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Framework for the provision of financial advice and planning services – Specification

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Foreword

Publishing information

This British Standard is published by BSI Standards Limited, under licence from The British Standards Institution, and came into effect on 30 April 2012. It was prepared by Subcommittee SVS/6/1, *Financial Planning*, under the authority of Technical Committee SVS/6, *Financial Services*. A list of organizations represented on this committee can be obtained on request to its secretary.

Presentational conventions

The provisions of this standard are presented in roman (i.e. upright) type. Its requirements are expressed in sentences in which the principal auxiliary verb is "shall".

Commentary, explanation and general informative material is presented in smaller italic type, and does not constitute a normative element.

Contractual and legal considerations

This publication does not purport to include all the necessary provisions of a contract. Users are responsible for its correct application.

Compliance with a British Standard cannot confer immunity from legal obligations.

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0 Introduction

Consumers are increasingly expected to make provision for their own financial wellbeing; for most this means they require professional help. BS ISO 22222 already sets the standard for personal financial planners. This British Standard has been developed to help organizations establish an operational framework to support the consistent delivery of their financial advice and planning services to meet customer's needs.

Organizations seeking assurance of conformity to this British Standard may choose to undergo conformity assessment by an independent accredited third-party certification body which is accredited to the requirements set out in BS EN ISO/IEC 17024 and BS EN 45011 (ISO/IEC Guide 65) [1].

1 Scope

This British Standard specifies requirements for organizations offering financial advice and planning services.

It applies to organizations or departments offering personal, corporate or business financial advice and/or planning services (e.g. distribution organizations, banks, building societies, whether independent or restricted) which operate, where applicable, within a regulated environment and recognized redress system. It is intended for implementation throughout the organization. It provides a structure to assist organizations in creating an environment that enables its personal financial planners (regardless of their employment status) to comply with the requirements of BS ISO 22222.

NOTE Examples of recognized redress systems are those operated by the Financial Ombudsmen Service and the Financial Services Compensation Scheme (FSCS).

For organizations that do not offer personal financial planning services as outlined in BS ISO 22222, this British Standard provides an operational framework against which they can be assessed.

2 Normative references

The following documents, in whole or in part, are normatively referenced in this document and are indispensible for its application. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

BS ISO 22222:2005, *Personal financial planning – Requirements for personal financial planners*

3 Terms and definitions

For the purposes of this British Standard, the following terms and definitions apply.

3.1 audit
systematic review to determine whether the activities of the organization are implemented effectively and are suitable for achieving the organization's policy and objectives

[1] EN ISO/IEC 17065 is currently in development and when published will supersede BS EN 45011.

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3.2 board
group of people constituted as the decision-making body of an organization

NOTE This can include partnerships, limited companies and other organizational structures.

3.3 consumer
person or corporate body that is a potential user of a product or service

3.4 culture
set of shared attitudes, values, goals and practices, which characterize an institution, organization or group

3.5 customer
end user of goods or services

NOTE This can include a prospect or client.

3.6 document
set of templates which may include checklists, forms and tables, which are ready for use

3.7 fiduciary
legal or ethical relationship of confidence or trust between two or more parties

3.8 financial advice and planning
advice to fulfil a specific customer requirement and holistic planning service to establish customer longer term aims and objectives

NOTE These activities can be carried out by both financial advisers and financial planners.

3.9 operational framework
framework including a set of interrelated or interacting elements, i.e. policies, procedures and documents, to establish and maintain the efficiency of an organization

3.10 organization
group of people and facilities with an arrangement of responsibilities, authorities and relationships

NOTE This can include a firm, practice or business.

3.11 outsourcing
contracting out a process that the organization needs for its operational framework and which the organization chooses to have performed by an external provider

3.12 personnel
person or group of people who perform duties on behalf of an organization irrespective of their role and employment status

3.13 record
set of completed checklists, forms and tables

3.14 regular
frequency of review appropriate for the activity

3.15 resource
asset, person, skill, information, premises, and supplies that an organization has available to use, when needed, to operate and meet its objectives

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3.16 risk
something that might happen and its effect(s) on the achievement of objectives

NOTE 1 The word "risk" is used colloquially in various ways, as a noun ("a risk" or, in the plural, "risks"), a verb (to risk [something], or to put at risk), or as an adjective ("risky"). Used as a noun the term "a risk" could relate to either a potential event, its causes, the chance (likelihood) of something happening, or the effects of such events. In risk management it is important to make a clear distinction between these various usages of the word "risk".

