

Unipass Letter of Authority: Ensuring a Compliant and Streamlined LoA Practice



By
ORIGO





Anthony Rafferty,
CEO, Origo

“At Origo, we aim to connect the financial services industry for the benefit of everyone. We bring digital solutions to the industry which solve yesterday’s analogue problems, helping advisers, providers and platforms alike to save time, money and effort.

Within financial services, Consumer Duty emphasises fairness, transparency, and protection for clients. Most of us are aware of the unfortunate state of the current LoA process. It is manual, labour and resource intensive, and falls short of everyone’s expectations, ultimately negatively impacting client experiences and relationships between advisers and clients.

We partnered with Model Office to produce this report on how Unipass Letter of Authority supports Retail Investment Adviser’s (RIA) and Product Provider’s compliance with the relevant Financial Conduct Authority (FCA) regulations.”



Unipass Letter of Authority (ULoA) is our award-winning, digital solution to the current onerous, manual LoA process.

With whole-of-market provider coverage, our innovative solution was developed with feedback from the industry to seamlessly bridge the gap between advisers, providers, and platforms. With recent upgrades, ULoA is a one-stop-shop which makes submitting letters of authority fast and efficient and is completely free for advisers to use.



**Chris Davies,
Founder and CEO,
Model Office**

"I have 30 years of experience in Retail Financial Services in the UK, and internationally in Asia and Australia as an IFA, wealth manager, consultant, and RegTech founder.

In 2018, I launched Model Office (MO®) an AI RegTech and digital audit platform that allows firms to self-audit and automate compliance activity through benchmarking performance against FCA regulations, gap analysis, business supervision, training and competence audit reports plus back-office integration to streamline tailored tasks, alerts, resources and regulatory reports to manage and evidence governance risk and compliance, improving professional practice and lines of defence whilst cutting compliance time and costs as MO®s latest research illustrates.

My experience has given me an in-depth understanding of the Fin/RegTech ecosystem and the direction of regulatory and commercial travel."

About this Report:

This short report is designed to provide an overview of how Origo's unique digital ULoA technology can support Retail Investment Advisers (RIA) and Product Providers' compliance with the relevant Financial Conduct Authority (FCA) regulations and gain increased Management Information (MI) and data whilst reducing time and costs.

The system allows RIAs and product providers to build a robust and streamlined LoA request and audit trail for their respective clients. The software also ensures they can evidence and maintain professional practice by complying with the relevant regulations listed in the table below:

Advice Regulatory Requirements	Relevance	How ULoA helps RIAs meet the requirements
Acting in the clients best interests	<u>COBS 2.1.1R</u>	Origo's streamlined digital ULoA services can enable a firm to show it acts honestly, fairly and professionally in accordance with the client's best interests by gaining the relevant product information swiftly and accurately.
Assessing suitability	<u>COBS 9.2.1R</u>	By accessing product information and taking account of the product features, benefits, costs and charges, RIAs can take reasonable information to add valuable MI to support suitable advice recommendations and ensure they have evidenced they have gained their client's informed consent.
Advice suitability	<u>COBS.9.2.2R</u>	By using ULoA correctly, RIAs will ensure they obtain relevant information to ensure a 'reasonable basis' that a specific product can be recommended and is suitable to meet their investment objectives.
Advice outcomes	<u>Principle 9</u>	ULoA outputs can ensure firms are demonstrating a suitable advice process with suitable products meeting their clients on-going needs and supporting client good outcomes.
Product Governance and Distribution	<u>PROD 3.3.1R</u>	Through the ULoA audit trail and product information an RIA acting as product distributors can ensure they evidence they have a comprehensive understanding of the products recommended and have assessed their compatibility with their client needs.
	<u>PROD 3.3.3R</u>	By using the ULoA and assessing product details, RIAs can also evidence understanding and knowledge of the products distributed in meeting the needs, characteristics and objectives of the 'target market'.

Agency	Relevance	How ULoA helps RIAs meet the requirements
Agent as a client and reliance on others	<u>COBS 2.4</u>	ULoA information can ensure all parties in the distribution chain are aware of each other's activities and comply with agent as a client rule COBS 2.4.3R, this is important when it comes to accountability for supporting client good outcomes.

