

Client Briefing Note

With effect from 1 June 2005, the current regulatory regime, which requires financial advisers to (a) offer independent advice or (b) sell the products of only one company but not both, is changing. Under the new regime, financial advisers may be independent, “tied” to one company or tied to a number of companies. It is possible to be independent, tied and multi-tied for different product lines.

In our view, the new regime will be confusing for customers, especially where advisers choose to offer multi-tied advice, because it may not be clear if that advice is truly independent. We believe that truly independent financial advice should be provided on an hourly rate fee basis to ensure that there is no conflict of interest.