NOTE 2 Risk is defined relative to a particular objective; therefore, concern for several objectives implies the possibility of more than one measure of risk with respect to any source of risk.

NOTE 3 Risk is often quantified as an average effect by summing up the combined effect of each possible consequence, weighted by the associated likelihood of each consequence, to obtain an "expected value". However, probability distributions are needed to quantify perceptions about the range of possible consequences. Alternatively, summary statistics, such as standard deviation, may be used in addition to expected value.

[BS 25999-2:2007]

3.17 risk management
structured development and application of management culture, policy, procedures and practices to the tasks of identifying, analyzing, evaluating, and controlling response to risk

[BS 25999-2:2007]

3.18 senior management
person or group of people who direct and control an organization at the highest level

3.19 stakeholder
person, group or organization that affects or can be affected by an organization's actions

4 Overarching principles

4.1 General

Organizations shall be able to demonstrate compliance with the following nine principles, which have been designed to benefit and protect the interests of the customer and all other parties. The organizational culture shall provide an environment for all parties in which these principles are reflected.

In addition, the organization shall require all personnel to comply with the ten ethical principles as outlined in BS ISO 22222:2005, **5.2**.

4.2 Transparency

Organizations shall conduct all their activities in a transparent manner.

4.3 Disclosure

Organizations shall provide accurate and relevant information to all parties in a clear and concise manner.

4.4 Integrity

Organizations shall be honest, responsive, accountable and committed to acting responsibly, reliably and fairly with all parties.

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4.5 Due care and diligence

Organizations shall conduct all their activities with due care and diligence.

4.6 Accessibility

Organizations shall take all reasonable steps to ensure that the accessibility needs of all personnel and customers are addressed.

4.7 Confidentiality

Organizations shall take all reasonable steps to safeguard client confidentiality unless subject to regulatory and/or legal obligations.

4.8 Professionalism

Organizations shall demonstrate adherence to all relevant rules and regulations, and shall commit to codes of conduct and professional standards.

4.9 Conflicts of interest

Organizations shall disclose and fairly manage all conflicts of interest.

4.10 Competence

Organizations shall ensure that all personnel have the necessary skills, knowledge and expertise relevant to their roles. In particular, organizations shall ensure that all personal financial planners are able to demonstrate conformity to BS ISO 22222.

5 Management responsibilities

5.1 Management commitment

Senior management shall:

a) commit to the adherence, management and maintenance of this British Standard by appointing a member of the organization who shall have responsibility and authority that includes:

   1) ensuring that the processes required to support the operational framework and, where applicable, compliance with BS ISO 22222, are established, implemented, maintained and communicated; and

   2) reporting to senior management on the performance of the operational framework and any suggestions and required improvements;

b) establish and communicate business policies, plans and objectives that support **5.1**a), including the provision of reward and recognition programmes that aid positive consumer outcomes;

c) ensure the availability of adequate resources throughout the organization to conform to the requirements of this British Standard as a minimum;

d) ensure that responsibilities and authorities are defined and communicated throughout the organization;

e) communicate the importance of understanding and meeting customer needs as well as statutory, regulatory and contractual requirements throughout the organization;

f) designate one individual for the organization with sufficient seniority to be able to identify and deal with all risks which may arise;

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g) establish a due diligence process for the selection and review of suitable software, tools and any third party services, where applicable; and

h) establish, implement and maintain an audit process to support the organization's compliance with the requirements of this British Standard.

NOTE For further guidance, see BS EN ISO 19011.

5.2 Management review

Senior management and relevant personnel shall review the organization's operational framework and compliance with this British Standard on a regular basis.

NOTE 1 This helps to ensure continuing suitability, adequacy and effectiveness in meeting customer requirements.

