



**RDR adviser population &
Professionalism research
2012 Survey - Technical Report**
by Derek Farr, James Hopkins and Andrew Wood

A research study for the  **FSA**

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Glossary

30-month rule

A **Retail Investment Adviser** must attain an **appropriate qualification** within 30 months of starting to advise. Advisers deemed competent after 30 June 2009 did not have to meet the end-2012 deadline, but they will have to attain the appropriate qualification within 30 months of the later of 1 January 2011 or of the date they started to advise. Trainee advisers on **retail investment products**, securities and derivatives can advise under supervision if they have attained the regulation and ethics module of an appropriate qualification. Advisers who intend to both advise and deal on securities and / or derivatives cannot start this activity until they have completed all of the modules of their qualification and therefore the 30-month rule does not apply to these advisers.

Accredited body

The role of accredited body is a new role, created under the **RDR**. Accredited bodies will independently verify that advisers are meeting the RDR Professionalism requirements and will issue advisers with an annual **Statement of Professional Standing** as evidence. Accredited bodies will need to meet certain criteria to be recognised by the FSA in the first instance and will need to meet the criteria on an ongoing basis to maintain their status.

Adviser charging

The new adviser charging rules mean that product providers are banned from offering commission to **Retail Investment Advisers**, and adviser firms are banned from accepting it when they advise a UK retail client to invest in a **retail investment product**. All firms that give retail investment advice have to set their own charging structure based on the level of service they provide; disclose charges to clients upfront, using some form of price list or tariff; and disclose to and agree with the client the total adviser charge payable. The adviser must deliver an ongoing service when an ongoing adviser charge is levied, except in the case of regular payment products, where an ongoing adviser charge can be levied without an ongoing service also being delivered, but the adviser must disclose to the retail client that no ongoing personal recommendations will be provided.

Advisory Investment Management	Service whereby, rather than managing the portfolio without consulting the client, the manager will suggest courses of action which the client may or may not choose to take, or the manager will offer advice to clients when asked about particular investment decisions.
Appointed Representative (AR)	The appointed representative firm acts as an agent for the Principal firm. The Principal must be a firm that is directly authorised by the FSA. The Principal must accept full responsibility, including any liabilities that might arise for ensuring that the AR complies with the FSA's regulation. There must be a written contract between the Principal and the AR documenting this arrangement.
Appropriate Qualification (AQ)	A qualification that needs to be attained by employees such as Retail Investment Advisers in order to carry out certain activities. These activities are set out in Appendix 1.1.1R of the FSA's Training and Competence (TC) sourcebook. Appropriate qualifications for Retail Investment Advisers (including those advising on securities and derivatives) are set at Qualification & Curriculum Framework (QCF) Level 4 or above and listed in TC Appendix 4E.
Authorised Professional Firm (APF)	A firm that practises a profession regulated by a designated professional body and is subject to the rules of the designated professional body. These APFs may carry out some regulated activities, but their main business is not the financial services the FSA regulates (for example, a firm of accountants or solicitors).
Awarding body	A provider of Appropriate Qualifications .
Basic advice	A short, simple form of restricted advice that uses pre-scripted questions to identify a retail client's financial priorities and decide whether a product from within a range of low-cost saving and investment stakeholder products is suitable for them.
Capital adequacy	Starting from 31 December 2013, Personal Investment Firms will have to hold capital resources worth a specified period of their annual fixed expenditure in realisable assets such as cash. These new rules will be phased

	<p>in on an increasing basis over the period to 31 December 2015 by which time they must have capital resources of at least three months' fixed expenditure, subject to a minimum of £20,000.</p>
CF30	<p>The designation applied by the FSA to Approved Persons carrying out regulated activities that fall under the Customer Function. CF30 covers a number of different activities, including advising on investments; advising on corporate finance business; advising on pension transfers; dealing or arranging deals in investments; advising in relation to Lloyd's syndicates; and acting in the capacity of an investment manager.</p>
Confidence Interval (CI)	<p>In statistics, a confidence interval is used to indicate the reliability of a particular result. A confidence interval of 95% means that there is just a 5% chance that the result could have happened by chance.</p>
Continuing Professional Development (CPD)	<p>Learning activities that are designed to ensure an individual's knowledge remains up to date. Structured CPD comprises activities such as seminars and conferences that use material and activities that are designed to achieve a particular learning outcome. Unstructured CPD includes reading professional publications or other activities where material is not designed to meet a particular learning outcome.</p>
Design effect	<p>The design effect is a measure that shows the effect of the survey design on the confidence intervals that apply to the survey results.</p>
Directly Authorised (DA)	<p>A firm that is authorised and regulated by the FSA.</p>
Discretionary Investment Management	<p>A service whereby the investment manager has complete authority to buy and sell investments without obtaining the client's prior approval as there is a mandate agreed between the manager and client to conduct such business.</p>
Employee benefits consultant (EBC)	<p>An adviser or firm of advisers that advises employers on employment benefits packages for their employees, including pensions and</p>

	other benefits. Some EBCs also advise individual employees.
Execution only	A service whereby an investment purchase or sale is arranged without advice being provided. The client knows exactly what investment they want, from which provider and how much they will invest. The client's instructions are executed.
Finite Population Corrector (fpc)	When looking at the statistical reliability of results and confidence intervals for research data where there are relatively small populations, the finite population corrector is taken into account; this has the impact of 'reducing' the size of the confidence interval for that population.
Firm reference number (FRN)	The FSA's unique reference number for each individual regulated firm or entity.
Fully qualified	A Retail Investment Adviser who holds an RDR Appropriate Qualification and, if required, also completed any gap-fill activities.
Gap-fill	Certain appropriate qualifications will meet the full RDR qualification requirement only when combined with qualification gap-fill. This gap-fill constitutes additional structured Continuing Professional Development (which need not be by examination), completed and verified by an accredited body .
Independent financial advice	Prior to the implementation of the RDR , to provide independent advice, a firm had to provide personal recommendations to its clients on packaged products from the whole market (or the whole of a sector of the market), and offer its clients the opportunity to pay by fee for the provision of such advice. Since 31 December 2012, an Independent Financial Advice firm has needed to consider a broader range of products than previously; provide unbiased and unrestricted advice based on a comprehensive and fair analysis of the relevant market; and inform its clients, before providing advice, that it provides independent advice. The broader range of products, defined as retail investment products , includes structured capital-at-risk products and all investment trusts.

Individual reference number (IRN)	The FSA's unique reference number for each individual CF30 .
Network	A firm which has five or more Appointed Representatives or whose Appointed Representatives have, between them, 26 or more individual adviser representatives.
Packaged products	These products include life policies, collective investment schemes, some investment trusts, and pensions and were the basis of the rules on independence pre- RDR . From 31 December 2012 this term has been replaced by retail investment products for the purposes of the rules on adviser charging and independence.
Paraplanner	A paraplanner does not give advice but supports an adviser through a number of activities, which may include preparing and maintaining the client file, preparing recommendations and implementing recommendations.
Personal recommendation	A recommendation that relates to a particular investment and is presented as suitable for the retail client or is based on a consideration of their personal circumstances.
Primary category	The FSA assigns authorised firms to one or more categories of regulated business, based on a combination of factors including the permissions a firm holds and customer types they service. The primary category is the category assigned to the firm based on the amount of business the firm undertakes and/or is considered to pose the greatest risks to the FSA's objectives.
Qualifications and Credit Framework (QCF)	A system for recognising skills and qualifications, operated by the Office of Qualifications and Examinations Regulation (Ofqual). The RDR stipulates that the level of difficulty of an Appropriate Qualification should be at, or above, a QCF Level 4 qualification, the vocational equivalent to the first year of an academic degree.
Retail Distribution Review (RDR)	The RDR was launched in June 2006 in response to problems in the market for retail

investment advice. The RDR aims to ensure that consumers are offered a transparent and fair charging system for the advice they receive; consumers are clear about the service they receive; advisory firms are more stable and better able to meet their liabilities; and consumers receive advice from highly respected professionals. Most RDR-related rules took effect from 31 December 2012.

Retail Investment Adviser (RIA)

Advisers in scope of RDR Professionalism who carry out certain activities for retail clients such as advising on **retail investment products**, securities and/or derivatives.

Retail Investment Products

Post-**RDR**, the adviser charging, independence and professionalism rules refer to 'retail investment products'. In addition to the previous category of **packaged products**, the definition of 'retail investment products' now includes all investments in investment trusts, structured capital-at-risk products and other investments that offer exposure to underlying financial assets, but in a packaged form that modifies that exposure compared with a direct holding in the financial asset.

Retail Mediation Activities Return (RMAR)

A regular report that the FSA requires firms to complete that includes information about the number of individuals advising on retail investment products at the firm. Now that the **RDR** rules are in force, firms need to provide additional information, including information about adviser and consultancy charging revenue, client numbers and charging structures.

Restricted advice

Post-**RDR**, restricted advice is advice that is not **independent**, so where a firm gives advice on products from a limited number of providers or only considers certain types of products. Firms must disclose in writing and orally, before providing advice, that they provide restricted advice and explain the nature of the restriction. A firm that provides both independent and restricted advice will not be able to hold itself out as acting independently for its business as a whole.

Simple random sampling (SRS)	A sampling methodology where all population members have a known and equal chance of selection for the study.
Simplified advice	A form of restricted advice , simplified advice is a streamlined advice process that provides the customer with a suitable personal recommendation based on an assessment of their needs. This may be a shorter process than full advice, may involve a decision-tree, and may be limited to a more simple set of products.
Statement of Professional Standing (SPS)	Since 31 December 2012, competent Retail Investment Advisers have been required to hold a Statement of Professional Standing. These statements are issued by accredited bodies to those advisers who have passed an Appropriate Qualification (including completing gap-fill where appropriate), adhered to ethical standards and maintained their knowledge through ongoing CPD activity.
Statements of Principle and Code of Practice for approved persons (APER)	FSA standards of behaviour for all approved persons including Retail Investment Advisers . The statements include the principles to act with due skill care and diligence and to act with integrity. Examples of behaviour that would not comply are listed and include failing to pay due regard to the interests of customers. Each year, RIAs will need to declare that they comply with APER under the RDR .
Stratified random sampling	Sampling methodology used in this study: to ensure that all firm types were covered on a sufficient scale to permit robust, sub-segment analysis, minimum quotas were set according to the key variables (in the case of this survey, firm type and number of Retail Investment Advisers in the firm). Within these quotas, respondents were selected at random to be invited to participate in the survey.
Tied	Prior to the implementation of the RDR , tied firms could be either single tied or multi-tied. Single tie: a firm that was tied to only one provider and only recommends their products. Multi-tie: a firm that was tied to a limited number of providers and only recommends their

products. This category has now been replaced by **Restricted** for the purposes of the rules on independence.

Wealth Manager (WM)

Advisory firm, where the client has signed an overarching agreement with a firm to have their assets and/ or investments managed on a discretionary, non-discretionary or advisory basis. For the purposes of this study, the wealth manager grouping is made up of certain FSA firm categories such as stockbrokers and investment managers, as described in the accompanying Technical Report.

Whole of market

Prior to the implementation of the **RDR**, this was a firm that provided whole of market recommendations but did not offer a fee option (and therefore could not be described as **independent**). From 31 December 2012 all firms are either independent or **restricted**.

Work-based assessment

An assessment that is an alternative to a written examination, where the adviser is visited by an assessor who observes him or her in the workplace, reviews advice files and checks competence and **CPD** records.

Technical definitions specific to this study

2010 RDR survey	The FSA's 2010 survey research, <i>The cost of implementing the Retail Distribution Review professionalism policy changes</i> , conducted by NMG Consulting. ¹
2011 RDR survey	The FSA's 2011 survey research, <i>Progress towards the Professionalism requirements of the Retail Distribution Review</i> , conducted jointly by RS Consulting Ltd and Critical Research Ltd. ²
2012 RDR survey	The FSA's 2012 survey research, <i>Progress towards the Professionalism requirements of the Retail Distribution Review: 2012 Survey</i> , conducted jointly by RS Consulting Ltd and Critical Research Ltd, for which this report describes the methodology. ³
Contact database	The database of firms and their CF30s , all of which Critical Research attempted to contact as part of the database-build . This was a subset of the starting dataset , after survey exclusions and firms with no contact details had been removed.
Database-build	The process used in this study to construct an RIA database of sufficient scale to support the survey sample design. A database-build using a similar methodology was also undertaken in the 2011 RDR survey .
Multi-firm CF30	A CF30 that appears at more than one firm in the starting dataset .
Multi-firm RIA	An RIA that was confirmed during the database-build as working as an RIA at more

¹ NMG Consulting (2010), *The cost of implementing the Retail Distribution Review professionalism policy changes*.

