

## October 2011 Newsletter



It's been a hectic time for all of us over the past six months – with the markets adding to all the excitement. Notwithstanding the erratic behaviour of all the indices, the business has continued to thrive with new avenues opening to us and steady expansion on-going.

Our assets under administration have moved between £6bn and £7bn (depending on the time of day) and we see this as an excellent platform for continued growth (though we would prefer a calmer situation).

Our internal assets – our staff – have now grown to just over 80 and whilst we would expect a reduction in the rate of growth – we still have some space left in Tunbridge Wells. I'm pleased to report that the development in our full dealing and custody service – the IMAS Service – continues at a steady pace with a major migration completed over the summer and two new clients signed up and at the analysis and development stage prior to go-live in the next few months. As this business grows, so does our experience and this will create an even stronger service going forwards.

We believe that we now have a compelling range of services that we can offer our clients. We are not proscriptive in how we deliver these to you or what you take (but the more the merrier) and I think this culture of working closely with you has been hugely beneficial in the growth of A J Bell Securities.

Our support from and link to the main A J Bell business continues to add value both in investment and client-side activities. A good example of this is that one of our clients has used SippTalk.tv to discuss the funds he manages.

Clearly the markets are very challenging at the moment and your jobs of advising clients must be even more stretching than normal. My hope is that our support and service will, at least, make the operational side not on your list of concerns.

Many thanks for your support, advice, feedback and business. It is fantastic to be part of a growing business and one that is growing on the back of your input and requirements.

**Charles Galbraith**  
**Managing Director, A J Bell Securities**

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## A Platform for Success...

In the last newsletter I covered some of the changes that are happening at A J Bell. In the period since then I have been asked on a number of occasions to expand on why we thought it was necessary to change the makeup of the business.

Over recent years online products have developed that are both low cost and offer the vast majority of the investment flexibility available to full SIPPs. These are typically adviser led products, where the majority of money typically ends up either in unit trusts/OEICs via a platform or invested by a panel discretionary investment manager. However, the range of investments available also includes external cash deposit facilities, Gilts, corporate bonds, shares, ETFs, insurance company trustee bonds and commercial property. In essence you are getting an open architecture type range of investments at a competitive price. Importantly, the client only pays for the increased flexibility that they use.



Our own Sippcentre proposition competes in this area. Research we carried out with advisers identified the features and benefits that drive their suitability decisions. The top four reasons identified, in order of preference, were low charges, service, online control/functionality and the range of investments.

A J Bell set a course over three years ago to deepen and broaden our service. Importantly, we did not want to compromise our core proposition whereby we do not provide financial advice or manage money. The first step in this process manifested itself with the Lawshare/A J Bell Securities deal. Few platforms can boast an offering that includes an execution only in-house institutional and retail stockbroker, providing dealing, settlement and custody services. This satisfied the deepening part of the strategy, whilst the broadening part has been satisfied by the launch of our ISA and Dealing Account.

Our business will never stand still; we will continue to evolve the proposition in line with demand. Having only just launched the new Sippcentre platform we have added a further enhancement with the launch of our regular investment service. This service allows you to feed regular contributions into a wide range of investment options that include all FTSE 350 shares, over 2,000 funds (unit trusts and OEICs) available within our funds list, selected ETFs, ETCs and investment trusts.

Pensions will always be core to what we do; however, the recent enhancements will allow us to retain the features, benefits and pricing philosophy that advisers have valued with Sippcentre while expanding its scope to allow us to compete against the variety of platforms now available. We believe that there is a strong case to be made for any firm that can prove that they are lean, can maintain their service proposition and operate profitably and competitively in an environment where continued margin pressure is likely.

**Billy Mackay**  
**Marketing Director, A J Bell**

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## **Are you considering outsourcing or changing existing providers?**

Does your business need a real-time fully integrated front office solution that provides full details of customer's portfolios, rebalancing and seamlessly links to an experienced dealing, settlement and custody administrator? Then read on.....