NOTE 2 See Annex A for an example of management review process good practice.

The management review shall assess opportunities for improvement and change, and shall include, but need not be limited to:

a) follow-up action(s) from previous management reviews;

b) process performance and compliance;

c) customer/stakeholder feedback;

d) audit results;

e) status of preventive and corrective actions;

f) recommendations for improvement;

g) customer service levels;

h) adequate resources;

i) external changes that could affect the operational framework and compliance with this British Standard.

Records from management reviews shall be maintained and shall include, but need not be limited to, any decisions and actions related to the above.

6 Objectives

Senior management shall ensure that objectives, including those needed to meet requirements for the provision of financial advice and planning services, are established at relevant functions and levels within the organization.

The objectives shall be measurable and consistent with the organization's policies, and shall be reviewed on a regular basis.

7 Policies

7.1 General

The strategic direction and purpose of the organization shall be established and approved by the organization's board. It shall be set out in policies, which shall be embedded throughout the organization and reviewed on a regular basis.

Policies shall include, but need not be limited to, the following:

a) a quality policy outlining:

1) a commitment to the fiduciary duty to the customer, as exemplified by BS ISO 22222; and

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2) the organization's commitment to quality in both internal and external service delivery;

b) a risk management policy outlining the organization's approach to identifying, assessing and responding to all strategic, operational, regulatory and compliance risks, complaints and claims;

c) an equality and diversity policy including the organization's commitment to equality and diversity, and to monitor and review compliance with legislation (this includes carrying out an equality impact assessment on a regular basis);

d) a health and safety policy outlining the importance, purpose and adoption of health and safety within the organization including the completion of a regular risk assessment;

e) a corporate social responsibility policy outlining the organization's approach to ensuring a positive impact of its activities on the environment, consumers, employees, communities, stakeholders and interested parties;

f) an information security management policy covering:

1) identification of relevant information assets of both the organization and customers;

2) confidentiality, integrity, accessibility and availability of information processed, stored and destroyed;

3) all types and methods of communication (physical and electronic), which shall include, but need not be limited to:

i) e-mail;

ii) social media;

iii) web and internet;

iv) face-to-face;

v) telephone.

8 Operational framework for organizations delivering financial advice and planning services

8.1 General

The organization shall establish, document and embed an operational framework to support the consistent and effective delivery of their financial advice and planning services. It shall respond to all customer and stakeholder feedback, and shall be supported by financial, security, operational, risk management and business continuation plans.

NOTE 1 See Figure B.1 for an example of an operational framework.

NOTE 2 It is recommended that a complete audit against the requirements in this British Standard is carried out at least once every three years.

The organization shall seek to continually improve its effectiveness and the operational framework by using policies, objectives, audit results, analysis of data, corrective and preventive actions, and management review.

NOTE 3 For further guidance on preventive and corrective action, see BS EN ISO 9000.

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Where establishing the operational framework, the organization shall determine:

a) the processes needed for the operational framework and its application throughout the organization, which shall include, but need not be limited to:

   1) the scope of the operational framework, including details of and justification for any exclusions, e.g. money advice and general insurance;

   2) a description of the regulatory framework in which the organization operates;

   3) the management structure, which designates the responsibilities of individuals and their accountability;

   4) documented objectives, policies and procedures adopted within the organization;

b) the sequence and interaction of these processes;

c) the criteria and methods necessary to ensure that the operation and control of these processes is effective;

d) the availability of resources and information necessary to support the operation and monitoring of these processes;

e) the analysis and measurement of the effectiveness of these processes; and

f) the implementation of actions necessary to achieve planned results and continual improvement of these processes.

8.2 Regulatory compliance

Where an organization operates within a regulated environment and recognized redress system, it shall have relevant processes and procedures in place (including documented procedures in order to respond to and resolve all customer complaints and claims) to enable the organization to meet its regulatory requirements.

NOTE For further guidance, see BS 8453.

8.3 Outsourcing

Where an organization chooses to outsource any process that affects compliance with the requirements of this British Standard, e.g. third party investment management, the organization shall ensure control and retain responsibility over such processes. The type and extent of control applied to these outsourced processes shall be fit for purpose and defined within the operational framework.