The Consumer Duty	Relevance	How ULoA helps RIAs meet the requirements
The cross-cutting rules		
Good faith	<u>PRIN 2A.2.2R</u>	ULoA ensure RIAs and product providers are acting in good faith with honest, fair and open dealing, acting in a consistent manner with the reasonable expectations of clients.
Foreseeable harm	<u>PRIN 2A.2.8R</u>	ULoA creates a clear audit trail ensuring RIAs and Product providers ensuring evidence for gaining full product information in a secure manner and gaining the ability to assess the product(s) against the client's ongoing needs.
Enable and support	<u>PRIN 2A.2.14R</u>	ULoA enables and supports RIA clients to pursue their financial objectives and support conclusions a RIA firm can properly reach about the financial objectives of its clients.

The Consumer Duty	Relevance	How ULoA helps RIAs meet the requirements
The Four Outcomes		
Product and services	<u>PRIN 2A.3.4R</u>	ULoA can support product manufacturers product approval process in meeting distribution target market requirements, any additional needs such as vulnerability, re-assess any relevant risks and avoids foreseeable harm.
	<u>PRIN 2A.3.16R</u>	ULoA enables RIAs to obtain product characteristics, consider risks such as vulnerability, identify the product provider distribution strategy against the client's needs, characteristics and objectives.
Price and value	<u>PRIN 2A.4.2R</u>	ULoA can support product providers providing fair value to retail clients in its target market.
	<u>PRIN 2A.4.16R</u>	ULoA can support ensuring RIAs know their clients have suitable and appropriate products offering fair value, to meet their ongoing needs and objectives and enable MI if this is not the case to avoid foreseeable harm.
	<u>PRIN 2A.4.18/19R</u>	ULoA enables both product providers and RIAs to gain information relevant to the product value assessment.
	<u>PRIN 2A.4.24R</u>	ULoA provides an opportunity for both product providers and RIAs to review the value assessment.
Consumer understanding	<u>PRIN 2A.5.3R</u>	ULoA enables RIAs to gain product information that support their client's understanding to meet their information needs and features, benefits and costs are likely to be understood.

The Consumer Duty	Relevance	How ULoA helps RIAs meet the requirements
Consumer understanding	<u>PRIN 2A.5.4R</u>	ULoA can facilitate valuable product information a RIA should consider in its client segmentation strategy.
	<u>PRIN 2A.5.5R</u>	ULoA digital application ensures RIAs and their clients gain product information in a timely basis and can communicate to clients in good time to enable effective decisions.
	<u>PRIN 2A.5.6R</u>	ULoA enables product providers and RIAs communication of relevant product information which clients are likely to need in a way that supports effective decision making and provides an appropriate opportunity for clients to review information and where relevant assess their options.
	<u>PRIN 2A.5.8R</u>	ULoA can provide information to support tailored client communications considering product complexity and characteristics of vulnerability.
	<u>PRIN 2A.5.15R</u>	ULoA can enable product providers and RIAs provide product and client information across the distribution chain in good time.
Consumer support	<u>PRIN 2A.6.2R</u>	<p>ULoA can facilitate RIA client support for clients using products as reasonably anticipated and ensure clients do not face unreasonable barriers (including unreasonable costs) during the product lifecycle such as;</p> <ul style="list-style-type: none"> • Make product enquiries • Amend or switch a product • Transfer to a new product provider • Access a benefit which the product is intended to provide • Submit a claim • Make a complaint • Cancel a product appropriately