² Atkin, B., Crowther, N., Wintersgill, D. and Wood, A. (2011) *Research: Progress towards the Professionalism requirements of the Retail Distribution Review*.

³ Atkin, B., Toberman, A., Wintersgill, D. and Wood, A. (2013), *RDR adviser population & Professionalism research: 2012 Survey*.

than one firm. The methodology of this survey is designed to estimate the number of RIA 'posts' as opposed to individual RIAs, although as short-hand throughout this report we do refer to the 'number of RIAs'.

RIA database	A database of confirmed RIAs , consisting of CF30s whose status as an RIA and whose email address were confirmed by their firm during the database-build .
RIA population estimate	The estimate of the total number of RIA posts in all regulated firms (i.e. in all firms that are part of the starting dataset). This estimate was also calculated on a like-for-like basis in the 2010 and 2011 RDR surveys .
RIA status	Based upon the outcome of the database-build , each of the CF30s in the starting dataset was given status of either 'confirmed RIA ', 'confirmed not RIA ' or 'Unknown'.
Starting dataset	A database that incorporates all CF30s within all regulated firms that reported having at least one RIA in their most recent RMAR return, or in the case of APFs and WM (S&D Only) who are not required to complete an RMAR return, that have at least one CF30 . Certain firms with CF30s were excluded from the starting dataset because they fell into Sub-status 'P' .
Survey exclusions	Certain firms were included in the starting dataset (and therefore their RIAs were included in the RIA population estimate), but had to be excluded from participation in the survey. These include certain firms currently subject to enforcement activity, as well as firms in Sub-status 'S' .
Sub-status	An FSA-designated firm classification. This refers to firms in liquidation; in administration; that have applied to cancel their FSA authorisation; that have applied to change their business category; that have applied to change their legal basis, or have closed to regulated business.
Sub-status 'P'	Sub-status categories that indicated that firms were no longer regulated firms, and so their CF30s were excluded from the starting

dataset. These were: In liquidation; In administration; Applied to cancel authorisation; and Closed to regulated business.

Sub-status 'S'

Sub-status categories that it made it inappropriate to include such firms in the **contact database**, but their **CF30s** were still included in the **starting dataset**. These were: Applied to change business category and Applied to change legal basis.

Abbreviations

Firm types

IFA – DA	Independent Financial Adviser – Directly Authorised
IFA – AR	Independent Financial Adviser – Appointed Representative
Tied – AR	Tied – Appointed Representative
WM	Wealth Manager (including those advising on securities and derivatives only)
WM (S&D only)	Wealth Manager (those advising on securities and derivatives only)
WM (ex. S&D only)	Wealth Manager (excluding those advising on securities and derivatives only)
EBC	Employee Benefits Consultant
B/BS	Bank or Building Society
Life	Life Company
APF	Authorised Professional Firm

Terminology used in the study to define new firms

Continuing firm	Firm that existed in May 2011
Entered firm	Firm that did not exist in May 2011

Other abbreviations

APER	Statements of Principle and Code of Practice for Approved Persons
AQ	Appropriate Qualification ⁴
CATI	Computer-aided telephone interviewing
CI	Confidence Interval
CPD	Continuing Professional Development
FRN	Firm reference number
FSA	Financial Services Authority
fpc	Finite Population Corrector
IRN	Individual reference number
Ofqual	Office of Qualifications and Examinations Regulation
QCF	Qualifications and Credit Framework
RDR	Retail Distribution Review
RIA	Retail Investment Adviser
RMAR	Retail Mediation Activities Return
S&D only	An RIA that advises on securities and/or derivatives but not on collective investment products or other packaged products
SPS	Statement of Professional Standing
SRS	Simple random sampling

⁴ In this report, we use the term AQ specifically to describe the new RDR qualification requirement for RIAs that has been in place since 31 December 2012 (see glossary for the full definition of AQ). The adviser qualifications that were required before the RDR took effect were also described as Aqs in the FSA Handbook, although in this report the term is not used to refer to these old qualification standards.

1 Overview of research methodology

This report describes the methodology employed for the Financial Services Authority's (FSA's) survey research, *Progress towards the Professionalism requirements of the Retail Distribution Review: 2012 Survey*. The research was conducted jointly by RS Consulting Ltd and Critical Research Ltd.⁵

It is the third wave in an annual study, whose two core objectives are to estimate the size of the Retail Investment Adviser (RIA) population and to track the rate of progress within this population towards meeting the Professionalism requirements of the Retail Distribution Review (RDR).⁶

This chapter looks at the initial challenges that the research faced in meeting these objectives and summarises the methodological approach taken.

1.1 The need to re-build a database of RIAs

The objectives of the study, and the approach taken to the methodology, were very similar in 2011 and 2012. The objectives necessitated a survey design and sampling methodology that was based on undertaking a representative survey of individual RIAs, as opposed to the firms that employ them.

The FSA did not, however, have a database of RIAs, from which to draw a random sample.⁷ The available FSA databases comprised the following:

- **The CF30 individuals database:** a database of individuals registered as having CF30 status (a controlled function relating to individuals employed by regulated firms who advise on investments or perform other related functions, such as advising on corporate finance business, acting as an investment manager or dealing and arranging). RIAs constitute a large proportion of CF30s⁸ but they are not identified as such in the database. The database identifies each CF30's firm, but provides no contact details for the individual CF30s.
- **The CF30 firms database:** a database of firms employing individuals with CF30 status, usually providing the name and email address of a contact at the firm, and detailing the firm's self-reported number of CF30s.

⁵ Atkin, B., Toberman, A., Wintersgill, D. and Wood, A. (2013), *RDR adviser population & Professionalism research: 2012 Survey*.

⁶ The 2011 and 2010 RDR survey reports are available on the FSA's website: Atkin, B., Crowther, N., Wintersgill, D. and Wood, A. (2011) *Research: Progress towards the Professionalism requirements of the Retail Distribution Review*.

NMG Consulting (2010), *The cost of implementing the Retail Distribution Review professionalism policy changes*.

⁷ Under new RDR rules firms must provide the FSA with certain details of RIAs from the end of 2012. See <http://fsahandbook.info/FSA/html/handbook/TC/2/2B>, setting the handbook date to any date from 1 January 2013.

⁸ Evidence from this study suggests that around two-thirds of CF30s are RIAs.

- **The Retail Mediation Activities Return (RMAR) database:** a database containing information submitted by regulated firms, including information on the firm's self-reported number of individuals that advise on retail investments. The database was imperfect for this research in the following ways:
 - ◆ Given the cycle of returns, the information could be up to seven months out of date.
 - ◆ Some firms counted as RIAs individuals who did not advise on retail investment.
 - ◆ Some firms had submitted duplicate RMARs.
 - ◆ The RMAR data do not show the basis on which firms are regulated (i.e. whether Directly Authorised (DA) or an Appointed Representative (AR)).
 - ◆ Authorised Professional Firms (APFs) and those wealth managers advising on securities and derivatives only (WM (S&D only)) are not required to submit an RMAR, and so for these firms the only information available was the total number of CF30s, not all of whom would be RIAs.

Consequently, before using these sources in 2011, work was undertaken to combine information and clean the data to develop a single de-duplicated, up-to-date file of CF30 records, with the firm data attached to each record.

A genuine, random sampling methodology for the population of RIAs required, as far as possible, all RIAs and the firms that employ them to have a known chance of being selected for survey. In practice this meant that a sampling frame needed to be developed that permitted independent selection of the RIAs to be approached for the survey, and did not rely on firms nominating advisers from among the total number in their employment. Further, this sampling frame needed to be of sufficient scale and controlled design to enable RIAs to be selected in line with defined quotas, to ensure adequate representation of firms of each type and size from within the total universe of firms.

To create a suitable sampling frame, it was agreed with the FSA in 2011 that a preliminary 'database-build' would be undertaken. This involved the cooperation of firms in a process by which, as far as practicable, they identified and provided contact details for every individual RIA within the total number of CF30 status individuals they employed. RIAs would then be sampled at random from this newly established RIA database.

In 2012 it was decided to update this RIA database, both to gather new sample to ensure that the survey respondents were fully representative of the total universe (including firms that had entered the market since the 2011 research was conducted, new RIA entrants and RIAs who had moved firm) and to allow us to update more accurately our estimate of the total size of the RIA population. Consequently a database-build, based on the same methodology as in 2011 was required for the 2012 population estimation and survey research.

1.2 Summary of the project methodology

The overall methodology for the project comprised, in summary:

- **The 'database-build': the construction of a validated database of RIAs of sufficient scale to support a survey sample design stratified by type and size of firm.** Almost all firms were approached to cooperate with the RIA database-build, bar a small number of exclusions, described in Chapter 2.

- **A sample drawn from this RIA database and designed to facilitate the use of a robust weighting regime**, ensuring that sample ‘design effect’ is minimized (see Chapter 3).
- **Data collection conducted primarily via an online questionnaire survey, supported by computer-assisted telephone interviewing (CATI)**, using a stratified random sampling process aligned with quotas set by type and size of firm (in terms of number of RIAs), designed to provide a statistically sound basis for producing weighted results. A total of 1,436 interviews was achieved (see Chapter 4).
- **A population sizing process using RIA database-build and survey results, designed to modify the total number of RIAs estimated from FSA RMAR and CF30 data**. A multi-stage sizing estimation procedure was used to take into account information gathered via the database-build exercise and responses to the survey questionnaire (see Chapter 5).
- **Production of survey results weighted by firm type and size to the estimated population**. The sample design enabled us to determine factors to weight the study data back to the estimated total population and its distribution by firm type and size (see Chapter 6).

Each of these elements of the methodology is described in detail in subsequent chapters of this report.

1.3 Establishing the firm types used in this study

All the firms with which participating advisers were associated were categorised into one of nine firm types. With the exception of the WM (S&D only) category, all of these were defined originally and used in the 2010 RDR survey.

The categorisations were based on bringing together firms with similar operating models and/ or ownership structures, and were slightly amended in the 2011 RDR survey.⁹ These same categories have been used in the 2012 RDR survey, with the exception that the WM (S&D only) firm type, which in 2011 consisted of a shrinking population estimated at under 100 RIAs, has been included as part of WM. A full cross-reference between primary category and firm type is shown in Table 1.1.

The consequence of the original 2010 allocations, and the few amendments made by the FSA for 2011, was that there is a close, but not perfect, correlation between each firm’s primary category from its FSA registration, and their firm category in the survey. So, for some primary categories it is the case that all firms fell into the same firm type for the purposes of the survey; for example, all firms with the primary category of ‘Bank (other than wholesale only)’ fell into the B/BS firm type. Conversely, firms from some primary categories were allocated across more than one firm type, based on the FSA’s knowledge of their operating model and/or ownership structure. As an example, firms from the largest primary category, ‘Financial adviser’, were allocated across five firm types (EBC, IFA – AR, IFA – DA, WM (S&D only) and Tied – AR).

Classification by primary category was made at entity level.

⁹ See Technical Report to the 2011 RDR survey:

Atkin, B., Farr, D., Leston, J. and Wood, A. (2011), *Research: Progress towards the Professionalism requirements of the Retail Distribution Review – Technical Report*.