NOTE Outsourcing does not absolve the organization of the responsibility for compliance with all consumers, statutory and regulatory requirements.

9 Control of documents and records

The organization shall establish a documented procedure to define the controls required for the creation, identification, storage, protection, retrieval, retention and disposition of documents and records, and for them to remain legible, readily identifiable and retrievable.

The organization shall ensure that documents are understandable, effective, up to date and relevant for use.

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10 Recruitment, training, development and ongoing competence

10.1 General

The organization shall have plans and procedures in place to recruit, retain and develop personnel to support the delivery of their financial advice and planning services.

In particular, the procedures shall address:

a) recruitment:

1) identifying vacancies;

2) identifying competencies, skills and expertise required;

NOTE See BS ISO 22222 for guidance on financial advice and planning services.

3) using internal or external sourcing and selection methods relevant to the roles; and

4) carrying out appropriate checks, which shall include, but need not be limited to, references, identification (ID), qualifications, statement of professional standing (SPS) (where relevant to the role) and continuing professional development (CPD).

b) training and development:

1) using a comprehensive induction process to include regulatory and contractual obligations, operational frameworks and individual role responsibilities;

2) identifying appropriate training needs (including CPD) for all personnel within the organization including those in management, supervisory and customer facing roles, and those transferring roles;

3) ensuring that all personnel complete training and CPD in support of the delivery of this British Standard;

4) verifying the effectiveness of the training and development, and the maintenance of appropriate records of education, training, skills and experience;

5) carrying out a review of the responsibilities, objectives, performance and training of all personnel at least annually and where applicable, annual checks of the individual's SPS; and

6) verifying the necessary competencies for all personnel to support the delivery of financial advice and planning services in accordance with applicable rules and regulations, including those of any professional body or regulator, if applicable, and BS ISO 22222:2005, Table 1.

10.2 Leaving employment

When personnel leave the organization, procedures shall be in place to identify the risks and ensure the consistent and ongoing delivery of financial advice and planning services. The organization shall ensure confidentiality is maintained with regard to all relationships.

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11 Customer relationship management

The organization shall ensure that their dealings with customers are conducted in an ethical manner, that their activities are transparent, fair, and made inclusive and accessible to all customers. The organization shall ensure that the personal and financial circumstances of each customer are considered, and that potential risks and vulnerabilities are identified.

NOTE 1 For further guidance see BS 18477.

The organization shall have a customer-centred approach for customer care, which shall include:

a) how customers are dealt with and their expectations managed, which shall include, but need not be limited to:

   1) the scope of services offered by the organization;

   2) the methods and timescales for the delivery of the specified service;

   3) the preferred communication methods;

   4) the service level agreements;

   5) the remuneration levels for services provided and payment methods, which shall include, but need not be limited to:

      i) method and level of charges;

      ii) terms, credit limits and frequency of charges; and

      iii) the customer's responsibility to cover any agreed third party cost that may be incurred;

   6) the roles, responsibilities and, where appropriate, contact details of all personnel involved in the delivery of the specified service;

   7) the suitability and consistency of financial advice and planning outcomes, which shall include, but need not be limited to investment and service propositions;

b) a process for protecting and managing customer confidentiality;

c) provision of sufficient resources to ensure the delivery of initial and ongoing financial advice and planning services, and relationship management in line with the service level agreed with the customer and in accordance with BS ISO 22222; and

d) monitoring and reviewing feedback and customer complaints, applying any necessary corrective and preventive actions.

   NOTE 2 For further guidance on complaint handling, see BS ISO 10002.

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Annex A (informative)

Example of a management review process

The organization should meet at planned intervals to discuss and review whether the organization is meeting its objectives.

NOTE 1 The management review process provides a framework for establishing and reviewing objectives and supports the adoption, effectiveness and continual improvement of the operational framework.

