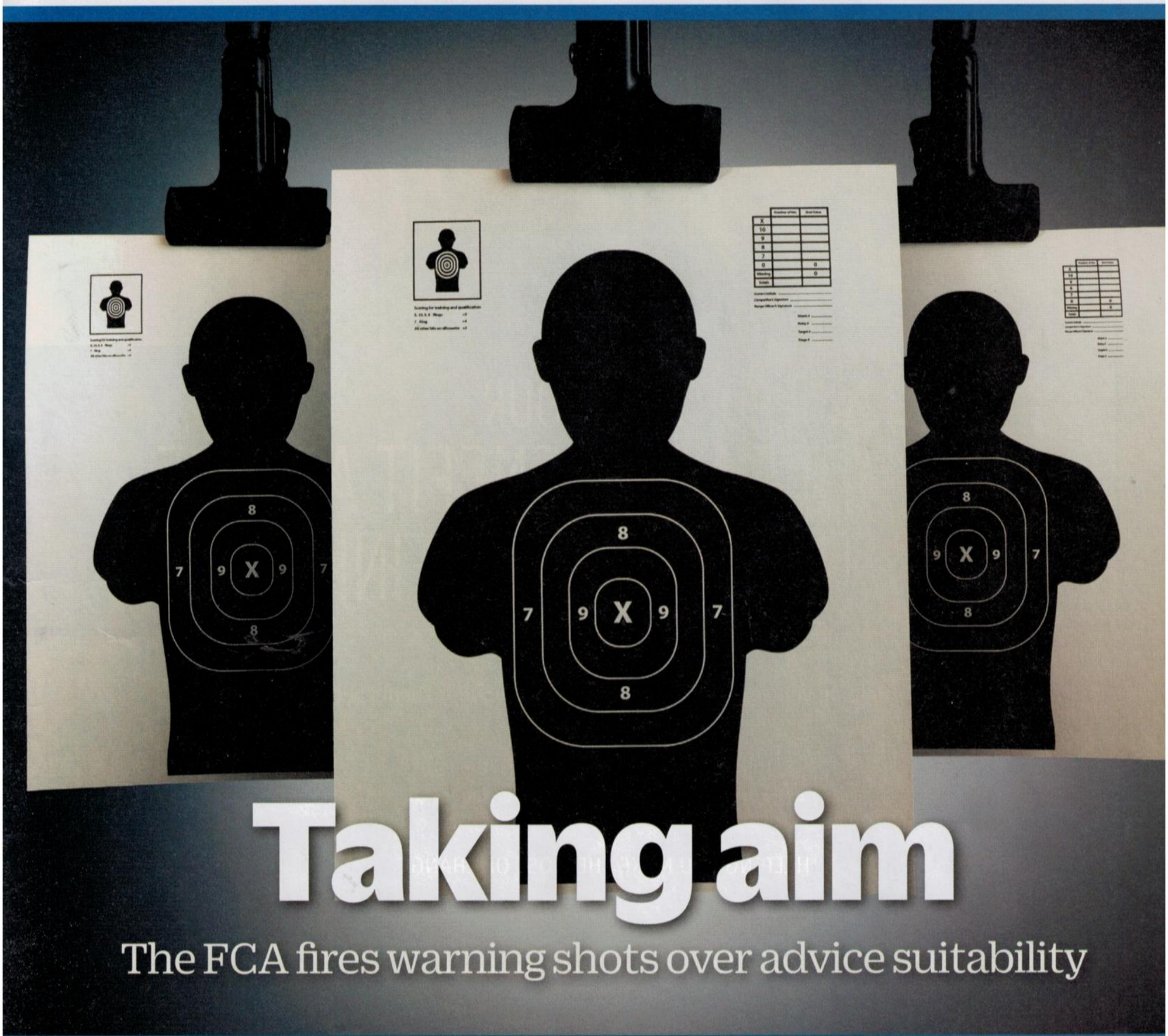

Taking aim

The FCA fires warning shots over advice suitability

The week

POLITICS

Advisers hope snap election lessens political distraction

Advisers have played down the prospect of major market disruption ahead of the snap general election in June as they expect a Conservative majority should eliminate political "distractions".

Prime Minister Theresa May announced a snap election in a surprise statement this week. The general election will be held on 8 June.

While some market uncertainty is expected in the short term, advisers argue a bigger mandate for the Conservative party would give more clarity on the direction the UK will take in its Brexit negotiations.

Yellowtail Financial Planning managing director Dennis Hall thinks the snap election is "probably a good call" despite warning of some market volatility in the coming weeks.