Table 1.1 Correlation between firm types used in this study and their FSA primary category

Firm type	Primary category	Number in starting database
Total		6,045
APF	Authorised professional firm	287
B/BS	Bank (other than wholesale only)	50
	Building society	1
EBC	Financial adviser	15
	Service company	1
	Advising and Arranging Intermediary (excl. FA & Stockbroker)	1
IFA – AR	Financial adviser	50
	Advising and Arranging Intermediary (excl. FA & Stockbroker)	1
	General insurance intermediary	1
	Home finance broker	1
IFA – DA	Financial adviser	4,801
	General insurance intermediary	177
	Home finance broker	102
	Advising and Arranging Intermediary (excl. FA & Stockbroker)	18
	Discretionary Investment Manager	5
	Advising only intermediary (exc. Stockbroker)	2
Life	Life insurer	25
	Personal pension operator	5
	Composite insurer	2

Firm type	Primary category	Number in starting database
	Discretionary Investment Manager	3
	Advising and Arranging Intermediary (excl. FA & Stockbroker)	1
WM (S&D only)	Stockbroker	1
<hr/>		
	Financial adviser	4
Tied – AR	Advising and Arranging Intermediary (excl. FA & Stockbroker)	1
<hr/>		
	Discretionary investment manager	201
	Advising and Arranging Intermediary (excl. FA & Stockbroker)	128
	Corporate finance firm	61
	Stockbroker	59
	Venture capital firm	7
	Advising only intermediary (excl. FA)	6
	Wholesale market broker	4
	Arranging only intermediary (excl. stockbroker)	4
	Media firm	4
	Market maker	4
	Non-discretionary investment manager	2
	Clearer/settlement agent	2
	Own account trader	2
	CIS administrator	2
	Wholesale only bank	2
WM (ex. S&D only)	Lloyds member agent	1
	CIS trustee	1

2 The database-build: construction of a validated database of Retail Investment Advisers

This chapter outlines the tasks required to re-build a validated database of Retail Investment Advisers (RIAs), from which the 2012 survey respondents were sampled at random.

There were three steps to this process:

- **Creating a starting dataset** (see Section 2.1). The starting dataset was a database that consisted of all firms that were believed to employ any RIAs, alongside their RMAR-reported number of RIAs¹⁰ and the number and names of all of their CF30s. All the information required to produce the starting dataset was held by the Financial Services Authority (FSA), and a number of steps were needed to 'clean' the data held by the FSA to turn them into a starting dataset.
- **Creating a contact database** (see Section 2.2). The contact database consisted of the firms and their CF30s that the research team attempted to contact as part of the database-build. To create this, survey exclusions and firms with no contact details were removed from the starting dataset.
- **Creating an RIA database** (see Sections 2.3 and 2.4). The process used in the database-build to construct an RIA database of sufficient scale to support the survey sample design, conducted by asking all firms in the contact database to confirm whether all of their CF30 status individuals are RIAs, and to provide contact details.

2.1 Creating a starting dataset

The 'starting dataset' was a database that consisted of all firms that were believed to employ any RIAs, alongside their assumed number of RIAs and the number and names of all of their CF30s. The starting dataset essentially represented the 'universe' of retail investment firms, whose RIA population we wished to estimate.

Almost all the information required to produce the starting dataset was held by the FSA: this consisted of all CF30s within all regulated firms that reported having at least one RIA in their most recent Retail Mediation Activities Return (RMAR).¹⁰

The FSA provided this to the research team at RS Consulting and Critical Research on 10 July 2012 in the form of three spreadsheets in Excel. A number of steps needed to be taken by the research team to 'clean' these spreadsheets and turn them into a starting dataset, not least because, due to file size limitations, the spreadsheets excluded the CF30s that in the 2011 RDR survey were confirmed as being 'not RIAs'. These steps are outlined below.

¹⁰ In the case of APFs and WM (S&D Only), who are not required to complete an RMAR, the number of CF30s was used in place of the RMAR figure.

Identifying certain firms and RIAs

It was vital to ensure that the survey included a representation of firms that were new to the industry since the 2011 research. It was also important to track RIAs working at multiple firms. Therefore a number of steps were taken to ensure that such records were flagged:

1. The spreadsheets provided by the FSA did not indicate whether a firm was one that was new to this year's population, or also appeared in the 2011 starting database. Therefore all firms were flagged in one of two ways: Continuing or Entered. The definitions of each of these groups are shown in Table 2.1.

Table 2.1 Terminology used in the study to define new vs. entered firms

Segment name	Description
Continuing firm ('C')	Firm that existed in May 2011 ¹¹
Entered firm ('E')	Firm that did not exist in May 2011

2. Some CF30s (identified via their Individual Reference Number (IRN)) were listed as belonging to more than one firm. We included all instances of such 'multi-firm' CF30s in the database-build, and they were flagged accordingly. This allowed us to track where an RIA was randomly sampled twice during the main stage, and so we were able to amend their invitation email accordingly (see Section 4.2).

Cleaning the FSA spreadsheets

Due to file size limitations, the spreadsheets provided by the FSA in 2012 excluded the CF30s that in the 2011 RDR survey were confirmed as being 'not RIAs'. It was necessary to add these back manually, to ensure that the starting database contained all firms in the starting dataset and their CF30s. The following steps were necessary:

3. The spreadsheets provided by the FSA contained details of **6,097** firms and **56,404 CF30s** associated with these firms.
4. Critical Research sent the FSA details of the **9,933 CF30s** that were in 2011 confirmed by their firms as 'not RIAs'. The FSA classified these into three groups, as shown in Table 2.2. On further investigation by Critical Research, a number of 'duplicates' (a single CF30 appearing twice in the *same* firm) were discovered and removed, leaving a total of **8,918 CF30s** from 2011.

¹¹ May 2011 was the month in which the spreadsheets used to produce the 2011 RDR survey starting dataset were created.

Table 2.2 Classification used for CF30s that were confirmed by their firms in 2011 as 'not RIAs'

	Number of CF30s before removing duplicates at the same firm	Number of CF30s after removing duplicates at the same firm
Changed firm	1,730	1,138
Exclude (left industry)	1,436	1,436
No Change (still at same firm)	6,767	6,344
Total	9,933	8,918

5. Critical Research added back the 1,138 CF30s in the 'changed firm' category, listed under the firm reference number (FRN) of their new firm. Critical Research also added back the 6,344 CF30s in the 'No Change' category listed under the FRN of their original firm. In total, **7,482 CF30s** were added back.
6. This meant that the database consisted of a total of **6,097 firms** and **63,886 CF30s** associated with those firms, after the 2011 non-RIAs had been added back. It was important to add back these CF30s, as we could not assume that in the meantime none of them had become an RIA.¹²
7. A further **12 firms** with a total of **17 CF30s** were flagged in the FSA's spreadsheets with Sub-status 'P' ('applied to cancel' or 'closed to regulated business'), which meant that they also needed to be excluded from the starting dataset.
8. **Two large firms** with a total of **717 CF30s** were closed to regulated business very shortly after the spreadsheets were supplied by the FSA, and consequently were specifically excluded from the starting dataset.
9. A further **38 firms** needed to be excluded from the starting dataset because they were included erroneously in the FSA's firms spreadsheet: they were exact duplicate records of other firms in the database, all with Sub-status 'S'. 37 of these duplicate entries had no CF30s associated with them in the CF30s spreadsheet (which no other firms did) and one duplicate firm had **one single CF30**.
10. Finally, a total of **542 CF30s** were discovered in the FSA's spreadsheet that were not linked to any firm in the firms spreadsheet. Further investigation by the FSA showed that all of these CF30s were linked to firms that were not

¹² Of these 7,482 CF30s that were added back into the database, just 126 were confirmed as RIAs as part of the database build. This represents just 1.6% of this group of CF30s, compared to 32.2% of all CF30s in the starting dataset who were confirmed as RIAs. Adding in these RIAs therefore had little impact on the RIA database used for sampling, although had we effectively excluded these 126 confirmed RIAs from the final total of 20,161 confirmed RIAs it would have led to our understating the population somewhat (by around 0.6%).

conducting any retail investment advice, and so had no RIAs. Consequently, these CF30s were removed.

11. This meant that the starting dataset consisted of a total of **6,045 firms** and **62,609 CF30s** associated with those firms. Steps 1-10 are summarised in Table 2.3.

Table 2.3 Steps taken in creating a starting dataset, and number of firms/ CF30s remaining at each stage

Step number(s)	Action	Number of CF30s remaining	Number of firms remaining
1-3	Receipt of initial FSA spreadsheets, excluding 2011 non-RIAs	56,404	6,097
4-6	Addition of 2011 non-RIAs	63,886	6,097
7	Removal of Sub-status 'P' firms	63,869	6,085
8	Removal of recently closed firms	63,152	6,083
9	Removal of erroneous duplicate firms	63,151	6,045
10	Removal of CF30s not linked to a firm	62,609	6,045

2.2 Creating a contact database

Certain firm types were included in the starting dataset (and therefore their RIAs were included in the RIA population estimate), but had to be excluded from the survey. These include certain firms currently subject to enforcement activity, as well as firms in Sub-status 'S'. In addition to this, firms with no CF30s¹³ and a small minority of firms for which no contact details could be sourced were excluded.

This led to the creation of the contact database, which was created via the following steps:

Removing ineligible firms

12. A total of **47 firms** (none of whose CF30s were included in the list of CF30s supplied to RS Consulting)¹⁴ were marked in the FSA's spreadsheets with Sub-status 'S' (either 'applied to change legal status' (30) or 'applied to change business type' (17)).¹⁵ All of these firms were excluded from the contact database by Critical Research.
13. A total of **36 firms** containing **1,084 CF30s** that were subject to enforcement had to be excluded from the survey. All of these firms were also excluded from the contact database by Critical Research.

¹³ These had originally been included in the starting dataset because the FSA's RMAR database indicated that they had at least one RIA.

¹⁴ Latterly, the number of CF30s at these 47 firms was confirmed as 113.

¹⁵ Information on the number of CF30s in excluded firms was not required for population sizing.

14. Critical Research excluded any firm with no CF30s from the database-build. A total of **82 firms** were removed (compared to 70 firms in 2011).¹⁶
15. This left a total of **5,880 firms** containing **61,525 CF30s** that were eligible for the database-build. Steps 12-14 are summarised in Table 2.4.

Table 2.4 Steps taken to remove ineligible firms from the survey contact database, and the number of firms/CF30s remaining at each stage

Step number(s)	Action	Number of CF30s remaining	Number of firms remaining
12	Removal of Sub-status 'S'	62,609	5,998
13	Removal of firms subject to enforcement	61,525	5,962
14	Removal of firms with no CF30s	61,525	5,880

Removing uncontactable firms

The spreadsheets provided by the FSA did not include contact details for all of the firms in the starting dataset. Of the initial full list of firms provided by the FSA, over a third had no compliance officer details at all. The FSA subsequently provided a separate spreadsheet containing firm contact details from another source.

16. Critical Research therefore used the information available to populate as many of the firms' contact details as possible:
- ◆ If an email address was available in the FSA's initial database, this was used.
 - ◆ If not, then if an email address was available in the FSA's alternative spreadsheet, this was used.
 - ◆ If not, then if an email address was available from the 2011 RDR survey contact database, this was used.

Table 2.5 shows firms that still had no email address details after this process was complete:

¹⁶ All of these firms had claimed to have between one and six advisers in their most recent RMAR return.

Table 2.5 Firms that were excluded from the contact database due to missing contact details

	All firms	CF30s in all firms
Total number of firms in the starting dataset, including those excluded from the database-build	6,045	62,609
Total number of firms eligible for, and able to be included in, the contact database	5,880	61,525
Number of missing email records after matching complete ¹⁷	36	240
Percentage of missing records after matching complete	0.6%	0.4%

17. The 36 firms with no email address compared to 17 firms in 2011. This left a total of **5,844 firms** (with **61,285 CF30s**), all of whom were contacted as part of the database-build. In terms of firm types they split as shown in Table 2.6:

Table 2.6 Number of firms and CF30s in the contact database, split by Continuing vs. Entered firms

Segment name	Number of firms	Number of CF30s
Continuing	5,536	60,445
Entered	308	840
Total	5,844	61,285

2.3 The database-build itself

The steps outlined in Sections 2.1 and 2.2 allowed us to restructure the data files provided to produce a single contact database of firms, listing all of the CF30 status individuals in each firm, and flagging those firms and their CF30s who were eligible to

¹⁷ Three of these 36 firms, containing 75 CF30s, were part of a single large organisation. This organisation had been excluded from the study in 2011, and, because they had no contact details, it was also excluded from the database build in 2012. But unusually, this organisation had an RMAR entry that implied that it had many more than 75 RIAs, contradicting the information in the CF30 database. A separate process was therefore undertaken to contact this firm, and establish whether they had any RIAs. The firm confirmed that they in fact had zero RIAs in each of their organisations, and this figure was used in the population sizing process (see Stage 4b of Section 5.1).

be contacted, and for whom there were contact details as part of the database-build. This contact database formed the basis for the database-build itself.