The Consumer Duty	Relevance	How ULoA helps RIAs meet the requirements
Consumer support	<u>PRIN 2A.6.6R</u>	ULoA enables firms across the distribution chain to deal with reasonable requests in an effective way in good time to enable the client support processes.
Governance and culture	<u>PRIN 2A.8.1R</u>	ULoA can add MI and product data to the firms risk control and internal audit function in supporting client good outcomes.
Monitoring outcomes	<u>PRIN 2A.9.8R & Principal 12</u>	ULoA enables RIAs to regularly monitor products features, benefits and costs to support client good outcomes.
	<u>PRIN 2A.9.9R</u>	ULoA supports RIAs in carrying out monitoring in determining whether products offer fair value and appropriate action is taken to address products identified as not providing fair value. Plus, whether clients have the right information to make effective timely and properly informed decisions.
	<u>PRIN 2A.9.10R</u>	ULoA can enable both product providers and RIAs to identify whether for any product any groups of clients are experiencing different outcomes compared to another group of clients with the same product.
	<u>PRIN 2A.9.12R</u>	ULoA can provide valuable evidence to enable clients who are not receiving outcomes listed in PRIN 2A.9.9R or clients will not receive these outcomes and a group of clients are receiving a worse outcome than another client group for the same product.
	<u>PRIN 2A.9.15G</u>	ULoA can support RIA record keeping processes in relation to their obligations under Principle 12, the cross-cutting obligations and four outcomes.

The Consumer Duty	Relevance	How ULoA helps RIAs meet the requirements
Monitoring outcomes	<u>PRIN 2A.9.17R</u>	ULoA can provide valuable information to notify the FCA if it becomes aware that any other firm in the distribution chain is not or may not be complying with Principle 12 and PRIN 2A.
Redress and other actions	<u>PRIN 2A.10.2R</u>	ULoA can enable product providers and RIAs to gain valuable evidence under PRIN 2A.2.5R in case a client has suffered from foreseeable harm and thus act in good faith and take appropriate action to rectify the situation.
Disclosure of costs and charges	Relevance	How ULoA helps RIAs meet the requirements
Total charges payable	<u>COBS 6.1A.24R</u>	Firms are required to confirm details of any on-going services provided alongside the relevant charges.
	<u>COBS 6.1A.26G</u>	ULoA fulfilment packs uploaded into the service include the product charges.
MiFID II related	<u>COBS 19.8.8G(2)</u>	ULoA information can demonstrate how the underlying product charges or costs impact the client's outcomes.
MiFID II Aggregated transaction costs and charges	<u>COBS 6.1ZA.11R</u>	ULoA product data allows the majority of RIAs will need to comply with MiFID II aggregated cost disclosure requirements on an expected (ex ante) and post-sale (ex post) basis. Timeline illustrations and report can help via: <ul style="list-style-type: none"> • Meeting the 'In good time' provision • Ensuring Information relates to the cost of investment services and ancillary service
	<u>COBS 6.1ZA.12R</u>	
	<u>COBS 6.1ZA.13R</u>	
	<u>COBS 2.2A.2R</u>	

Risk Management	Relevance	How ULoA helps RIAs meet the requirements
Systems and controls	<u>SYSC7.1</u> <u>UK Data Protection Act 2018</u> <u>ICO Principle (f).</u>	<p>ULoA robust data resilient controls means firms can have confidence that data security and confidentiality is assured, complying with the Information Commissioner's Office (ICO) UK General Data Protection Regulations GDPR and UK Data Protection Act.</p> <p>This means firms can have confidence the ULoA is cyber secure and client data is protected.</p>

Supervision, Accountability and Security	Relevance	How ULoA helps RIAs meet the requirements
The Senior Manager and Certification Regime (SM&CR)	<u>SYSC 27.8.18R</u>	ULoA gives the Senior Managers within an advice firm a direct line of sight to how historic and recommended products meets each clients objectives. ULoA provides a clear and well-presented audit trail across the client's product information, this acts as strong evidence for RIA responsibilities and accountabilities across the SM&CR certification requirements.

UK GDPR

Multi factor
authorisation

ULoA is built with Unipass Identity at its core which has full multi factor authorisation options available.



“There is no doubt that Origo’s ULoA technology can support ongoing regulatory compliance and professional practice challenges by acting as an enabler platform providing clear, understandable evidence-based MI around client product and financial planning needs.”

Disclaimer: It is important to note that information provided is not advice and is designed to provide guidance only. It is recommended that RIA’s seek advice from industry compliance professionals based on their firms individual requirements.

Ready to Join the Letter of Authority Revolution?

Free for advisers to use, all you need to get started is a Unipass Identity.

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Unipass Identity](#)

Adviser Firms can now self-register to Unipass Letter of Authority.
Once your Firm has registered, you will be able to
submit ULoA requests immediately!

This is thanks to the assurance that a Unipass Identity provides.

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ULoA](#)