After a sharp sell-off ahead of May's announcement, the pound surged to a five-month high of $1.2729 against the dollar, from a low of $1.2513. In contrast, the FTSE 100 was trading at 7,195 points - 1.8 per cent lower on the day.

Hall says: "It's another period of instability after the Brexit referendum and hopefully this is the last one for a while. May wants to have a clear mandate going forward to go ahead with Brexit negotiations. She wants to get rid of all the distractions in other parties, which is also good for markets."

Chase de Vere financial planner Patrick Connolly says, although an early election adds some uncertainties, people already envisage


Hall: 'Last period of instability for a while'

the Conservatives remaining in power and adding more seats in the Government.

A poll run by YouGov published last Sunday gave the Conservatives a 21-point lead over Labour, with a 44 per cent vote share to 23 per cent.

Connolly says: "Many people think the Conservatives will win. We won't move any investments at the moment [although] we don't know if May will go for anything radical in the manifesto."

Jonathan Davis Wealth Management managing director Jonathan Davis says: "As soon as I heard the news I took immediate action and did nothing. I will do the same on the day of the election.

"The UK election won't have any effect on equity markets. The Conservatives are going to win and there will be no effect on commodities either, bonds as well as sterling."

Valentina Romeo

PLATFORMS

Replatforming costs SJP £121m as a quarter of assets complete transfer

St James's Place spent £121.1m on its replatforming project to IFDS Bluedoor in 2016 with pension and bond business yet to be transferred and a retirement account still to be developed.

According to SJP's 2016 annual report, the balance of an "operational readiness prepayment" to IFDS reached £121.1m in 2016.

The prepayment relates to costs charged by IFDS to deliver the new platform. Those costs will be incurred over the course of the replatforming.

In 2015 the prepayment stood at £76.5m.

One market source says the SJP platform project is behind schedule and costs are expected to more than double from where they are currently.

However, an SJP spokesman says: "For the avoidance of doubt, the cumulative amount expended on operational readiness that was carried as a prepayment as at 31 December 2016 was £121.1m as reported in our latest accounts."

The 2016 report details that unit trust and Isa business had been transferred to Bluedoor but pensions and bond business had not been migrated.

SJP is also planning to develop a retirement account.

Asked for an update on when those assets will transfer, the spokesman says: "By 31 December 2016, over a quarter of assets under management were on the Bluedoor platform and, currently, approximately two-thirds of all new investments are being processed on it."

He adds: "We expect this progress to continue in the same controlled and phased manner as we have achieved since the migration started, and we are already experiencing contractually agreed reduced tariffs."

Katie Marriner

REGULATION

FCA to bill advisers £77m in latest fee round

The FCA has set its budget for 2017/18 at £526.9m with advisers paying a total of £77.1m in regulatory fees.

In its consultation on regulated fees and levies, published this week, the regulator says its budget is up 1.5 per cent from £519.3m in 2016/17, while advisers' contribution has risen 4.7 per cent from £73.7m.

The FCA says its funding has increased in line with inflation and with the need for an additional £2.5m to manage the Brexit process.

A further £16.9m has been allocated to cover change projects such as Mifid II, the senior managers regime and regulation of consumer credit firms.

The regulator forecasts it will end the 2016/17 year with an underspend of around £10m, with a £10m contribution to the FCA's pension deficit.

The FCA says: "We are proposing that the £10m underspend will be retained as reserves to help us mitigate costs in the future, for example, costs related to the move to our new offices at The International Quarter in Stratford in 2018 and further EU withdrawal costs."

The consultation on fees has been published alongside a raft of other documents, including the regulator's business plan for 2018/19 and its Mission document setting out priorities and objectives.

The business plan includes the FCA's proposals to investigate platform competition and review the non-advised drawdown market.

Natalie Holt

INVESTMENT

Asset manage failure could h market stabili FCA warns

The FCA has warned the fa asset managers poses a sy risk as it builds on this year's try study in its Mission and B Plan for 2017/2018.

It also raised concerns abo cost of services, custody ban having the incentives to in legacy systems, and produ designed to meet end inv needs.

The FCA said it was focused viders that were designing p with advisers in mind, not cli because they were easy to ma

The concerns added to thos in the Asset Management Study, which was released in

"Market stability could be a by the failure or disorderly down of a very large asset m or several asset managemen as end investors attempt to their holdings on demand, c a downward selling spiral," t states.

Jessica Tasma

The weekl MM poll

Has your advice firm increase pay this year?

53%
Yes

Cast your vote and see r of previous week's polls @moneymarketing.co.uk