The following areas should be reviewed and discussed at management review meetings.

a) Organization:
   1) business strategy and development;
   2) marketing and opportunities;
   3) financials and accounts; and
   4) continual improvement and feedback.

b) Customer requirements:
   1) customer programmes and service levels; and
   2) improvement to the customer experience.

c) Operations:
   1) operational framework;
   2) areas for improvement to ensure continual operational efficiency and effectiveness; and
   3) work in progress.

d) Team:
   1) human resource management;
   2) team/individual objectives for the effectiveness and improvement of the business; and
   3) training and development requirements.

Senior management should promote the management review process by communicating to the team the importance of meeting customer as well as statutory, regulatory and contractual requirements. Senior management should also establish objectives and ensure the availability of suitable resources.

The following should be used as an overview for monthly management review meetings, highlighting individual responsibilities and objectives.

1) Management meetings (quarterly), organized by a practice or business manager and chaired by senior management, to discuss and review:
   i) adviser performance;
   ii) key performance indicators (KPI's);
   iii) operations management;
   iv) training and development;
   v) continual improvement;
   vi) financials and accounting;
   vii) compliance to ensure continual business; and
   viii) individual development.

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2) Technical meetings (monthly), organized by a practice or business manager and chaired by a technical manager, to discuss and review:
   i) technical developments;
   ii) technical and product updates;
   iii) new business opportunities;
   iv) effective communication throughout the business; and
   v) key developments and impacts in the marketplace.
3) Administration meetings (weekly), organized and chaired by a practice or business manager, to discuss and review:
   i) team activities;
   ii) pipeline business and opportunities;
   iii) projects "on the go"; and
   iv) business updates to ensure all required outputs are communicated effectively.
4) Debrief meetings (as required, but at least 24 hours after a customer meeting), organized by a technical or business administrator and chaired by a financial adviser or financial planner, to discuss, identify and plan key priorities for the week to ensure maximum efficiency throughout the technical and business administration teams.

All meetings should have a set agenda that is agreed in advance.

The designated organizer should arrange management review meetings and notify the attendees of the dates at least one month in advance to give enough notice to allow publication of the dates in the relevant diaries.

Where a meeting is cancelled or postponed, the designated organizer should advise all affected parties so that the dates can be updated.

Before each meeting, each attendee should collate the agenda and a copy of the previous meetings, if required, minutes or action points. At each meeting, the organizer should document the meeting outcomes and distribute responsibilities and follow up actions to the relevant individuals. They should ensure that all agreed actions arising from meetings are carried out in line with the timelines agreed.

NOTE 2 The management review process ensures that the quality and operational management standards are maintained and improved through the work of the team structure.

Serious concerns should be brought to the attention of senior management at the earliest opportunity to allow maximum time to consider any necessary action(s).

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Annex B
(informative)

Example of an operational framework

Figure B.1 shows a model of a process-based operational framework and the process linkages required by this British Standard. It demonstrates the significant role that consumers play in defining requirements as inputs. The monitoring of consumer satisfaction requires the evaluation of consumer feedback regarding whether the consumer requirements have been met. While Figure B.1 shows the key requirements of this British Standard, it does not show processes at a detailed level.

*COMMENTARY ON **ANNEX B***

The methodology known as "Plan-Do-Check-Act" (PDCA) can be applied to all processes, for example:

- *Plan: establish the objectives and processes necessary to deliver results in accordance with consumer requirements and the organization's policies;*
- *Do: implement the processes;*
- *Check: monitor and measure processes and products against policies, objectives and product requirements and report the results; and*
- *Act: take actions to continually improve process performance.*