The process employed is outlined below:

18. Email invitations from an FSA address (rdradviserresearch@fsa.gov.uk) were sent to all firms with contact details on 25 July and 2 August 2012 – we generated two lists (of firms with up to 50, and those with 51+ CF30s) for this despatch process. These invitations incorporated a letter from the Head of Investment Policy at the FSA, setting out the nature and purpose of the research project and establishing the credentials of RS Consulting and Critical Research as the contracted agencies, updated from that used in 2011.
19. Using a mail merge template, the names of the firm's CF30 status individuals were incorporated into the appropriate email by RS Consulting. Compliance contacts were provided with a weblink within the email, unique to their firm, to enable them to supply the requested details directly into a web survey framework. Where CF30s were confirmed as either RIAs or not RIAs in 2011, this information was pre-populated on the web page. Firms were requested either to confirm/ amend the information we provided and/or complete the missing information, as applicable.
20. Provision was also made for the 107 firms with 51 or more CF30s to complete their details by email, rather than by way of the weblink. These data were manually entered into the RIA database by the project team.¹⁸
21. Non-responders were chased by means of two email reminders (on 8 August and 21 August). In firm categories where the number of firms or RIAs was particularly low in relation to quota targets, or where initial response rates were poor, telephone chaser calls also took place. Telephone reminders started on 10 August and continued until 10 September. In 2011 a total of 491 chaser calls were conducted. In 2012 that number rose to 1,068.

2.4 RIA database-build outcome

The RIA database was crystallised on 27 September 2012 for the purpose of sampling for the project.

As at 27 September 2012, the database contained 20,161 firm-confirmed RIAs. Table 2.7 shows the database size and structure by type of firm at this date. For each firm type, the table includes three categories:

- **Confirmed RIA:** 20,161 CF30s that were confirmed as RIAs by their firm, and so were added to the RIA database.
- **Not RIA:** 9,986 CF30s that were confirmed as not being RIAs by their firm, and so were not added to the RIA database.

¹⁸ In 2011, to facilitate the process among the largest firms, FSA supervisors and/or the FSA policy team in 2011 undertook to make initial contact with 82 selected firms, so that a more sensitive procedure, based on relationship, could be used to encourage cooperation. This year, this process happened only in the case of three firms, and only after Critical Research had made initial email contact.

- **Contact details but unknown RIA status:** 137 CF30s for whom contact details were supplied by the firm, but the firm did not confirm their status as an RIA, and so they were not added to the RIA database.
- **No information provided in the database-build:** 31,001 CF30s in the contact database who did not have their details confirmed by their firms.

Table 2.7 Responses to the database-build on 27 September 2012, when the database was crystallised for the purpose of sampling for the project

Firm type	Confirmed as RIA	Confirmed as not RIA	Contact details but unknown RIA status	No information provided in database build
IFA – DA	8,927	827	87	7,263
IFA – AR	2,098	79	30	3,318
Tied – AR	2,223	17	0	1,939
WM	2,769	7,011	14	5,359
EBC	166	73	4	364
B/BS	3,659	1,873	2	11,983
Life	92	9	0	173
APF	227	97	0	602
Total	20,161	9,986	137	31,001

Overall, the RIA database contained 20,161 RIAs confirmed by a total of 3,499 firms, which corresponds to 56% of the total estimated population of 35,899 RIAs.¹⁹ In 2011 the database contained 21,954 confirmed RIAs (representing 54% of the estimated 2011 population of 40,566). This provided a large and representative starting sample for the main RIA survey.

Details of the process by which an estimate of the current population of RIAs (overall and by firm type) was developed are provided in Chapter 5. These estimates are previewed in Table 2.8 below to put into context the coverage and representativeness of the starting dataset from which sample could be drawn.

¹⁹ Chapter 5 explains how the estimate of 35,899 was reached.

Table 2.8 Estimated total RIA population in 2012, confirmed RIAs in the RIA database on 27 September 2012 and the percentage of the total RIA population that these figures represent

Firm type	Estimated RIA population (2012)	Confirmed RIAs in database	Percentage of RIA population in database
IFA – DA	15,429	8,927	58%
IFA – AR	5,539	2,098	38%
Tied – AR	4,012	2,223	55%
WM	2,927	2,769	95%
EBC	424	166	39%
B/BS	6,812	3,659	54%
Life	119	92	77%
APF	638	227	36%
Total	35,899	20,161	56%

The population of RIAs was estimated as 35,899, of which 20,161, or 56%, were available to be sampled from the RIA database. In some firm types, the percentage of the estimated RIA population in the database appeared to be very high: for example, 95% of the estimated population of 2,927 RIAs in WM firms were in our database. These figures should be treated with caution, however, because a proportion of these firm-confirmed RIAs were found, in the course of screening for the survey, not to be RIAs: details can be found at Step 8 of Chapter 5.1).

Nevertheless, the very high response rates overall meant that it was possible to sample for the survey from a robust base of RIAs.

Table 2.9 shows the number of firms responding, by firm type. Contacts were attempted with a total of 5,844 firms during the RIA database-build, as specified in Table 2.6. A total of 3,645 firms (62%) participated either in full or in part. Of these, 3,499 confirmed that they had RIAs, the other 146 firms confirmed that they had no RIAs.

Table 2.9 Number of firms responding to the database-build by 27 September 2012, when the database was crystallised for the purpose of sampling for the project

Firm type	Firms contacted	Firms responding in full	Firms responding in part	Firms not responding	Number of firms confirming 1+ RIAs	Number of firms confirming 0 RIAs
IFA – DA	4,992	2,924	248	1,820	3,132	40
IFA – AR	45	18	7	20	25	0
Tied – AR	5	0	4	1	4	0
WM	469	235	48	186	205	78
EBC	17	10	2	5	12	0
B/BS	39	24	9	6	27	6
Life	17	10	0	7	7	3
APF	260	103	3	154	87	19
Total	5,844	3,324	321	2,199	3,499	146

3 Survey sample design

This chapter describes the approach taken to sample design for the main survey, using the Retail Investment Adviser (RIA) database described in Chapter 2 as a sample frame.

3.1 Starting sample design

Before the RIA database-build, the planned survey design comprised a 12-cell target matrix (see Table 3.1), which was designed to take into account estimated overall cell populations of RIAs, based on the results of the 2011 RDR survey.

The overall target sample size of 1,000 was comparable to the number of interviews achieved in the 2011 RDR survey (1,042). The quotas were set to ensure that all firm types were covered on a sufficient scale to permit robust, sub-segment analysis. To achieve this, as is normal with stratified samples of this kind where cell populations vary greatly in size, the targets did not bear a direct arithmetical relationship to the populations they represent (i.e. they are not set on a '1 in N' basis). Statistically, the targets were designed to enable study results to be reported across each of the 12 different firm types/sizes to known and acceptable levels of statistical reliability.

Initial quota targets were set using the same 13 cells as were used in the 2011 RDR survey, except that the 2011 category WM (S&D Only), which was estimated in 2011 to have a total RIA population of just 87, was included as part of the WM group in 2012.

Table 3.1 Initial quota targets set, in comparison to responses to 2011 RDR survey

Firm type and size cell	Total responders to 2011 survey	Initial quota targets for 2012 survey
IFA – DA (0-1)	60	70
IFA – DA (2-9)	65	50
IFA – DA (10-19)	132	145
IFA – DA (20+)	88	65
IFA – AR	120	90
Tied – AR	100	80
WM (1-19)	54	55
WM (20+)	93	135
EBC	58	75
B/BS	125	95
Life	32	50
APF	109	90
Total	1,042	1,000

4 Survey data collection

This chapter describes the methodological approach taken to sampling and fieldwork, and details of the response rates achieved.

4.1 Overview of the survey methodology

The survey was designed to be conducted primarily via an online survey initiated by invitations emailed directly to a stratified random sample of Retail Investment Advisers (RIAs) drawn from the RIA database. The invitations explained the purpose and scope of the survey and its importance, and contained a link to the web survey programmed and hosted by Critical Research.

The survey design also provided for a proportion of interviews to be conducted by computer-assisted telephone interview (CATI). This approach was allowed:

- To accommodate respondents willing to participate by telephone, but not online;
- To help reach quota targets for cells where online questionnaire completions were falling short; and
- To ensure a balanced sample of completed interviews was obtained for cells with low populations of firms and/or RIAs.

A questionnaire was agreed with the Financial Services Authority (FSA). It was based on the questionnaire used in the main 2011 RDR survey with a minority of questions removed and a number of additional questions added. All of the key metrics used for reporting in 2011 were repeated in 2012. Identical questions were asked, and explanations provided, across the online and CATI versions.

Where questions were asked in both the 2011 and 2012 RDR surveys, results can be compared directly across the two surveys. Although many of the topic areas in the 2010 RDR survey were repeated in the 2011 survey, results cannot be compared directly, because the two studies used different methodologies and the questionnaire was significantly re-written in 2011.

The full web questionnaire appears in Appendix B.2. New questions that appear in the 2012 questionnaire, and significant amendments to existing questions, are shown in Table 4.1.

Table 4.1 Major variations between the 2011 and 2012 questionnaires

Question number	Question coverage
New questions	
A3a	Number of retail clients in the last 12 months
A3b	Number of retail clients in specific wealth bands
A3c-d *	Number of platforms used
A3e *	Percentage of retail clients to whom advice was given directly, vs. via a platform
B6 Loop	Specific qualification being studied for by RIAs without an AQ
B12-B12a	Whether need to re-sit examination was taken into account when estimating AQ completion date
B12a	Estimated AQ completion date should examination need to be re-sat
C7	RIA's plans if AQ not attained by deadline
C8	RIA's plans if gap-fill not attained by deadline
F1b	Reason why RIA said they were "likely to" rather than "definitely will" remain an RIA after December 2012
F3b	Expected number of retail clients in specific wealth bands after December 2012
F3c *	Planned platform use after December 2012
F3e *	Expected factors of importance when selecting a platform after December 2012
G2b	Whether FSA website or contact centre would be the preferred source when seeking clarification from FSA regarding RDR
G5	Rating of current levels of publicity on the RDR
G6a	Elements of the RDR that were discussed with retail clients
Question amendments	
A9 - A12	Some amendments made to lists of possible firms through which RIA might be regulated
B2 - B2a	Some amendments made to lists of qualification providers
C1a - C5	The format of the gap-fill questions was amended: in 2011 we were reliant on RIA's own information as to whether they held, or were studying for, an AQ requiring gap-fill. In 2012, their specific AQs were validated in the questionnaire as needing gap-fill or not against information in the FSA Handbook.

* These questions were included for the FSA's internal use, and their results do not appear in the report.

4.2 The multi-stage sampling process used

The survey was conducted using the same process used for the 2011 RDR survey, i.e. conducted primarily online with an introductory email invitation to participate containing a personalised message from the FSA. The invitations contained a unique link to the survey, which allowed each RIA's answers to be matched with their firm's details held in the database.

Invitations were sent on four occasions: a pilot batch, followed by three main batches (Batch 1, Batch 2 and Batch 3). Each is described below.

Some CF30s (identified via their individual reference number (IRN)) were listed as belonging to more than one firm, and so were flagged accordingly. If such a CF30 was confirmed by their firms as indeed being an RIA at both organisations, then they became eligible for the survey in both of their roles: in other words, they could be randomly sampled twice. In the 14 cases where this did happen, the second email was modified so that it included an additional sentence: *"Selection for this survey is entirely at random. Because you are registered as a CF30 with more than one firm, it is possible that you have been randomly selected for interview twice. We do not, of course, expect you to complete the survey more than once – please answer only the first email you receive."*

After all initial invitations were sent, email reminders were sent to RIAs who had not yet responded, and telephone 'chaser' calls were made, selectively, to boost response. We ensured that where an RIA that was sampled twice completed the survey once, they did not receive any chasing call. CATI was employed only to ensure targets were met in cells with small database populations and/or lower than average responses to the online survey invitations.

Pilot batch (launched 20 August)

To test comprehension of the survey, a pilot batch of invitations was launched. We randomly sampled 75 confirmed RIAs within all of the firm types, except those where sample was likely to be extremely limited: i.e. all cells except EBC, Life and APF.

