

## SIPP

# Due diligence factsheet

## Contents

<b>1. Background</b>	<b>2</b>	<b>6. Price</b>	<b>4</b>
1.1 Scrutinising your scrutiny	2		
1.2 The external environment	2	<b>7. Security</b>	<b>4</b>
1.3 We're all in it together	2		
<b>2. Business model</b>	<b>2</b>	7.1 Business continuity	4
2.1 Ownership structure	2	<b>8. Regulatory compliance</b>	<b>5</b>
2.2 Company structure	2		
2.3 Staff	2	8.1 Anti-money laundering	5
2.4 Financial strength	2	8.2 Treating Customers Fairly	5
2.5 Financial protection	3	8.3 Dealing with complaints	5
<b>3. Service</b>	<b>3</b>	8.4 Risk and compliance structure	5
3.1 Award-winning service and products	3	8.5 Regulatory capital	5
3.2 Technical support	3	<b>9. Further information</b>	<b>5</b>
<b>4. Investment choice</b>	<b>3</b>		
<b>5. Functionality</b>	<b>4</b>		
5.1 Illustration tools	4		
5.2 Our platform	4		
5.3 Transferring assets	4		
5.4 Flexibility of choice	4		
5.5 Adviser charging	4		

## 1. Background

### 1.1 Scrutinising your scrutiny

In February 2016 the FCA published its Thematic Review TR16/1, which assessed the quality of due diligence work carried out by advisory firms. Following this review, advisers came in for criticism on the grounds that their research lacked thoroughness and objectivity – often because they were biased in favour of their existing providers.

When you consider the huge upheaval involved in switching providers, this kind of ‘status quo bias’ is perhaps not such a surprise. However, the fact is advisers are now duty-bound to ensure that any provider they recommend clearly meets the needs of their clients, and that their approach to selecting a provider – and then regular review of that selection – fully complies with FCA rules and guidance.

### 1.2 The external environment

The precarious financial position of some SIPP providers has received a lot of coverage recently, and the costs of implementing new FCA regulations have forced many to take drastic action. The prevalence of acquisitions, consolidations and closures affecting SIPP platforms is a cause for concern for all parties involved and looks set to continue. With the market overshadowed by uncertainty, the importance of investing via a provider that can offer both expertise and scale has become even more critical if advisers are to deliver on their client’s retirement goals.

### 1.3 We’re all in it together

With so much to consider, and with so much importance being placed on those considerations, the prospect of undertaking provider due diligence may now seem more daunting than ever. The good news is, you are not in this alone. We regularly receive due-diligence-related queries from advisers who are in exactly the same position as you, and we always endeavour to help as much as possible.

Assisting in this way has allowed us to identify the key areas that advisers seek information on, and in turn create this due diligence factsheet. Shaped by your peers and the guidance issued by the FCA, it is designed to help you navigate the due diligence process as efficiently as possible. We think you will find it very useful, but if you need any information that isn’t covered, do not hesitate to contact us.

## 2. Business model

AJ Bell has strong roots as a bespoke SIPP provider. The company also administers ‘white label’ SIPP products for third parties and offers a full investment platform.

AJ Bell’s products have demonstrated a strong track record of consistent, profitable growth ever since the company was founded in 1995. By continually re-investing retained profits, we aim to ensure that our business model remains robust and sustainable for many years to come. More information about our financial performance and the strategic direction of the business can be found at: [ajbell.co.uk/investor-relations](http://ajbell.co.uk/investor-relations).

We use six adjectives to describe our approach to business: Straightforward, Intelligent, Personal, Principled, Focused and Energetic. These are our guiding principles, and as well as defining the company, they also help us to achieve our core objective of making investing easier for customers. A more detailed description of how our guiding principles help our customers can be found at [ajbell.co.uk/content/guiding-principles](http://ajbell.co.uk/content/guiding-principles).

