

FINANCIAL PROMOTIONS – CLEAR, FAIR AND NOT MISLEADING

Two half-day training course

Introduction

MiFID

FSA Principles 7, 1-3 and 6

COBS 4

Key changes – disappearance of specific promotions and compulsory confirmation of compliance

What is a financial promotion?

Basic definition - Invitation or inducement to seek advice or buy or sell

Adverts, newsletters

Websites as a form of promotion

Exclusions – image advertising, media and communications to investment professionals

Application of Principle 7 to exempt promotions and other material

Form and content of promotions

Clear, fair and not misleading

Relevance of context

Risk to capital and risk warnings

Naming the FSA

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)

Company information

Mortgage and general insurance (if relevant to the company)

Applying the rules

Different types of promotions and products

Drafting and positioning risk warnings

Pensions, investments and other product issues

Direct offers & Key Features

Form and content

Risk warnings

Process for approval and ensuring compliance

Ensuring compliance

Approval and withdrawal of approval

Limits in time and mode of use in approvals

Effect of adopting and altering a promotion approved elsewhere

Record keeping

Consequences of breaking the Financial Promotion Rules

Enforcement action, claims for damages for losses caused by consumers

Financial promotions and treating customers fairly

- Sales volumes and types of customers as against predictions
- Literature reviews and impact on systems and controls
- Using complaints data to review compliance of promotions and other material