One working week was allowed to complete the process. Phone chasing was carried out with non-responders, and CATI interviews were conducted with this group. In addition, the interviewers asked respondents for their feedback on the overall interview at the end of the process.

Of the 75 email invitations, a total of 16 respondents completed the survey without any telephone chasing, while a further two screened out. This represented a response rate of 24% (or 21% after screen-outs). Although the pilot in the 2011 RDR survey was conducted via CATI, and so could not be compared directly to this year, the 2012 pilot response rate did compare favourably to the overall response rate after screen-outs of 25% in 2011, which was achieved after several weeks in field. In addition in 2012, a further 10 interviews were conducted via CATI, to ensure that sufficient interviews were conducted to be able to assess the suitability of the questionnaire.

Based on the pilot data and qualitative feedback received from the interviewers, there appeared to be no significant comprehension issues. Although some small changes were recommended and made to certain questions, these were primarily as a result of additional testing by the RS Consulting and FSA teams. Overall the interviewer feedback and holecount analysis indicated that the pilot interviews were completed successfully.

With the prior agreement of the FSA the 16 RIAs who completed online pilot interviews were included in the final results. This was possible because:

- 1) It was not necessary to make significant changes to the questionnaire after the pilot.
- 2) RIAs were randomly sampled for the pilot phase within the same quota cells as were used in the later stages; consequently they could be treated as randomly-sampled interviews in the same way as those sampled in later stages.

The 10 RIAs who completed CATI interviews were not included in the total, because they were subject to intense telephone chasing over a short period of time, and so could not be considered to have had an equal chance of responding as other randomly-sampled RIAs.

Sampling Batch 1 of RIAs – launched 3 September

Batch 1 of the sampling plan was based on drawing a sample in exact 1:1 proportion to the initial quota targets (with a total of 1,000 invitations initially expected to be issued).

A fully stratified sampling process (i.e. separately drawn samples for each cell in the sample design matrix in proportion to the cell quotas) was not used at this first stage because the database-build was still in progress. This allowed time for the database populations to build up as more returns came. The '1 in 1' approach needed to be adjusted slightly in two cases:

- In B/BS and Life, which were cells with only a small number of firms, only a very small proportion of firms had responded by this point. Therefore a cap was placed on sampling to ensure RIAs from firms that had responded early were not over-represented, and allowing the remaining firms time to respond without risking their under-representation.
- So, only 50 B/BS were sampled instead of the targeted 95, and only 25 Life were sampled instead of the targeted 50.

A total of 70 invitations were thus 'withheld' until later sampling batches; 930 email invitations were issued at this stage.

Sampling Batch 2 of RIAs – launched 6 September

Batch 2 used a differential sampling method established for each cell (i.e. individual '1 in N' sample selection levels were set for each cell) in light of response rates achieved at Batch 1 and the number of interviews still outstanding. The sample frame for the selection process included those not already sampled at Batch 1 together with new (unused) sample from the RIA database.

The number of invitations sent in each cell are shown in Table 4.2.

Table 4.2 Number of invitations sent to RIAs in Batch 2 of the sampling process

Firm type and size cell	Response rate to Batch 1 as at 5 September	Confirmed RIAs as at 5 September	Invitations sent at Batch 2 (as proportion of confirmed RIAs)
IFA – DA (0-1)	24%	1,382	200 (14%)
IFA – DA (2-9)	18%	5,377	200 (4%)
IFA – DA (10-19)	6%	1,012	600 (59%)
IFA – DA (20+)	6%	1,090	500 (46%)
IFA – AR	8%	2,098	500 (24%)
Tied – AR	16%	630	300 (48%)
WM (1-19)	11%	834	250 (30%)
WM (20+)	7%	1,767	800 (45%)
EBC	16%	157	80 (51%)
B/BS	6%	3,153	350 (11%)
Life	16%	92	65 (71%)
APF	10%	226	135 (60%)
Total		17,818	3,980 (22%)

A total of 3,980 email invitations were dispatched in Batch 2.

Sampling Batch 3 of RIAs – launched 27 September

Batch 3 had been intended to focus specifically on key cells that were still short of the quota target, particularly cells with small populations of RIAs. Prior to the launching of Batch 3, however, all of the survey quotas had been achieved, except for Life and EBC, cells for which almost all sample had been exhausted.

Batch 3 was issued nevertheless, because some of the largest firms with 1,000 CF30s or more (in particular in the B/BS, WM and Tied categories) had responded very late on in the database-build. Additional efforts had been made to encourage the 12 largest firms to provide confirmed numbers of RIAs, and to provide updated contact details for them:

- ◆ Five of the firms provided updated contact details for at least a proportion of their CF30s, and so their confirmed RIAs were included in the sample frame for Batch 3.
- ◆ Two of the firms could not provide updated contact details, but could confirm some of their CF30s as RIAs; in 2011 they had provided all RIAs' contact details. Consequently confirmed RIAs were matched to their 2011 contact details. Hence they could be included in the sample frame for Batch 3.
- ◆ Two of these firms confirmed that they had no RIAs at all.
- ◆ Three of the firms were unable to help further, and so their RIAs could not be included in the sample frame for Batch 3.
- In addition, a small number of RIAs from 'late responding' Life and EBC firms were included in the Batch 3 sample frame.

Emails at this stage were launched from Critical Research's email address (fsacrm@critical.co.uk). The number of invitations sent in Batch 3 is shown in Table 4.3.

Table 4.3 Number of invitations sent to RIAs in Batch 3 of the sampling process

Firm type and size cell	Invitations sent at Batch 3
IFA – DA (0-1)	-
IFA – DA (2-9)	-
IFA – DA (10-19)	-
IFA – DA (20+)	-
IFA – AR	-
Tied – AR	30
WM (1-19)	-
WM (20+)	50
EBC	11
B/BS	122
Life	2
APF	-
Total	215

4.3 Survey response rates

Table 4.4 shows the overall survey response rates for all of the RIAs that were randomly sampled, covering the pilot and the three-stage invitation process.

Of the 5,200 invitations issued, 174 were 'ineffective emails,' i.e. bounce-backs, where the cause of the failure could not be established, and might have ranged from the departure of the respondent from the organisation to an error in submission by the firm (although obvious typographical errors were manually corrected). A total of 447 'Out of Office' responses were also received, although these were not deemed to be ineffective emails, since the respondent had the opportunity to participate. A total of 5,026 emails were deemed to have reached their destination, and 5,026 is therefore the figure on which the overall response rate was based.

A total of 1,677 interviews of any kind (full interviews or screen-outs) were completed, of which 1,436 provided full interviews (1,286 via the web and 150 via CATI) and 240 were screening failures (i.e. the respondent confirmed that he/she was not an RIA or was unable to answer certain key classification questions).²⁰ The total response rate

²⁰ The 241 screening failures included one respondent who was excluded from the total after completion of the survey, because the answer given to a verbatim question made it clear that the respondent was not in fact an RIA.

(i.e. the 1,436 completed interviews divided by the 5,026 effective emails) was 28.6%, an improvement on the 2011 response rate of 25.1%.

Table 4.4 Survey invitations sent and response rates achieved

	Count
Pilot invitations sent	75
<i>Ineffective emails</i>	6
Batch 1 invitations sent	930
<i>Ineffective emails</i>	9
Batch 2 invitations sent	3,980
<i>Ineffective emails</i>	145
Batch 3 invitations sent	215
<i>Ineffective emails</i>	14
Total invitations sent	5,200
<i>Total ineffective emails</i>	174
Total effective emails	5,026
<i>Screening failures</i>	240
Web full interviews completed	1,286
CATI full interviews completed	150
Total full interviews plus screening failures	1,676
Total full interviews completed	1,436
Response rate (based on full interviews)	28.6%

The final number of completed interviews (1,436 RIAs from 517 firms) exceeded the initial target of 1,000. The final distribution of interviews is shown in Table 4.5.

Table 4.5 Final distribution of achieved interviews.

Distribution of RIA interviews			
Firm type and size cell	Initial quota targets	Total number of interviews achieved	Total number of firms represented
IFA – DA (0-1)	70	116	116
IFA – DA (2-9)	50	120	111
IFA – DA (10+)	145	306	100
IFA – AR	90	114	16
Tied – AR	80	98	4
WM	55	327	74
EBC	75	63	12
B/BS	95	137	15
Life	50	39	3
APF	90	116	66
Total	1,000	1,436	517

Table 4.6 shows the final number of interviews achieved with RIAs in Continuing vs. Entered firms.

Table 4.6 Final distribution of achieved interviews, split by Continuing vs. Entered

Segment name	Predicted distribution of 1,000 interviews	Final distribution of 1,436 interviews	Final distribution of firms
Continuing	980 (98%)	1,405 (98%)	494
Entered	20 (2%)	31 (2%)	23
Total	1,000	1,436	517

The details of the 241 survey screening failures are shown in Table 4.7. The exact wording of the questions indicated appears in the published questionnaire, which can be found in Appendix B.2.

Table 4.7 Breakdown of screening failures and ineligible responses

Question number and answer code	Reason for ineligible response	Count
A1 @ 14 *	No retail investment products offered	92
A1 @ 1-10 <i>not</i> coded *	No retail investment products covered by RDR offered	3
A1 @ 98	Refused to answer which investment products offered	14
A5 @ 98	Cannot describe firm's primary business	7
A2 @ 1 <i>not</i> coded or A6a @ 5 or 99 *	Do not personally advise or cannot describe on what basis they personally provide advice	57
B3 @ 99	Do not know qualification status	13
B5 @ 99	Not qualified and not a trainee	14
n/a	Survey exclusion (see glossary)	40
Total screening failures and exclusions		240

* The 152 respondents that were excluded for any of these reasons were also removed from the estimated population of RIAs (see Section 5.1, Step 8), because their answers made it clear that they were not in fact RIAs.

5 Population sizing and measuring change

Estimating the size and structure of the population of Retail Investment Advisers (RIAs) is crucial to the accuracy and robustness of the weighting regime used in analysing and reporting the results of the survey. This chapter describes how the process was undertaken.

5.1 Estimating the 2012 population of RIAs

In both the 2011 and 2012 RDR surveys, in the absence of an up-to-date register of RIAs, a multi-stage procedure was used to derive the best possible estimate of the RIA population, by amending the Financial Services Authority's (FSA's) 'starting dataset figure' using information established during the database-build and during screening for the main survey.²¹

The population estimate derived from this process was 35,899 RIAs (+/- 1,195 at 95% confidence interval), meaning that the true answer lies within the range 34,704 to 37,094.

The approach taken to RIA population sizing was as follows:

1. The FSA provided RS Consulting/ Critical Research with information that they used to produce a 'starting dataset' containing all relevant firms, listing their number of CF30s and, where available (from Retail Mediation Activities Returns (RMAR)), the number of RIAs in each firm. The starting dataset included RIAs from a total of 6,045 firms. A 'starting dataset figure' for RIAs was then calculated using these data. This starting dataset figure combined the following information:
 - a. The RMAR data for the firm categories where available.
 - b. The CF30 data for APF firms and WM (S&D only) firms.
2. It was known that this approach would result in an over-estimation of the true population (not least due to the inclusion of all CF30s in the APF category). However, it provided an initial base, which could then be amended in light of findings from the RIA database-build and survey. The initial starting dataset figure was 46,121 RIAs, as shown in Table 5.1.

²¹ Although we refer to the 'estimated population of RIAs' in this report and the main report, our population estimate both in 2011 and 2012 is in fact of RIA *posts* held across all firms, as opposed to individuals. See Section 4.2 for more information.