The skills, experience and hard work of our staff are crucial factors in our success, and their customer-focused approach is vital to the ongoing achievement of our core objectives. A dedicated section outlining our key personnel can be found at [ajbell.co.uk/about-us/people](http://ajbell.co.uk/about-us/people).

### 2.1 Ownership structure

AJ Bell is a public limited company, listed on the Main Market of the London Stock Exchange.

### 2.2 Company structure

AJ Bell includes AJ Bell plc and its subsidiaries.

AJ Bell Management Limited is authorised and regulated by the Financial Conduct Authority and is the scheme administrator and operator of all AJ Bell’s SIPPs.

AJ Bell Securities Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority. It is the plan manager for all of AJ Bell’s ISAs and also provides AJ Bell’s GIAs.

AJ Bell Asset Management Limited is authorised and regulated by the Financial Conduct Authority.

See website for full details.

### 2.3 Staff

AJ Bell employs over 1,000 people, many of whom hold financial services qualifications from various professional bodies. Information about our senior members of staff can be found at: [ajbell.co.uk/about-us/people](http://ajbell.co.uk/about-us/people).

### 2.4 Financial strength

AJ Bell Platinum is part of the AJ Bell Group which, with £101.5 billion of assets under administration and 633,000 customers, is one of the UK’s largest investment platforms.

When looking at financial strength, FinalytiQ's Advised Platform Report 2016 stated that:

**“... AJ Bell remains the epitome of sustainable and profitable growth.”**

If you would like a copy of the FinalytiQ Advised Platform Report 2016, you can download it from [investcentre.co.uk/duediligence-hub](https://investcentre.co.uk/duediligence-hub).

## 2.5 Financial protection

All client assets are ring-fenced from business assets and held on nominee or by our professional trustee company.

The AJ Bell Platinum SIPP is a registered personal pension scheme, written under Master Trust. The SIPP assets are held by the scheme trustee, AJ Bell (PP) Trustees Limited (a non-trading company), which acts as co-trustee with the member(s) of the scheme. The scheme trustees' sole duty and power is to hold scheme assets, and they act on orders given by the scheme administrator, AJ Bell Management Ltd, which undertakes all administration activities in relation to the SIPP.

This arrangement provides our customers with additional protection on their assets by being assigned as a trustee and signatory on the SIPP, with assets being held separately from the trading business of AJ Bell Management Ltd.

Clients also have access to the Financial Services Compensation Scheme (FSCS) for qualifying investments and cash.

Any cash held in a SIPP is protected up to £85,000 in the event of the bank failing. Cash held in the SIPP under a separate deposit account will also be protected up to £85,000, provided the deposit-taker operates under a different banking license. Please note that the £85,000 limit applies to all the cash a person holds with that deposit-taker, including any non-SIPP cash such as that held in personal accounts or savings accounts.

Individual investments held in a SIPP are protected up to £85,000 per investment, per individual. This is on the proviso that the investment itself is authorised by the FCA. Shares and equities are not authorised by the FCA, so they are not covered by the FSCS. Most funds and collectives, however, are authorised by the FCA, so those that are authorised will be covered.

In the event of default by AJ Bell itself, following which a person incurs a loss, they can make a claim via the FSCS for compensation of up to £85,000.

## 3. Service

We are committed to providing extremely high levels of service and support. Each Platinum SIPP has a dedicated administration team providing expert guidance to our customers.

In addition, our customers also benefit from access to our experienced Technical Consultants who deliver expert guidance on all SIPP matters and can assist with the setup of complex arrangements, helping to provide a service tailored to your client's particular requirements.

### 3.1 Award-winning service and products

Each year, AJ Bell consistently wins a range of industry awards recognizing the quality of its service and products. Further details of the various awards we have won are available here: [ajbellplatinum.co.uk/awards](https://ajbellplatinum.co.uk/awards).