The IMAS Service is a natural extension to the existing suite of "traditional" stockbroking and custody services provided by A J Bell Securities (AJBS). Under the traditional offering, the wealth manager already has the investment management software and back office infrastructure in place and is principally looking for a dealing, settlement and custody relationship that can provide dealing and custody for all types of securities be it UK securities, International securities or unit trusts and OEICS, without restriction.

Under the IMAS Service we can provide you with access to market leading management software which includes portfolio modelling tools and client web access, if required. A J Bell Securities takes full responsibility for the investment administration and reporting which allows you to concentrate on managing your client portfolios and growing your funds under management without the distraction of IT upgrades, regulatory changes, system testing or just simply having enough experienced people in place to provide the ongoing, high level of administration that you would expect.

The IMAS Service was launched to our first wealth management firm in June 2010 after deploying the platform to support the A J Bell Sippdeal and Sippcentre products in May 2009. We currently have four clients signed up to the service and are in detailed negotiations with two others.

**If you are considering outsourcing or indeed changing providers, then please give Bob Trew a ring and find out more of what the IMAS Service can mean to you on 01892 559610 or at [Bob.Trew@ajbell.co.uk](mailto:Bob.Trew@ajbell.co.uk).**

We're delighted to announce that Dart Capital ("Dart") is the latest Wealth Manager to take our IMAS Service.

Dart began moving their new clients onto our service in April and we've recently completed a migration of their main client and asset base at the beginning of August. Our IMAS Service has delivered enhanced client valuation reporting and a new client website which together with our front office tools provides a solution which is fully integrated with our core custody and settlement administration teams.

As an existing user of the A J Bell Sippcentre Dart have also taken advantage of the highly competitive Sippcentre product via our Investment Partner link to IMAS to ensure all of their SIPP administration is handled efficiently alongside their other client accounts.

Dart have moved to A J Bell Securities from an existing Figaro user and Matthew Wille, Operations Director and part owner of Dart commented:

"We invited a shortlist of nominee companies who could provide us with access to Figaro to tender and after careful consideration we have decided to move to A J Bell Securities (AJBS).

The main reasons for choosing AJBS are that they have:

- A stronger balance sheet
- Low costs
- An enhanced online service providing grouped portfolio and asset allocation views
- Better dealing technology
- Total commitment to the nominee market
- More resource at every level
- A corporate culture and business strategy which reflects our own standards of client service

Accurate and safe custody of assets is of paramount importance and we have taken this into account when making this decision."



## (Foreign Account Tax Compliance Act)

### Do I need to worry about it?

The simple answer is no, provided you have prepared properly and made the necessary changes to enable you to capture and report on key information relating to your clients and their accounts. How long this preparation will take will vary by organisation, but if you haven't already started preparing then you should be thinking of doing so sooner rather than later.

At the time of writing this much talked about legislation, designed to allow the US tax authorities to identify US taxpayers with accounts anywhere in the world, is due to come into force on 1<sup>st</sup> January 2014. It is in addition to and does not replace the QI regime.

The two major questions being asked by financial institutions in the UK and abroad are:

- Will the legislation impact us?
- Can we avoid it?

The legislation introduces a new 30% withholding tax rate on income and gross sale proceeds for non compliant accounts together with two new entities:

**FFI (Foreign Financial Institutions)** - organisations that accept deposits, hold assets in custody or trade in securities. They will need to enter into written agreements with the IRS and carry out enhanced AML/KYC procedures to identify US individuals and organisations caught by the legislation and report specified information.

**NFFE (Non-Financial Foreign Entity)** - organisations (e.g. non US entities) not defined as FFI's and wishing to avoid the 30% charge.

Guidance on how the legislation will be implemented is being drip fed and a clear picture of all of the impacts has yet to emerge. However, the fog is beginning to clear and guidance issued in April (Notice 2011-34) and July (Notice 2011-53) this year has clarified a number of issues. Some of the things that organisations will need to think about are:

- What changes are required to procedures for on-boarding clients to capture the additional information required relating to their US status?
- How to determine the US status of existing clients
- How to aggregate reporting across different businesses in the same group
- Procedures for ensuring that withholding taxes are collected correctly.