Table 5.1 Starting dataset figures for number of RIAs in the population, based on information held by the FSA

Firm type	FSA starting dataset: number of RIAs	FSA starting dataset: number of firms
IFA – DA	16,590	5,105
IFA – AR	5,743	53
Tied – AR	4,183	5
WM	8,522	495
EBC	528	17
B/BS	8,403	51
Life	1,151	32
APF	1,001	287
Total	46,121	6,045

3. 5,844 firms (all other than those excluded for enforcement or sub-status reasons, or for lack of contact details) were then contacted as part of the RIA database-build process and asked to confirm for each CF30 whether or not they were an RIA. The database-build yielded one of four possible scenarios for each firm:
 - a. All CF30s were confirmed in a firm's database return individually as either an RIA or not an RIA.
 - b. Firms did not reply to the database-build enquiry, consequently providing no information.
 - c. Firms provided incomplete information (confirming whether some of their CF30s were or were not RIAs, but not providing information for others).
 - d. Firms gave an 'aggregate' response (usually by email) that told us how many of their CF30s were RIAs. 22 firms did this in total: in particular, eight large organisations with 1,000 CF30s or more were unable to complete our data collection template in full, but could provide aggregated data about the number of RIAs.
4. The population estimation process drew on these responses, or non-responses, in two stages. Initially:
 - a. Where firms gave a comprehensive response (i.e. confirmed for each of their CF30s whether they were an RIA or not), then the number of RIAs indicated by the RIA database-build return was substituted for the starting dataset figure (i.e. for the figure provided in the firm's latest RMAR).
 - b. If 'aggregate' information was provided by the firm, telling us that none of their CF30s were RIAs, or where they told us with confidence exactly

how many RIAs they have without completing the data collection template, this figure was substituted.

5. A calculation was then made for 10 individual cells²² showing, in total for all firms with complete or 'aggregate' information, the proportion of their starting dataset number of RIAs that was confirmed as comprising RIAs. This is shown in Table 5.2.

Table 5.2 Number of firms providing complete or 'aggregate' responses to the RIA database-build

Firm type	Firm size ²³	Total number of firms included in the 2012 population estimate	Total number of complete or 'aggregate' responses	Average proportion of starting dataset RIAs/CF30s confirmed as RIAs
IFA – DA	1	2,286	1,356	101.7%
IFA – DA	2 - 9	2,634	1,458	98.5%
IFA – DA	10+	185	110	88.8%
IFA – AR	All	53	18	97.7%
Tied – AR	All	5	0 ***	n/a
WM *	All	495	235	34.8%
EBC **	All	17	10	84.2%
B/BS	All	51	24	98.7%
Life	All	32	10	12.2%
APF	All	287	103	70.3%
Total		6,045	3,324	

* In 2011, WM (S&D only) were treated separately from the rest of the WM category. In 2012 they have been included as part of the WM category because the population size is extremely small (it was estimated at just 87 in 2011).

** In 2011 we used two EBC cells for population re-sizing. It was agreed that we would combine these EBC cells and only have one in 2012. Post-study analyses of the 2011 population re-sizing work showed that there was a very slight improvement in sample efficiency if we merged these two EBC cells, and, given the total sample size for EBCs is low, it was agreed in 2012 not to split them.

²² Cells were selected on the basis of firm type. In addition, the IFA – DA firm type had sufficient responses to segment into three separate firm sizes (1, 2-9 and 10+ RIAs).

²³ At this stage, firm size is based on the 'starting dataset figure'.

*** Although there were no complete responders among Tied – AR firms, four of these five firms were partial responders, between them confirming over half of their total number of CF30s as either RIAs or not RIAs. Because there were no complete responders in this group, steps 6 and 7 were not applied to Tied – AR firms.

6. The mean proportion difference for each cell between the outcome of complete database-build exercises from that cell and the starting RIA estimate in the FSA dataset was then applied to all firms in the same cell for whom no RIA database-build information was available. In other words, it was assumed that, on average, the difference recorded by the firms who responded to the database-build was representative of the difference for all firms from the same firm type/size cell.
7. A different process was adopted in the case of firms that provided partial database-build information, i.e. they identified some of their CF30s as RIAs or not RIAs but did not give information for all their CF30s. In these cases:
 - a. Initially, a calculation was undertaken on the same basis as if they had provided no information; in other words, the average difference for their cell between the responses of those giving complete information and the starting dataset estimate for those firms was applied to their starting dataset estimate.
 - b. If the partial information they provided demonstrated that this calculation must be incorrect, then the result was modified. So:
 - ◆ If the number of RIAs actually confirmed exceeded the total indicated by the calculation, then that higher number was substituted.
 - ◆ If the number of RIAs indicated by the calculation was greater than the maximum possible based on the database-build (i.e. exceeded the total of confirmed RIAs plus those for whom no information is available) then the lower number was substituted.
8. A further correction was then made to all firm estimates based on screen-out information from the survey. 152 respondents, or 9.6% of those successfully contacted from the database, were found, in the course of screening for the survey, not to be RIAs.²⁴ This screen-out rate was calculated separately for each of the 10 firm type/size cells and then the total population estimate for that cell was reduced by that percentage. These proportions are shown in Table 5.3.

²⁴ See Table 4.7 in Chapter 4.

Table 5.3 Screen-outs by firm category, shown as a proportion of total contacts made

Firm type	Firm size²⁵	Total number of successful survey contacts²⁶	Total number that screened out as 'not an RIA'	Screen-outs as a proportion of contacts
IFA – DA	1	119	3	2.5%
IFA – DA	2 - 9	123	3	2.4%
IFA – DA	10+	318	12	3.8%
IFA – AR	All	116	2	1.7%
Tied – AR	All	102	4	3.9%
WM	All	404	77	19.1%
EBC	All	66	3	4.5%
B/BS	All	166	29	17.5%
Life	All	46	7	15.2%
APF	All	128	12	9.4%
Total		1,588	152	9.6%

The final outcome of the population sizing process is shown in Table 5.4. The figures were calculated by taking the starting dataset totals for each firm type and then applying to them the two discounts, based on the results of the database-build and the survey screen-outs.

²⁵ At this stage, firm size is based upon the calculated firm size at the end of Step 7, before making the Step 8 correction.

²⁶ Total successful survey contacts include all confirmed RIAs that responded to the survey, and either completed the survey confirming that they were an RIA (1,436) or screened out because they were not an RIA (152).

Table 5.4 Total estimated RIA population in 2012, by firm category

Firm type	Estimated RIA population (2012)	Percentage of RIA population (2012)	Number of firms with any RIAs²⁷
IFA – DA	15,429	43%	5,075
IFA – AR	5,539	15%	53
Tied – AR	4,012	11%	5
WM	2,927	8%	396
EBC	424	1%	17
B/BS	6,812	19%	46
Life	119	0%	14
APF	638	2%	245
Total	35,899	100%	5,851
<i>Error margin at 95% confidence interval (CI)</i>			
	<i>+/- 1,195</i>		
<i>Min/max population size at 95% CI</i>	<i>min = 34,704</i>		
	<i>max = 37,094</i>		

Table 5.5 provides a comparison of the FSA starting dataset number of RIAs and the final 2012 population estimate. In the case of WM and Life, the final estimate is significantly below the starting dataset figure. It is known that WM firms typically over-report the number of RIAs they have in their RMAR returns. Nevertheless, the figure is particularly low this year in both categories, in part due to certain large firms in these sectors having closed or downsized their RIA divisions subsequent to their most recent RMAR submission.

²⁷ The population sizing process estimates a number of RIAs within each firm that is not necessarily an integer. This column shows the number of firms estimated to have 0.5 RIAs or more.

Table 5.5 Comparison of the FSA starting dataset number of RIAs and the final 2012 population estimate

Firm type	FSA starting dataset: number of RIAs	Final 2012 population estimate	Final estimate as percentage of starting dataset
IFA – DA	16,590	15,429	93.0%
IFA – AR	5,743	5,539	96.4%
Tied – AR	4,183	4,012	95.9%
WM	8,522	2,927	34.3%
EBC	528	424	80.3%
B/BS	8,403	6,812	81.1%
Life	1,151	119	10.3%
APF	1,001 ²⁸	638	63.7%
Total	46,121	35,899	77.8%

5.2 Sizing the population of RIA posts vs. individuals

Before the database-build for the 2012 RDR survey began, the FSA identified some CF30s that were in fact listed as belonging to more than one firm ('multi-firm' CF30s). The situation was also shown to have existed in 2011, although in 2011 it had been assumed that each of the entries in the FSA's CF30 database represented a separate individual with CF30 status.

In practice, multiple entries for one CF30 in different firms could mean one of two things:

- The CF30 who was recorded at multiple locations had moved employment and been added to the new firm, without having been removed from the old one(s). However, such 'errors' were dealt with as part of the database-build; in other words, they were 'corrected' by the old firm stating that the person was not an RIA at their location while the new firm would include them.
- The individual was genuinely working at more than one location. In this instance the same individual would rightly be reported as an RIA more than once. This was particularly the case where different firms were related (e.g. 'ABC Bank Plc' and 'ABC Bank Wealth Management Ltd').

²⁸ In the case of APFs, who are not required to complete an RMAR, the number of CF30s was used in place of the RMAR figure.

Table 5.6 shows that of all the CF30 entries listed in the FSA's spreadsheet in 2011, 4.88% were repeat occurrences of CF30 individuals working at different firms. In 2012 this figure had decreased to 3.26%.

Table 5.6 CF30 spreadsheet entries that were repeat occurrences of CF30 individuals working at different firms in 2011 and 2012

	2011	2012
Total number of CF30 entries listed in FSA database	65,760	63,886 ²⁹
Number of CF30 individuals in FSA database	62,553	61,801
Repeat occurrences of CF30 individuals at different firms	3,207	2,085
Percentage of all CF30 entries that were repeat occurrences at different firms	4.88%	3.26%

We included all instances of such 'multi-firm' CF30s in the database-build, and they were flagged accordingly. If such a CF30 was confirmed by their firms as indeed being an RIA at both organisations, then they were included as a confirmed RIA at each organisation. This is shown in Table 5.7. Of all the confirmed RIAs in 2011, 1.59% were repeat occurrences of RIAs working at different firms. In 2012 this figure had increased to 2.30%.

Table 5.7 Confirmed RIA posts that were repeat occurrences of individual RIAs working at different firms in 2011 and 2012

	2011	2012
Total number of confirmed RIA posts	22,070	20,161
Number of individuals confirmed as RIAs	21,718	19,697
Repeat occurrences of confirmed RIAs at different firms	352	464
Percentage of all confirmed RIA posts that were repeat occurrences at different firms	1.59%	2.30%

The percentage figures shown in Table 5.7 provide an indicative estimate, at total level, of the degree to which the number of RIA posts is greater than the number of individuals working as RIAs. This means that, although we refer to the 'estimated population of RIAs', our population estimate both in 2011 and 2012 is in fact of RIA posts held across all firms, as opposed to individuals.

²⁹ To facilitate comparison with 2011, data in this table are reported for all 63,386 CF30s listed in the FSA's spreadsheet. This includes 1,277 CF30s who were subsequently excluded from the starting dataset.

If we take the estimated 2012 population of 35,899 RIA posts, the actual number of individuals in the total population is likely to be around 2.30% lower, at approximately 35,073.

Similarly, if we take the estimated 2011 population of 40,566 RIA posts, the actual number of individuals in the total population last year was around 1.59% lower, at approximately 39,920.

5.3 The population change from 2010 to 2012

The 2011 RDR survey was created using exactly the same population sizing approach as the 2012 survey,³⁰ and consequently the estimated populations can be compared on a like-for-like basis. The estimated RIA population in 2011 was 40,566.

The 2010 RDR survey by NMG Consulting also estimated the total population of RIAs,³¹ although this estimate was revised in 2011 to allow a like-for-like comparison with the 2011 RDR survey estimate. The 'like-for-like' estimated RIA population in 2010 was 43,937.³²

The estimated population across all three years is shown in Table 5.8. It shows that the rate of decline has increased from 7.7% between summer 2010 and summer 2011, to 11.5% between summer 2011 and summer 2012.

Table 5.8 Comparing the estimated RIA population in 2010, 2011 and 2012

Year	RIA population	Percentage change from previous year
2010	43,937	n/a
2011	40,566	-7.7% ³³
2012	35,899	-11.5%

³⁰ See Technical Report to the 2011 RDR survey:

Atkin, B., Farr, D., Leston, J. and Wood, A. (2011), *Research: Progress towards the Professionalism requirements of the Retail Distribution Review – Technical Report*.

³¹ NMG Consulting (2010), *The cost of implementing the Retail Distribution Review professionalism policy changes*.

³² In fact, this number is not a true like-for-like comparison with the 2011 data, since the 2010 figure excluded a very small population of RIAs in WM (S&D only) firms. This 'S&D only' population was estimated at 87 in 2011 and 25 in 2012.