### 3.2 Technical support

At AJ Bell we pride ourselves on the quality of service we provide, which is why our team of Technical Consultants is available to support you and your clients throughout your use of AJ Bell Platinum's products. All our Consultants have extensive knowledge and experience of the technical and operational complexities involved in administering SIPPs and they work closely with clients to ensure expectations are delivered on. This includes bespoke guidance on making the most of our products and services, as well as assistance in structuring investments and transactions.

For more information, please see: [ajbellplatinum.co.uk/our-consultants](https://ajbellplatinum.co.uk/our-consultants).

We have recently created a dedicated Media Centre page on our website, which provides topical insight, commentary and press releases from AJ Bell, giving our customer access to market information.

## 4. Investment choice

A wide range of investments is available within the AJ Bell Platinum SIPP, including cash deposits, quoted equities, fixed-interest stocks and collective investments. We offer access to the whole of the market solutions from other investment providers, including stockbrokers, Trustee Investment Plans, wrap platforms and deposit-takers.

The SIPP can access award-winning investment accounts provided by AJ Bell. The direct-to-client Dealing Account offered by AJ Bell includes online dealing and competitive, tiered charging. The AJ Bell Investcentre General Investment Account offers advisers access to one of the UK's leading platforms, with a range of online functionality and low-cost custody and dealing charges.

## 5. Functionality

### 5.1 Illustration tools

Our suite of illustration tools helps advisers to provide clients with the information they need when applying for and funding accounts. This illustration functionality is powered by the Imago tool from Dunstan Thomas, which is one of the UK's leading financial services technology providers.

### 5.2 Our platform

Our platform is powered by a unique blend of in-house and proprietary software, with AJ Bell taking ultimate responsibility for all administration. We have invested significantly in the technology that supports our business, including upgrading our core operating system to GBST's Composer in order to ensure that our operations remain efficient and scalable.

### 5.3 Transferring assets

Transfers of assets to and from our SIPP are handled by dedicated teams who manage the whole process.

Cash and in specie transfers in and out are allowed, and we also support the re-registration of assets. Obviously, any investment transferred in specie must be a permitted investment for the chosen investment provider.

### 5.4 Flexibility of choice

Our SIPP provides a wide range of retirement options to suit your clients' needs. As well as being able to hold both capped and flexi-access drawdown funds within their SIPP, clients also have the facility to take regular pension lump sums, including 25% tax-free. Once clients opt to access benefits from their SIPP, we make it as easy as possible for them to access their money through penalty-free withdrawals and a range of payment methods. This gives customers a choice of affordable decumulation options.

Access is provided to the whole of the annuity market via the open-market option.

SIPP clients receive annual accounts, including illustrations of their prospective (or actual) benefits to help them understand their withdrawal options, and to assist advisers in helping them make informed decisions.

Clients will also enjoy the peace of mind that comes from knowing we provide a wide range of death benefit options, thereby ensuring beneficiaries have the flexibility needed to make the right choice about how they access benefits. We are able to arrange cash lump sums, flexi-access drawdown arrangements and the transfer of funds to another pension or annuity provider.

A drawdown critical yield calculator is available within our suite of SIPP illustration tools.

## 5.5 Adviser charging

We make a range of options available for adviser charging, including paying charges as a fixed cash value amount or on an ad valorem basis. Ad hoc and regular payment options are also available. Charges can be easily instructed or amended using one form.

## 6. Price

We adopt a transparent fee structure which provides a total cost for each service we offer, making it easy and clear to understand our charges. Our transactional fee-based structure also ensures clients only pay for the services used when taking out a Platinum SIPP; this makes it easier for you to compare our charges across the market. Our pricing structure can be found on our literature page here: [ajbellplatinum.co.uk/aj-bell-platinum-sipp/literature](http://ajbellplatinum.co.uk/aj-bell-platinum-sipp/literature).

