

FINANCIAL PROMOTIONS – CLEAR, FAIR AND NOT MISLEADING

Two half-day training course – using specimen examples

Introduction – the relevant materials

MiFID, FSA Principles 7, 1-3 and 6 & COBS 4
Consequences of breach – enforcement and compensation

What is a financial promotion?

Basic definition - invitation or inducement to seek advice or buy or sell
Adverts, newsletters, websites
Exclusions – image advertising, media and communications to investment professionals
Application of Principle 7 “clear, fair and not misleading” to exempt promotions

Form and content of promotions

Clear, fair and not misleading
Relevance of context
Risk to capital and risk warnings
Clear identification of the promotion
The need for balance and equal prominence of material
Unfair comparisons
Tax and foreign currency
Past performance (simulated and future)
Naming the FSA and other regulators
Company information

Applying the rules

Different types of promotions and products
New and other media – specific issues
Drafting and positioning risk warnings
Pensions, investments and other product issues
Fund descriptions – the Standard Life problem
Structured products

Direct offers & Key Features

Form and content
Risk warnings

Process for approval and ensuring compliance

Ensuring compliance – systems and controls
Approval and withdrawal of approval and limits on time and mode of use
Effect of adopting and altering a promotion approved elsewhere
Record keeping

Financial promotions and treating customers fairly

Sales volumes and types of customers as against predictions
Literature reviews and using complaints data to review compliance