³³ In the 2011 RDR survey report, the percentage change from 2010 to 2011 was reported as being -7.9%, because the WM (S&D only) group was excluded from the 2011 population when making the comparison.

6 Weighting by firm type and size to the estimated population

The final stage of data processing involved weighting the survey results, to ensure that they were representative of the total population of Retail Investment Advisers (RIAs). This process is described in this chapter.

6.1 Overview

Target quotas were set for interviews by firm type and size to ensure, as far as possible, that minimum sample sizes were achieved in all cells. Inevitably, this meant that the distribution of interviews was not exactly aligned with that of the total population of RIAs. It was necessary to adjust for this 'mis-match' before producing data tables and analysing the survey findings so that the results were truly representative of the total population.

The process to achieve this required all completed interviews to be given a 'weight' so that their contribution to the overall results would be directly proportional to the share of the population accounted for by the firm type/size category they represented. So, if a cell contained, say, 10% of the total population but was only represented by 5% of the interviews, then each of those interviews would be given a 'weight' of 2.0. Conversely, if a cell accounted for 3% of the population but 12% of the interviews, then each interview from that cell would be given a weight of 0.25.

Allocating weights to interviews increases the statistical margins of error on the survey results. Where more extreme weights are used, this has the effect of reducing the effective sample size of the survey when applying statistical tests of significance.

6.2 Survey weights

Three iterations of weighting approaches were run, and each tested to see which was the most robust statistically. The solution adopted was to allocate the achieved interviews to 10 cells and to calculate weights based on these. Details are shown in Table 6.1.

Table 6.1 Cell definitions used for weighting purposes, the percentage of the total RIA population accounted for by the interviews conducted and the weights assigned to interviews in each cell

Firm type and size cell	Number of RIAs	Percentage of RIAs	Interviews achieved	Number of interviews after weighting	Weight
IFA – DA (1)	2,214.5	6.2%	116	88.6	0.76364
IFA – DA (2-9)	8,730.3	24.3%	120	349.2	2.91017
IFA – DA (10+)	4,483.9	12.5%	306	179.4	0.58614
IFA – AR (all)	5,539.0	15.4%	114	221.6	1.94354
Tied – AR (all)	4,012.2	11.2%	98	160.5	1.63768
WM (all)	2,927.0	8.2%	327	117.1	0.35805
EBC (all)	423.7	1.2%	63	16.9	0.26900
B/BS (all)	6,812.0	19.0%	137	272.5	1.98894
Life (all)	118.6	0.3%	39	4.7	0.12164
APF (all)	638.1	1.8%	116	25.5	0.22002
Total	35,899.3	100.0%	1,436	1,436	

Based on this weighting solution, the 120 interviews achieved with IFA – DA (2-9), for example, were weighted upwards to reflect a total of 349.2 (within the complete sample size of 1,436), which is the number of interviews that ‘should’ have been undertaken were they to be allocated across all cells directly in proportion to the population distribution. Consequently, each of the actual 120 interviews was given a weight of 2.91, so that in the overall analysis they were ‘worth’ 349.2 interviews. Similarly, the 116 APF interviews were weighted down to reflect their estimated population profile of 25.5 within the 1,436 sample; this required each of the interviews to be given a weight of 0.22.

6.3 Survey design effect and impact of survey weighting

In survey research, complex sample designs are often applied. When estimating statistics from surveys and assessing how reliable such statistics may be in describing the overall population, the starting point for calculations is to assume the sample design is one of Simple Random Sampling (SRS), where all population members have a known and equal chance of selection for the study.

Confidence Intervals (CIs) are then calculated to show how likely estimated sample statistics are to be indicators of the overall population – they show the ‘precision’ of an estimate. The smaller the CI, the more precise the sample statistic is estimated to be as an indicator of the overall population. However, complex sample designs have features such as stratification, clustering and/ or unequal inclusion probabilities. These complex designs produce ‘design effects’ that are likely to increase the size of the CIs .

The impact of the ‘design effect’ is calculated as the ratio of the variance of a statistic with the complex sample design to the variance of that statistic with a SRS of the same

size. It represents the combined effect of a number of components such as stratification, clustering, unequal selection probabilities and weighting adjustment for non-response and non-coverage.

Our study was stratified by firm type and size, and we employed different sampling intervals within different cells. This meant that respondents, while selected at random within the cells, had different probabilities of selection dependent on their firm size and type. This approach was necessary as, had we employed SRS techniques, then some firm types with very small populations would not have been included within the survey in sufficient number for us to have drawn any conclusions about their behaviour. For example, Life and EBC have estimated population sizes of fewer than 500 RIAs, and hence a simple random sample of 1,436, which was our achieved sample outcome, would have generated fewer than 20 interviews for each of these firm types.

Using our sample design, we calculated weights for respondents from our different selection cells and allowed for differential response rates, as described in Section 6.2 above. With a simple random sample, the design effect is benchmarked at 1.0, i.e. we do not need to increase the variance of our estimate in order to reach the precision of a SRS. In our study, the design effect was estimated at 1.73. In other words, we calculated that we needed to increase the variance of our sample statistics by this factor of 1.73 over the variance that would have applied to a SRS with the same sample of 1,436. Typically in studies of this nature, having a number of respondent types of particular interest, some of which have extremely small populations compared with other respondent types, design effects of 1.5 to 1.75 are not uncommon.

The scale and impact of the design effect can also be expressed in terms of the 'net effective sample' (neff). This is the size of a SRS which would produce the same CIs as the actual complex sample used. With a design effect of 1.73, our actual sample size of 1,436 equates (in terms of its impact on calculating the precision of our sample statistics, and on the confidence intervals for our estimates) to a simple random sample of 832. In survey terms SRS samples of 800 plus are generally seen to be able to provide reliable estimates of overall population statistics.

In addition to the impact of the design effect on sample estimates, when a sample design includes population types that are relatively small (as in the case of our study), covering a reasonably significant proportion (typically more than 10%) of them in the study gives us greater 'confidence' in results, because we reduce the 'chance' of our study missing significant and different types of respondents. For example, a sample of 100 from a population of one million has a greater chance that different 'types' of members of the population are 'missed' than a sample of 100 from a population of 500.

In this survey we covered a number of population types that had particularly small populations – for example, we achieved 39 interviews with 'Life' respondents from an estimated population of c.119. This enables us to apply a 'finite population corrector' (fpc), which has the impact of reducing the estimated variance of sample findings. Whereas our design effect had a 'negative' impact on precision, the fpc has a beneficial impact. For example, in the case of the impact on findings from our Life segment, it reduces the likely variance by a factor of 0.67.

In calculating CI and likely population estimates for different firm types from our survey, we applied the combined impact of design effects and fpc on our sample statistics. Our estimates of the overall population sizes of the different firm types allows for the impact of our weighting, the consequential design effect and the fpc for small populations.

Where we quote CIs we look, as is usual, at the 95% confidence interval for an estimate – to be able to state that statistically we are 95% confident that the stated result is within the calculated range, or that when comparing sample statistics, they are significantly different.

A Materials used during the Retail Investment Adviser database-build

A.1 Introductory email sent to firms

RDR – Professionalism tracking research

Last summer we invited retail investment advisers to take part in our online survey to measure progress towards meeting end-2012 RDR requirements. You can find the report on our website:

<http://www.fsa.gov.uk/static/pubs/other/rdr-professionalism-research-report.pdf>

We are repeating the survey this year, and once again we would like your help to update our panel of retail investment advisers.

The letter below explains fully what we need and why.

To make our request as simple as possible we have built a weblink that will allow you to enter the information we need easily: just **click** below to find a list of your CF30s for you to enter the details against.

If you provided information in 2011, please check whether it is still correct, update any changes to your CF30s' details, and finally click to confirm that you have done this.

Please complete this by **3 August 2012**.

[Click here to access your list of CF30s](#)

«FRN» «FIRM_NAME»

Dear Compliance Officer,

I would like your help and support with an important survey to measure progress among retail investment advisers towards meeting end-2012 RDR requirements. In particular, we are interested in the progress of qualifications and any necessary gap-fill, continuing professional development (CPD), adherence to ethical standards and obtaining a Statement of Professional Standing (SPS).

What is this survey for?

This simple, easy to complete 15 minute survey is being sent to a representative sample of retail investment advisers drawn from all parts of the marketplace. It is designed to be completed online to minimise demands on advisers' time, although some interviews may be conducted by phone as an alternative.

The answers given will play an important part in ensuring that we understand and respond effectively to what is happening in the marketplace and are able to send the right messages to the right people. The survey is for individual advisers, rather than firms, so that we can monitor individuals' understanding of the RDR changes, their motivations and their future intentions.

We first carried out this survey in 2011, and more are planned for later in 2012 and for 2013. We have commissioned an independent agency, RS Consulting (working with Critical Research), to conduct this research. The 2012 survey will take place in July and August. *The surveys will be reported anonymously to us according to the Market Research Society's Code of Conduct.*

To conduct these surveys, we want to maintain a panel of retail investment advisers, from which representative samples of individual advisers can be invited to take part in research on RDR and other topics. To maintain this panel, we are requesting up-to-date contact details for advisers to enable us to manage survey invitations fairly and efficiently. The panel is completely confidential and will be used for research purposes only by or on behalf of the FSA. RS Consulting and Critical Research will manage this panel-building exercise for us.

What do you need to do?

A list of CF30 registered individuals for your firm is provided below. Please confirm whether these individuals are acting as retail investment advisers for your firm and, if so, update their contact details.

Click on the link to update the information easily and securely. If you completed this process in 2011, you will simply need to check the information supplied in 2011 and update any changes to your CF30s' details.

The Professionalism requirements are a vital part of the Retail Distribution Review, so please encourage your advisers to take part in the surveys, if they are invited to do so. If you have any questions about the survey or the information we are asking for, you can email us at [email address] or telephone our contact centre on [number].

Kind regards,

[FSA Head of Investment Intermediaries]

A.2 Data collection script

Thank you for helping the FSA to build and maintain our panel of retail investment advisers by providing contact details on this website. Once again, we can assure you that the information you provide will be held in confidence. The panel will be used only for drawing representative samples of individual advisers for invitation to take part in surveys on RDR and related topics conducted by the FSA or by the FSA in partnership with RS Consulting and Critical Research.

The CF30 registered individuals listed in the following table are shown in our records as working for your firm.

If you completed the process in 2011, you will see that the information you supplied is pre-populated: after checking or amending as necessary, **please click the button below, to confirm that all of the details provided are correct.**

Could you review the list and confirm 'yes/ no', to show whether, or not, each is a retail investment adviser at your firm?

FOR RETAIL INVESTMENT ADVISERS ONLY: Please enter or update their email address and telephone number.

Thank you for your help with this important project.

Please select a name and then enter details:

- CF30 Name(s)
- Are they a Retail Investment Adviser?

Only complete for Retail Investment Advisers:

- Email Address
- Telephone Number

B Materials used during the Retail Investment Adviser survey

B.1 Introductory email sent to advisers

«FRN» «FIRM_NAME»

Dear [NAME]

Last summer we invited retail investment advisers to take part in our online survey, the purpose of which was to measure progress towards meeting end-2012 RDR requirements.

We would like to thank sincerely all those who participated in the research – the findings are helping us to understand and respond effectively to what is happening in the marketplace. We have published the research on our website:

<http://www.fsa.gov.uk/static/pubs/other/rdr-professionalism-research-report.pdf>

As the date for compliance draws closer, **we would like to ask for your participation again**, in an updated version of the survey, which should take no more than 15 minutes to complete.

Even if you were selected for this survey previously, please do answer again, even if your circumstances have not changed – your continued co-operation will help us to understand the progress of the adviser population as the end of 2012 approaches. The survey coverage is in good part new this year.

Once again, RS Consulting (working with Critical Research) will conduct this research. The results will be reported to the FSA anonymously according to the Market Research Society's Code of Conduct.

If you have any questions about the research, you are welcome to email us at [email address] or you can telephone the FSA's contact centre on [number].

If you have any difficulties in accessing or completing the survey, please phone Critical Research on [number].

[Please click here to complete the survey](#)

We would be grateful, if you would be able to complete the survey by [9 working days after date of dispatch].