Our pricing structure is regularly reviewed to ensure fees are in line with the market and accurately reflect the level of work and service provided. To keep our charges competitive, we do retain interest payments from banks based on the aggregate balances held across all accounts. The amounts we receive will vary depending on the total cash balances held and the market interest rate; we expect to receive between 0.1% below and 0.6% above the prevailing base rate.

## 7. Security

Our systems and databases are restricted, password-protected and subject to external audit.

Formal systems and controls are in place to ensure that data and system security is robust, with regular reviews and tests carried out. We also arrange for external experts to perform penetration testing on a regular and, if necessary, ad hoc basis.

We recognise that ensuring the safety of clients' data forms a key part of advisers' product review and selection processes. We therefore have clearly documented policies to ensure that we conform to the requirements of all legislation and regulations in this regard, including the Data Protection Act 1998, as well as incorporating best practice where relevant.

### 7.1 Business continuity

We have a formal business continuity plan with procedures in place to ensure disruption is kept to a minimum should an event occur that threatens the operation of the business. AJ Bell has a designated disaster recovery site with a leading specialist provider, and key personnel from across the business have been selected to form the core business recovery team if needed. Regular disaster recovery training, testing and simulated events are carried out with the team to ensure the plan remains fit for purpose.

## 8. Regulatory compliance

### 8.1 Anti-money laundering

We have robust anti-money laundering procedures in place, and have embedded checks within all of our application processes. We follow enhanced AML processes where appropriate, taking a risk-based approach to our responsibility to 'know our customer'.

All employees receive full anti-money laundering training when they start with the business, and this is followed up by regular, computer-based training refresher sessions.

### 8.2 Treating Customers Fairly

The importance of Treating Customers Fairly (TCF) is reinforced across the business through training, our guiding principles and our employee handbook. TCF Management Information (MI) is regularly reviewed by the senior team.

We also conduct detailed analysis on our existing book of business to challenge it and ensure we are attracting clients who fit our target market, product propositions and marketing materials. Findings are included in a TCF report, which is submitted to senior management on a quarterly basis.

We continuously seek adviser and client feedback on our products and the clarity of our literature, websites and processes. Any issues identified are considered by senior management.

### 8.3 Dealing with complaints

Every complaint we receive is considered individually, copied to senior management and recorded for FCA reporting purposes. Management Information regarding complaints is reviewed by senior management on a monthly basis. This review includes full details of the category type, uphold rate and time taken to resolve.

### 8.4 Risk and compliance structure

We have a detailed and robust risk and compliance framework, supported by our internal (Deloitte LLP) and external (KPMG Audit plc) auditors.

A separate Audit Committee and a Risk and Compliance Committee of the Board are responsible for formal oversight of our risk management and compliance framework. A risk register is kept for senior management oversight, customer outcome focus, MI and FCA reporting purposes.

The compliance function is suitably experienced and resourced, and reports to the Chief Risk Officer. Within the function, compliance oversight and advisory activities are appropriately segregated, and there is also a designated Money Laundering Reporting Officer who holds Senior Management function 17.

The compliance function delivers the Annual Compliance Plan, as approved by the Risk and Compliance Committee, and also provides appropriate reporting/escalations as per the company's formal governance arrangements - including reporting to senior management and the Board.

The Chief Risk Officer holds the FCA Senior Manager Functions 3, 4 and 16.

### 8.5 Regulatory capital

AJ Bell is a financially strong business, and as such we do not envisage any problems with meeting the new FCA regulatory capital requirements that apply to SIPP administrators. It is the Board's policy to look to maintain at least 150% of our regulatory capital requirement. All liquidity provisions are monitored on a monthly basis by our Finance function and formally reported to our Board.

Our financial strength in this respect means that, unlike some of our competitors, we do not need to levy additional charges on clients who choose to invest in non-standard assets. For further information, please see the capital requirement regulation disclosure on our investor relations page at [ajbell.co.uk/investor-relations](http://ajbell.co.uk/investor-relations).

## 9. Further information

If you would like more information on any aspect of our AJ Bell Platinum products, then please contact us.