A J Bell Securities is closely monitoring developments and has formed a Project Team to consider what changes we need to make internally and what information we will need from our clients. As mentioned above very recently the effective date has been changed from 2013 to 2014 with further bulletins due in December 2011 and then another during the summer of 2012. We will be contacting our clients as necessary over the coming months with a further update.

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## What's been happening with some of us...?

Following a review of our operational teams and their structure within A J Bell Securities it was decided to make some changes to the operations and settlements areas to streamline the client experience and enable a more fluid and integrated approach.

At the end of March 2011 the first phase of the team changes began. The Custody Operations team was separated into specific functions creating a new Client Maintenance team. The QI and HMRC reporting team were amalgamated with Dividends and a new Data Maintenance team became a part of Reconciliations.

Phase 2 was completed in August with Chris O'Driscoll combining the Cash and Market Settlements sections. Luis Lodeiro now heads up the Client Maintenance team which incorporates client standing data and all account opening, closing and transfers.

As a final stage to the changes, a new Head of Custody has been appointed from within the business. Andy Bysouth will move from his current role delivering projects and change within the Corporate Services team to oversee the Corporate Actions, Dividends and Market Settlements teams.

## Our people....

### Andy Bysouth, Head of Custody

Andy began his working life in retail banking, he then moved onto private client stockbroking about 20 years ago. He has had various operational roles but more recently has been in the project management team and Corporate Services area in AJBS, incorporating supplier management and IT support.

His hobbies are running and golf; he has 2 daughters and travels into Kent each morning from the wilds of Essex.





**Luis Lodeiro, Client Maintenance Team Leader**

Luis joined A J Bell Securities in July 2004 after completing a degree in Business Studies at the University of the West of England in Bristol. Previous employment includes a year at Citibank in London as part of his degree placement. His roles at A J Bell Securities have included transfers, settlements, cash and now Client Maintenance Team Leader.

He lives in Tunbridge Wells and is a keen golfer and poker player. He follows Liverpool and Spain in Football and has also just recently got married.

**Peter Lockyer, Head of Dealing**

Peter has worked at A J Bell Securities for 13 Years having initially been recruited to process share certificates. He progressed to Dealing via Overseas Settlements and has been Head of Dealing since 2003.

He enjoys watching & playing most sports, great food and fine wine.



**Mike Collinson, Compliance Manager**

Mike joined A J Bell Securities as Compliance Manager in November 2009. He has worked in the Financial Services industry for 35 years, moving into Compliance 13 years ago, since when he has held Compliance management positions in stockbroking, investment management and banking. He has a maths degree and a Master's in International Business Economics.

During the week Mike lives in Tunbridge Wells and at weekends he goes home to the West Country, where he enjoys walking the hills and coast paths. He says this gives him a very balanced lifestyle and that he always looks forward to coming back to Tunbridge Wells on a Monday.

**And finally...**

Please remember that we are here to help with any issues or comments you might have, and we can be contacted by email ([clientrelationships@ajbell.co.uk](mailto:clientrelationships@ajbell.co.uk)) or on the numbers below and will be more than happy to help.

Also, to those of you who have been visited recently by the Client Relationship Team, many thanks for your impeccable hospitality, across the board.

**Karen Clark, 01892 559632**

**Jack White, 01892 559695**

**Regulatory**

A J Bell includes A J Bell Holdings Limited and its wholly owned subsidiaries A J Bell Management Limited, A J Bell Limited and A J Bell Securities Limited.

A J Bell Management Limited is authorised and regulated by the Financial Services Authority. A J Bell Securities Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority.

Sippdeal, Sippdealxtra and Sippcentre are platforms provided by A J Bell Management Limited. A J Bell Platinum SIPP is provided by A J Bell Management Limited. A J Bell Platinum SSAS is provided by A J Bell Limited.

The companies listed in the adjacent table are all registered in England and Wales at Trafford House, Chester Road, Manchester M32 0RS.

Company	Company Number	VAT Number
A J Bell Holdings Limited	4503206	833 5478 13
A J Bell Management Limited	3948391	759 3531 03
A J Bell Limited	3091664	639 0316 44
A J Bell Securities Limited	2723420	918 4226 21