

# A few words on *Culture*

If you are joining ValidPath from another network, it could well be that you're in for a bit of a shock!

It seems to us that part of our job, as a Network, is not to make life *more* difficult for our Members than it absolutely has to be. We will not therefore 'invent' additional requirements that are not mandated by the FSA's standards and principles for business. Below, we highlight some of the main ways we stand out - remember, you can still change your mind!

## Establishing Competence

If we had £1 for every time another network-member has complained about the way they are treated, we'd be very rich indeed! Here's the way it works with the majority of our competitors:

- The IFA achieves 'competent status' with his current network;
- He decides it's time for a change and joins a new network;
- Instantly, the clock is reset, and he has to start all over again to 'prove' his competency.

At ValidPath, we don't do things that way. If you have already obtained 'competent status' and are able to document it, *we'll believe you*. You don't need to start on the ground floor, all over again.

If you are a newly-qualified individual, then things work somewhat differently. We are interested in taking you on as a supervised individual, and work with you until we are able to accurately diagnose your competence. Thankfully, with 'Clarity', our backoffice system, we are able to closely review what you are up to.

## Restricting Access to Products

In short, we try to avoid doing this, as we don't think it's helpful - and, by the way, it also undermines your independence. We do ask you to be careful and use only

those kinds of financial arrangement that are consistent with your level of technical ability and professional qualification. The 'if you don't understand it, don't use it' rule should always apply. We do provide comprehensive guidance on the methodology underpinning your choice of financial products - but we're not going to deny you access to VCTs, EIS, Structured Products or even Unregulated Investments *if those products are demonstrably the right solution*.

## Particular About Advice

This is an aspect of our culture that some IFAs have found, at least initially, somewhat trying. And here we are focusing primarily on any kind of *replacement contract*. The FSA is concerned about 'pension switching', but in our view it makes no sense to apply good practice in that area and ignore all the other products where you may find yourself replacing one with another.

Here's what we want to see with our Member Firms:

1. Unless there is a clearly demonstrable evidence that the client's circumstances are *improved* as a result, no replacement contract should be implemented;
2. Advice given in relation to *any* replacement contract should be documented to show a 'before and after' comparison.

Based upon lengthy past experience, we have noted that many IFAs are quite adept at 'justifying' transactions which in reality add nothing of real value to the client's financial wellbeing. At ValidPath we will not countenance this.

## Adviser Charging

RDR implementation doesn't occur until January 2013, but at the time of writing, we do expect our Appointed Representatives to apply a remuneration model which fully anticipates this new methodology. Firms adopting a 'buy now whilst stocks last' approach towards initial-commission based products will not find ValidPath a particularly welcoming place to be!



Thinking of joining?

So what's involved?

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*Your best route to a thriving practice*



*Dear Colleague.*

**The fact that you're reading this indicates that you are, at the very least, considering joining ValidPath as an Appointed Representative.**

There are plenty of alternative options out there, some where the costs are lower, and most where they are significantly higher. Clearly, cost is an important factor, but it's not the be-all and end-all, especially for firms and individuals who wish to operate competitively and safely in an RDR world.

As a smaller and specialist network, ValidPath is utterly convinced of the value of smaller, client-focused financial-planning firms that wish to offer an advice proposition that isn't all about the transaction, *and which value their independence*. This immediately sets us apart from around 90% of the competition.

This also means that we do things a little differently from what you might expect. Most of our current Members would confirm that we provide a very personalised, hands-on service - and that is echoed in the way we try to support individuals and firms when they join us.

These notes have therefore been prepared to give you a reasonable understanding of our requirements, so that you know what to expect.

Kevin Moss

# ValidPath's Requirements Checklist

# Other Issues

Item	Description	Implications
1	Appointed Representative application for main firm	This is an online electronic application that ValidPath implement, but we need your help to gather the relevant information.
2	Certificate of Incorporation if your business is a limited company or equivalent for Limited Liability Partnerships	Copy required by ValidPath.
3	Credit search for business name, advisers and principals	ValidPath conduct this.
4	CRB check	Currently not mandatory - we tend to do this if issues emerge during the credit-checking process.
5	FSA Form A for each adviser & principal	This is an online electronic application that ValidPath implement, but we will ask you to complete a paper-based version to provide us with the information.
6	Two forms of personal ID (usually Utility Bill + Passport) for each individual submitting a Form A	We are happy to accept certified copies, or take our own copies from the originals.
7	CVs (current) for principals and advisers	Please supply - Word or PDF versions are acceptable.
8	Evidence of qualifications for each adviser	Photocopies or CII printouts are acceptable.
9	KPI data for both firm and advisers, if this is available	Most existing networks or IFA firms should be able to supply data regarding persistency, clawbacks etc, <i>and also to substantiate the historic profile of your business</i> .
10	Risk assessment - covering both incoming firm and advisers	This is something ValidPath undertakes. We do this to help understand something of your current business model, your advice processes and the kinds of work you have undertaken in the past.
11	Referee - professional connection	Name and address - we write to him/her.
12	Referee - personal connection	Name and address - we write to him/her.
13	Referee - previous employer or network	Name and address - we write to them.
14	Signed copy of our AR Agreement	Governs the way we work together, and is countersigned by ourselves.
15	Where existing business is joining	Confirmation of claims experience; detailed review of historic business; confirmation that PII runoff is in place.

**As a general rule we will obtain the necessary details at the same time as the FSA application is processing. We will not hold up that application by waiting for all our requirements - but we will need them all.**

## I.T. & Backoffice Systems



ValidPath are proud to have implemented for its Members what is arguably the most cost-effective, fully-functional backoffice system in the UK. Our choice of software provider follows eighteen months of due-diligence to ensure the best possible 'fit' in terms of cost and functionality.

This means that we do not see a range of disparate software solutions being used across our Network - but this also means that new firms joining must be prepared to migrate from their existing system. Sometimes this is not entirely straightforward.

Our chosen provider, Bluecoat Software, will work closely with new joiners to make the data export/import process as painless as possible, but you should steel yourself for some administrative input.

## Induction - Get Up & Running

We are keen to help you 'embed' and become productive in the shortest possible time. To assist in this way we have written a resource entitled '*Just Do These Things*' to help you to focus on the essentials and ignore all the other issues which may simply be a distraction at this critical time.

We also work proactively with new joiners to ensure that they are approved, and ready to advise clients in the shortest possible times. The table opposite summarises our due-diligence process, and whilst we are wholly dependent upon the FSA's speed in approving new Appointed Representatives, we can *usually* complete the process within around 14 working days.

At times we run our 'Adviser Accelerator' course based loosely upon the content of this resource.

## Integration With Accountancy Practices

Many ValidPath Members are either formally affiliated to professional accountancy practices, or they have close links with such firms.

We have seen enough failures in these arrangements over the years to know that constructing the interface between the two disciplines is an absolutely essential component of success.

This being the case, and where it is relevant, our approach at ValidPath is to look closely at the accountancy practice, to help understand the type of firm, its aspirations, and how it is structured, in order to help engineer the best possible fit.

This is not an exercise in intrusive nosiness! Because of the way we work, our own success becomes intertwined with your own - we do, genuinely, want to help you build a profitable practice which may be deemed successful from any set of criteria.

*Aiming to support RDR-oriented businesses right now*