



### **Investor suitability - don't leave your firm exposed**

Harbour is the complete investor suitability solution for wealth managers and advisers. It measures across nine suitability categories, from investment horizons through to financial sophistication, as well as noting attitude to risk.

Harbour was designed from the outset to meet with the current regulatory standards including the Codes of Business and Systems and Controls specified by the UK's financial regulator the FCA.

### **Efficiency, operational controls and MI - at your fingertips**

Harbour provides the operational controls and management information (scheduled for release Q2/2014) necessary to enable wealth management firms to meet FCA regulatory requirements for risk and suitability.

### **Make a virtue out of meeting a regulatory demand**

Harbour will not only keep you on the right side of COBS9, we have designed it to improve your processes, reduce your administration overhead and even, dare we say, raise your service in the eyes of your customer.



## **FCA Business Standards**

## **Harbour meets the standard**

### **COBS 2.2 - Information disclosure before providing services (2.2.1 R)**

Should the client proceed with the investment, records must be retained for a minimum term, depending on the type of investment.

Harbour retains all completed and part-completed suitability assessments indefinitely, providing a complete history of client communications. These can be retrieved on demand. Harbour can also be used to schedule new assessments and periodic reviews.

### **COBS 9.2 Assessing Suitability (9.2.1 R, 9.2.2 R, 9.2.3 R, 9.2.7 G)**

The wealth manager must obtain information about the client's:

- knowledge and experience;
- financial situation;
- assets, income, and commitments;
- investment objectives;
- investment timescales;
- preferences to risk taking and profile.

Harbour includes a default questionnaire that requires qualitative responses to objective questions.

Harbour's IFA questionnaire tests the following:

- Financial knowledge and investment experience;
- Investment objectives, timescales and horizons;
- Capacity for risk and volatility tolerance;
- Potential and timescales for capital and income drawdown;
- Expected returns, growth expectations;
- Attitude to risk.

Harbour's questionnaire embodies online facilities that reinforce the adviser's role as well as ensuring consistency of advice and understanding. Harbour's approach to risk profiling and suitability assessment is to support the adviser, particularly if the questionnaire exposes investment conflicts in the client's position.



## FCA Business Standards

## Harbour meets the standard

### **COBS 9.4 Suitability Reports (9.4.1 R, 9.4.2 R, 9.4.5 R, 9.4.7 R, 9.4.8 G, 9.4.9 R, 9.4.10 G)**

A firm must provide a suitability report to a retail client, which includes:

- details of the client's demands and needs;
- explanation of why the recommended transaction is suitable for the client;
- explanation of any possible disadvantages of the transaction for the client.

Completion of the questionnaire enables Harbour to automatically generate a PDF document, optionally branded in the wealth management firm's house livery.

The document contains the following content:

- Questionnaire responses and risk profile;
- Recommended investment strategy;
- Explanations on proposed asset allocation;
- Selected fund literature;
- Product service agreements and client on-boarding forms;
- Terms and conditions.

The PDF document generated by Harbour can be used as a complete client proposal. The document is retained and archived for client service and audit purposes.

### **COBS 9.5 Record keeping and retention periods for suitability records (9.5.1 G, 9.5.2 R)**

A firm to which SYSC 9 applies is required to keep orderly records of its business and internal organisation.

Harbour retains all suitability reports indefinitely, providing a complete suitability history. These can be retrieved on demand.

Harbour can schedule new assessments and periodic reviews ensuring that up-to-date records are maintained.

### **SYSC 3.2 Systems and Controls (3.1.1 R)**

A firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business.

The regulator's concerns expressed since 2011 as a result of its reviews of wealth management firms suggest a widespread lack of effective system and controls for undertaking, reviewing and preserving risk profiling and suitability assessments.

Harbour's processes allow advisors to over-ride Harbour's suitability assessment but with appropriate recording and controls.

Harbour schedules assessment reviews, the default being twelve months from the previous assessment.

### **SYSC 3.2.11A G Management Information (also 3.2.20 R, 3.2.21 G)**

A firm's arrangements should be such as to furnish its governing body with the information it needs to play its part in identifying, measuring, managing and controlling risks of regulatory concern. Three factors will be the relevance, reliability and timeliness of that information.

The underlying data and results of all suitability assessments are stored within a secure SQL Server database and as retrievable PDF documents created by the completed suitability assessment.

Harbour's KPI & MI Reporting is a powerful and unique facility that generates insightful reports. It gives firms' managers an unrivalled ability to manage investor suitability across teams of advisers.

This facility is an emphatic statement of the existence and effective use of management information as required by SYSC 3.2.

### **PRIN 2.2.1 R : Principle 9 - Customers: Relationship of Trust**

"A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgement."

Harbour is probably the most complete solution for assessing, recording, evidencing and controlling the suitability of investment advice provided to a customer.