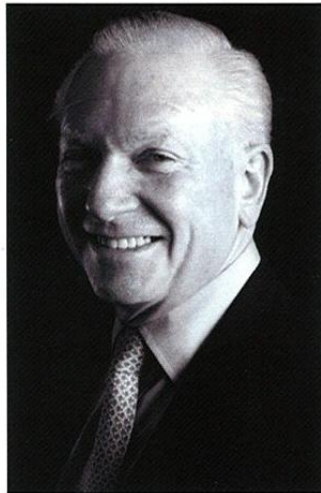


Exclusion zone

However, private wealth director Jonathan Fry is less positive about the TSC's suggestions. 'I am not particularly in favour of changing the rules on grandfathering but, if necessary, I would rather see a relaxation on this than on the date.'

He does not agree with the TSC's suggestion to exclude high net worth clients from the rules and believes it is largely driven by banks fearing for their revenues in the face of a crackdown on product commissions.

'I find it very difficult to think the banks could not give instructions that they are not to be paid a commission or product fee directly from providers. Remember banks have been advisers to high net worths but have largely sold products to their



Paul Killik: RDR should be delayed

clients, who are mainly high net worths. They manufacture products in-house and sell them.'

By excluding high net worth investors from the RDR, he expects those with around £250,000 under management will prove the main client group covered by the rules, while the mass market is less likely to receive face-to-face advice. Excluding high net worths will create an opportunity for banks to continue to sell 'relatively opaque and expensive products' to this group, he said.

Paul Chavasse, Rathbones' chief operating officer, also sees less value in a 12-month delay unless there are a number of fundamental changes, but he is supportive of the TSC's call for clarity on VAT.

The Association of Private Client Investment Managers and Stockbrokers (Apcims) agrees with the TSC's suggested year delay and planned inquiry on accountability. It said the FSA's decision to label advice as independent or restricted was flawed and expects that resources identified by the TSC to explain the labelling has not been reflected in the FSA's cost-benefit analysis.

Apcims would also like clarity on what the TSC means when it refers to high net worths and what protections it envisages would be removed.