

# Agent as Client Adviser Guide

**'We've designed our MPS service to complement the advice process, providing expertise and knowledge from behind the scenes so that advisers can focus on providing their clients with quality advice'**

## 1. Introduction

Here at RSMR, we've been working with financial advisers since 2004, assisting them in delivering the right investment solutions for a full range of client objectives.

Our background in working with financial advisers means that we are perfectly placed to provide outsourced support to firms of all sizes. Our Managed Portfolio Service (MPS) incorporates the best ideas from the RSMR team to deliver investment solutions that meet the needs of a broad range of investors.

We understand that a crucial consideration for all advisers when selecting an outsourced partner is the need for full ownership of the client relationship. We have therefore designed our MPS service to complement the advice process – providing expertise and knowledge from behind the scenes so that advisers can focus on providing their clients with quality advice.

Under our Agent as Client approach, Terms of Business are agreed between the financial adviser and RSMR Portfolio Services Limited. This agreement establishes the financial adviser as a professional client of RSMR Portfolio Services Limited and recognises that the financial adviser is the agent of the end investor.

The result of this is that we have no direct relationship with the end investor – with all communications via the financial adviser.

## 2. The parties to the arrangement are:

- The Financial Adviser
- RSMR Portfolio Services Limited - the Discretionary Investment Manager
- The Investor
- The Wrap Platform

In establishing our Terms of Business, we recognise the views expressed by the FCA which highlight the importance of all parties fully understanding what is expected of each other in such an arrangement. We believe that it is particularly important that the investor fully understands the responsibility that each of the professional parties, the financial adviser and RSMR Portfolio Services Limited has on their behalf.

This document sets out those responsibilities to assist professional advisers in explaining our MPS service to their clients.

## 3. Roles and responsibilities

### The Financial Adviser

**Working as the agent of the investor, the financial adviser is responsible (both initially and on an ongoing basis) for the following:**

- The financial adviser must understand their responsibilities under PROD3.3 and the requirements for distribution and target market.
- Gathering relevant Know Your Client (KYC) information in order to understand client needs and objectives, including requirements for Anti-Money Laundering regulations.
- Ascertaining the investor's investment objective.
- Assessing the investor's attitude to risk and capacity for loss.
- Determining the suitability of RSMR Portfolio Service's discretionary portfolios and the mandates that apply to each model (including tax implications).
- Making a recommendation on a suitable product wrapper (e.g. SIPP/ISA).
- Identifying a suitable platform that supports the needs of the client and can accommodate the relevant RSMR Managed Portfolio Service solution.

**In addition the financial adviser must:**

Explain the relationship between the financial adviser and RSMR Portfolio Services (RSMR PS) which means:

- An understanding that the financial adviser will be acting as 'agent as client'
- The financial adviser will be treated as a Professional Client of RSMR PS
- This means that the investor will not have access to the Financial Ombudsman Service (FOS) in the event of a complaint about RSMR PS
- Any complaints from the investor should be directed to the financial adviser firm

The financial adviser must obtain signed acceptance of the above points either as part of the financial adviser's Terms of Business\* or a separate Client Agreement\*.

**\*IMPORTANT** – the financial adviser should ensure their documentation acknowledges that the investor has been informed and consents to the financial adviser becoming the client of the DIM (in this case RSMR Portfolio Services Limited), that the investor will lose their cancellation rights as they cannot cancel any arrangement between the financial adviser and RSMR Portfolio Services Limited and the loss of access to the FOS.

It should be explained that in the event of a failure on the part of the DIM to fulfil its obligations under the mandate it is the financial adviser who has the contractual agreement to take action against the DIM as the investor has no such contractual recourse.

Finally, the agreement with the investor should also cover arrangements for reporting and communications and that these will come from the financial adviser.

As part of our Due Diligence we will require a template copy of your Terms of Business and/or Client Agreement. This approach ensures that the adviser retains full control of the relationship with the investor and enables them to demonstrate added value to their client. Furthermore, the adviser can clearly identify to the Regulator his or her role and responsibilities within the relationship.

**RSMR Portfolio Services Limited (the DIM)**

RSMR PS considers itself a manufacturer of the MPS service and a Distributor of funds (manufactured by others). It will therefore provide relevant information under PROD 3 that advisers require, such as:

- Intended target market
- Distribution strategy

We will construct a range of model portfolios according to our agreed and documented approach and methodology.

The mandates for the portfolios will be clearly explained to the adviser and are available on request.

We will manage each model, according to its mandate, on an ongoing basis and only include funds that have been subject to our full research and analysis in accordance with our stated methodology.

We will make the portfolios available on selected platforms and after agreeing Terms and Conditions with the financial adviser, we will ensure that our model portfolios are accessible for use on the adviser's chosen wrap platform. We will ensure all decisions to trade and all transactions are dealt with in accordance with our Order Execution Policy stated in our Terms & Conditions at Appendix A.

Our communications will be issued to advisers only. RSMR Portfolio Services Limited does not hold investors' personal details – further demonstration of our belief in the importance of advisers taking full ownership of the advice process.

We will provide regular monthly and quarterly updates on the performance of our model portfolios, which will also detail any changes that have been made to either underlying fund choice or asset allocation.

A key aspect to the Agent as Client process is that RSMR Portfolio Services Limited treats the financial adviser as a Professional Client.

**The Investor**

The investor's sole point of contact will remain their financial adviser and it is essential that they are notified of any changes relevant to the management of their investment portfolio.

The investor will be required to sign a document acknowledging that the investor has been informed and consents to the financial adviser becoming the client of the DIM, in this case RSMR Portfolio Services Limited.

## **The Wrap Platform**

RSMR Portfolio Services Limited model portfolios are available on a range of wrap platforms and we construct and maintain each model with the platform's trading capability in mind.

A wrap platform also provides the adviser, at the conclusion of the advice and suitability process, with the functionality to attach client product wrappers to suitable portfolios.

In order to mitigate risk, RSMR Portfolio Services does not take custody of investor assets. We believe that the platforms we work with are best placed to provide this service and we therefore expect each platform to provide safe custody.

Finally, the platform also provides the adviser with complete functionality to issue documentation and information on an ongoing basis to investors – including key investor information documentation (KIID) and valuations.

## **Client categorisation – Professional or Retail**

An important aspect of the Agent as Client arrangement is our categorisation of advisers as Professional Clients – this provides RSMR Portfolio Services with the confidence that the advice and suitability process has been completed to a suitable degree of professionalism and that investor needs and objectives are being carefully considered.

RSMR Portfolio Services will select collective funds that have, in the main, been given an RSMR fund rating and that sit within an appropriate Investment Association sector – this approach ensures that our underlying funds choices are suitable for Retail Investors.

This approach strikes the balance between the needs of advisers – who retain complete control of the relationship with their client and investors, who expect to receive the highest standard of financial advice and are placed within a suitable RSMR Portfolio Services portfolio, designed to match their needs and objectives.

## **Contact us**

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RSMR Portfolio Services Limited

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## **Important Information**

This is intended for investment professionals and should not be relied upon by private investors or any other persons. Past performance is not a guide to future performance. The value of investments and any income from them can fall as well as rise, is not guaranteed and your clients may get back less than they invest. RSMR MPS is provided by RSMR Portfolio Services Limited. RSMR Portfolio Services Limited is a limited company registered in England and Wales under Company number 07137872. Registered office at Number 20, Ryefield Business Park, Belton Road, Silsden BD20 0EE, RSMR Portfolio Services Limited is authorised and regulated by the Financial Conduct Authority under number 788854. RSMR is a registered Trademark.