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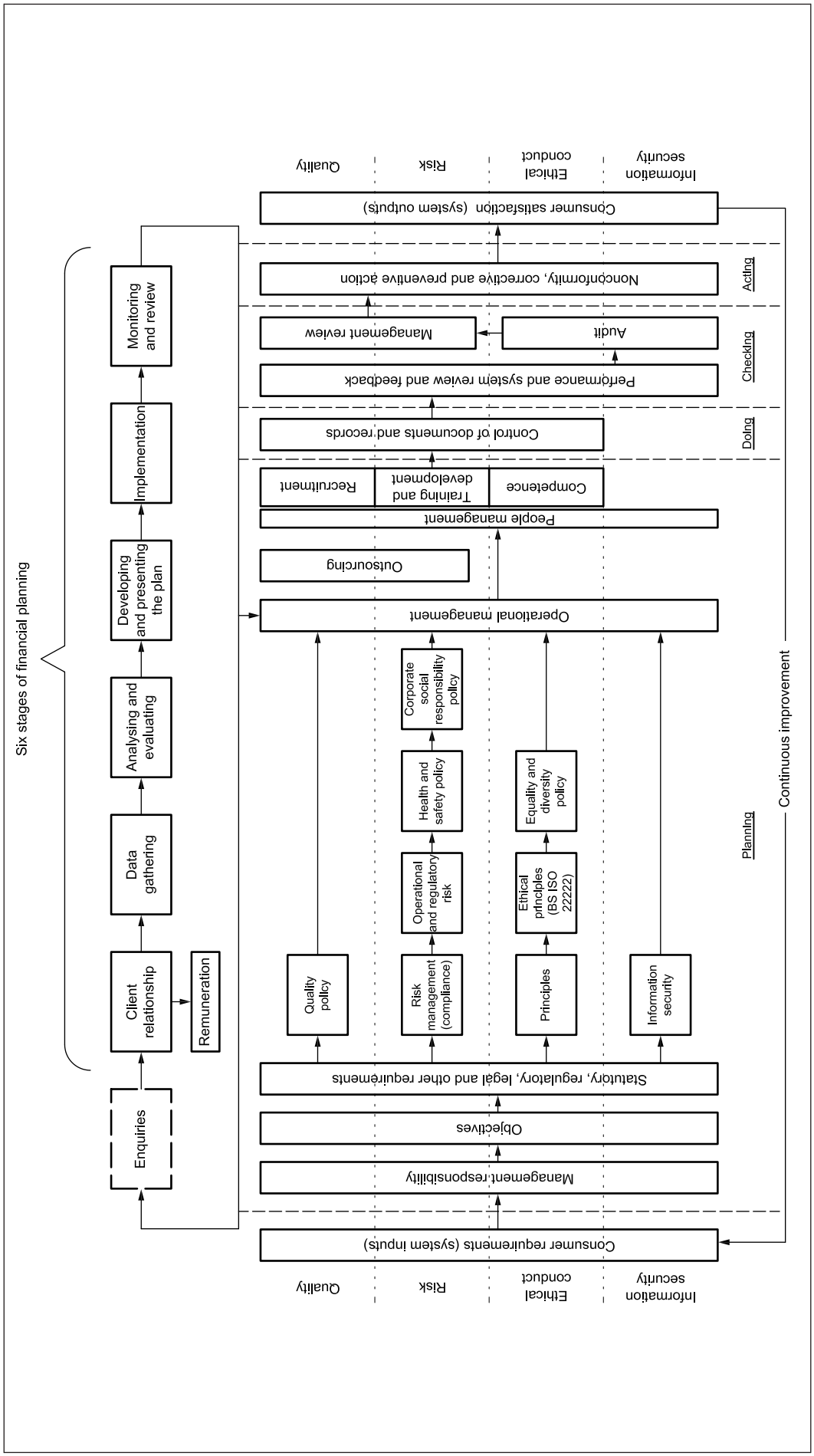

Figure B.1 Example of an operational framework

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BS 18477, *Inclusive service provision – Requirements for identifying and responding to consumer vulnerability*

BS 25999-2:2007, *Business continuity management – Part 2: Specification*

BS EN ISO 9000 (all parts), *Quality management and quality assurance standards*

BS EN ISO/IEC 17024, *Conformity assessment – General requirements for bodies operating certification of persons*

BS EN ISO 19011, *Guidelines for auditing management systems (ISO 19011:2011)*

BS ISO 10002, *Quality management – Customer satisfaction – Guidelines for complaints handling in organizations*

BS EN 45011 (ISO/IEC Guide 65), *General requirements for bodies operating product certification systems* [2)]

[2)] EN ISO/IEC 17065 is currently in development and when published will supersede BS EN 45011.

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