Kind regards,

[FSA Head of Investment Intermediaries]

B.2 Survey questionnaire (web version)

Intro	<p>Thank you for taking part in the RDR Professionalism survey.</p> <p>This survey is being conducted by Critical Research and RS Consulting on behalf of the FSA.</p> <p>Your feedback will help the FSA to continue to monitor progress among the retail investment adviser population in meeting the RDR Professionalism requirements and to help their communications activity in relation to the RDR.</p> <p>Would you please answer the survey on your own behalf, not on behalf of your firm.</p> <p>This research is being conducted according to the Market Research Society's Code of Conduct. We can guarantee that your answers will not be attributed to you. Findings from the survey will be reported to the FSA at an aggregate level.</p> <p>The survey should take approximately 15 minutes, depending on your answers. To move forwards or backwards in the survey, please use the buttons at the bottom of your screen. Using your browser arrows may cause problems.</p> <p>If you have any technical difficulties, please email Technical Assistance</p>
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PART A	Screening, Classification and Quota Management
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A1	<p>Which of the following products do you personally offer to retail clients? Please answer on your own behalf. Please do not answer on behalf of any colleagues.</p> <p>[Multicode]</p>
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	<p>Investment Products</p> <ol style="list-style-type: none"> 1. Life policies with an investment content, e.g. bonds or whole of life 2. Collective Investment Schemes (Unit trusts or Exchange Traded Funds/ETFs or OEICS) 3. Investment Trusts 4. Structured Investment Products 5. Securities 6. Derivatives 7. Other investment products (please write in:) <p>Pension Products</p> <ol style="list-style-type: none"> 8. Individual Pensions (including Stakeholder, Personal Pensions and SIPPs (Self Invested Personal Pensions)) 9. Group Stakeholder or Group Personal Pensions or Group SIPPs <p>Other Products</p> <ol style="list-style-type: none"> 10. Annuities 11. Individual Protection 12. Mortgages 13. Other products (please write in:) <p>14. None of the above [THANK & CLOSE]</p> <p>98. Prefer not to answer [THANK & CLOSE]</p> <p>IF ONLY CODE 11 AND/ OR 12 AND/ OR 13, THEN THANK & CLOSE</p>
<p>A2</p>	<p>SCRIPTING NOTE: LOOP FOR EACH AT A1</p> <p>You mentioned offering [EACH ANSWER FROM A1]. Do you personally offer this product as:</p> <p>[Multicode]</p>

	<ol style="list-style-type: none"> 1. Advice 2. Advisory Investment Management 3. Discretionary Investment Management (where a personal recommendation is made) 4. Discretionary Investment Management (where no personal recommendation is made) 5. Execution Only <p>99. Don't know</p> <p>Programmer note:</p> <p>Web notes: please only present on first question at A2, where the respondent has selected two or more of codes 1-10 at A1.</p> <p>"Advice" is given to an investor on the merits of his buying or selling a particular investment (e.g. ABC Smaller Companies Fund; shares in XYZ Company). This will include a personal recommendation made by the adviser.</p> <p>"A Personal Recommendation" relates to a particular investment and is presented as suitable for the retail client or is based on a consideration of their personal circumstances.</p> <p>"Advisory Investment Management" is a service whereby, rather than managing the portfolio without consulting the client, the manager will suggest courses of action which the client may or may not choose to take, or the manager will offer advice to clients when asked about particular investment decisions.</p> <p>"Discretionary Investment Management" is a service whereby the investment manager has complete authority to buy and sell investments without obtaining the client's prior approval.</p> <p>"Execution Only" is a service whereby an investment purchase or sale is arranged without advice being provided. The client knows exactly what investment they want, from which provider (if relevant) and how much they will invest. The client's instructions are executed.</p>
A3a	<p>ASK ALL</p> <p>To how many retail clients have you personally provided investment advice in the last 12 months?</p> <p>Please do not include any retail clients that you advise on mortgages, protection or other products if you do not also advise them on investments.</p> <p>[Single code]</p>

	<ol style="list-style-type: none"> 1. up to 10 2. 11-49 3. 50-99 4. 100-149 5. 150-199 6. 200 or more 98. Prefer not to answer 														
A3b	<p>ASK ALL Thinking about the retail clients you personally advise, what percentage falls into each of the following personal Savings & Investment holding categories? Please do not include any retail clients that you advise on mortgages, protection or other products if you do not also advise them on investments.</p> <p>TOTAL SHOULD ADD UP TO 100%</p>														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%;">%</th> <th style="width: 10%;">Don't know</th> </tr> </thead> <tbody> <tr> <td>Retail clients with less than £20k in Savings and Investments in their own name</td> <td></td> <td></td> </tr> <tr> <td>Retail clients with between £20k and £75k in Savings and Investments in their own name</td> <td></td> <td></td> </tr> <tr> <td>Retail clients with more than £75k and under £250k in Savings and Investments in their own name</td> <td></td> <td></td> </tr> <tr> <td>Retail clients with £250k or more in Savings and Investments in their own name</td> <td></td> <td></td> </tr> </tbody> </table>		%	Don't know	Retail clients with less than £20k in Savings and Investments in their own name			Retail clients with between £20k and £75k in Savings and Investments in their own name			Retail clients with more than £75k and under £250k in Savings and Investments in their own name			Retail clients with £250k or more in Savings and Investments in their own name	
	%	Don't know													
Retail clients with less than £20k in Savings and Investments in their own name															
Retail clients with between £20k and £75k in Savings and Investments in their own name															
Retail clients with more than £75k and under £250k in Savings and Investments in their own name															
Retail clients with £250k or more in Savings and Investments in their own name															
A3c	<p>ASK ALL How many platforms do you personally use for your own retail clients? [S] DO NOT ALLOW 0 ANSWER</p>														
	<p>WRITE IN NUMBER: _____</p> <ol style="list-style-type: none"> 1. I don't currently use platforms 99. Don't know 														

A3d	<p>ASK IF A3c is not 1 or 99</p> <p>For what type(s) of service(s) do you use platforms when advising your retail clients?</p> <p>[Multicode]</p>			
	<p>1. Executing fund transactions</p> <p>2. Client asset administration</p> <p>3. Portfolio management tools</p> <p>4. Other (please write in)</p>			
A3e	<p>ASK IF RELEVANT ANSWER GIVEN AT A1</p> <p>Please indicate the percentage of your retail clients to whom you give advice directly, or via a platform, on the following product groups:</p>			
		Direct to client	Via a platform	Don't know/ not applicable
	<p>Tax Advantaged Investment Products - Collective Investment Schemes (Exchange Traded Funds/ETFs); Structured Investment Products; ISAs; VCTs; Other investment products</p> <p>ASK IF A1=2,4 or 7</p>	%	%	
	<p>Non-tax Advantaged Investment Products - Life policies with an investment content, e.g. bonds or whole of life; Collective Investment Schemes (Unit trusts or OEICS); Investment Trusts; Structured Investment Products; Securities; Derivatives; Other investment products</p> <p>ASK IF A1=1,2,3,4,5,6,7</p>	%	%	
	<p>Pension Products - Individual Pensions (including Stakeholder, Personal Pensions and SIPPs (Self Invested Personal Pensions)); Group Stakeholder or Group Personal Pensions or Group SIPPs</p> <p>ASK IF A1= 8-9</p>	%	%	
	<p>Other Products – Annuities; Individual Protection; Mortgages; Other products</p> <p>ASK IF A1=10-13</p>	%	%	
A4	<p>ASK ALL</p> <p>Thinking about the last 12 months, approximately what percentage, by value, of your individual income from retail client business comes from each of the following?</p>			

	Ask/ Show	IF
	A4.1	Code 1 or code 2 at any of A2.1-7 (1 to 7 are the seven investment products listed in wording for A1)
	A4.2	Code 1 or code 2 at any of A2.8-9
	A4.3	Code 1 or code 2 at A2.10
	A4.4	Code 1 or code 2 at A2.11
	A4.5	Code 1 or code 2 at A2.12
	A4.6	Code 1 or code 2 at A2.13
	A4.7	Any code 3 at A2
	A4.8	Any code 4 at A2
	A4.9	Any code 5 at A2
	1. Advising on Investments (i.e.: life policies, collective investment schemes, structured investment products, securities, derivatives, including advisory investment management) [ASK IF (A2=1 or 2) AND (A1=1-7)] 2. Advising on Pensions [ASK IF (A2=Code 1 or 2) AND (A1=8-9)] 3. Advising on Annuities [ASK IF (A2=Code 1 or 2) AND (A1=10)] 4. Advising on Individual Protection [ASK IF (A2=Code 1 or 2) AND (A1=11)] 5. Advising on Mortgages [ASK IF (A2=Code 1 or 2) AND (A1=12)] 6. Advising on Other products [ASK IF (A2=Code 1 or 2) AND (A1=13)] 7. Discretionary Investment Management services (where a personal recommendation is made) [ASK IF A2=3 AND (A1=1-13)] 8. Discretionary Investment Management services (where no personal recommendation is made) [ASK IF A2=4 AND (A1=1-13)] 9. Execution Only sales [ASK IF A2=5 AND (A1=1-13)] 99. Don't know MUST ADD TO 100%	
A5	ASK ALL Of the following, which best describes your firm's primary business? [Single code]	
	1. Financial Adviser 2. Bank or Building Society 3. Insurance company 4. Accountant or Solicitor 5. Wealth Manager (other than above e.g. stockbroker, investment manager, discretionary investment manager, advisory investment manager) 6. Employee Benefit Consultant 98. Prefer not to answer	
A6	On what main or sole basis does your firm provide investment advice? [Single code]	

	<ol style="list-style-type: none"> 1. Independent Financial Advice 2. Multi-tied / Restricted Advice 3. Single Tie / Restricted Advice 4. Whole of Market / Restricted Advice
A6a	On what basis do you <i>personally</i> provide investment advice within your firm? [Single code]
	<ol style="list-style-type: none"> 1. Independent Financial Advice 2. Multi-tied / Restricted Advice 3. Single Tie / Restricted Advice 4. Whole of Market / Restricted Advice 5. I do not advise <p>99. Don't know</p>
A7	Of the following, which best describes your role? [Single code]
	<ol style="list-style-type: none"> 2. Business owner or principal who is an adviser 3. Employed adviser 4. Self-employed adviser 5. Trainee adviser 6. Paraplanner who also advises <p>98. Prefer not to answer</p>
A8	What is your firm's regulated status? Is it a...? [Multicode]
	<ol style="list-style-type: none"> 1. Appointed representative 2. Directly authorised / regulated 3. Authorised Professional Firm 99. Don't know <p>Programmer Note: codes 1 & 2 not possible; codes 1 & 3 possible; codes 2 & 3 possible</p>
A9	ASK WHERE A5 = CODE 1 AND A6 = CODE 1 AND A8 = CODE 1 (i.e. IFA – AR) Through which of the following firms are you regulated? [Single code]

	<ol style="list-style-type: none"> 1. 2Plan Ltd 2. Alpha to Omega 3. Bluefin 4. Burns Anderson 5. Falcon 6. Financial Limited 7. Honister 8. Interdependence 9. Intrinsic 10. Lighthouse 11. M&E Network 12. Mint 13. Openwork 14. Personal Touch 15. pi financial 16. Positive Solutions 17. Sage 18. Sense Network 19. Sesame Bankhall (include individual mentions of Sesame or Bankhall) 20. St James Place Capital (SJP) 21. Tenet [GO TO A9a] 22. Towry Law 23. Other (please write in:) 99. Don't know
A9a	<p>IF A9=21</p> <p>You mentioned being regulated through Tenet. Is this through Interdependence or M&E Network?</p> <p>[Single code]</p>
	<ol style="list-style-type: none"> 1. Interdependence 2. M&E Network 99. Don't know
A10	<p>ASK WHERE A5 = CODE 1 OR 5, AND A6 = CODE 2 OR 3, AND A8 = CODE 1, (i.e. Financial Adviser or Wealth Manager that is Tied and AR)</p> <p>Through which of the following firms are you regulated?</p> <p>[Single code]</p>
	<ol style="list-style-type: none"> 1. Intrinsic 2. Openwork 3. Personal Touch 4. St James Place Capital (SJP) 5. Wesleyan 6. Other (please write in:) 99. Don't know
A11	<p>ASK WHERE A5 = CODE 2</p> <p>For which bank or building society do you work?</p> <p>[Single code]</p>
	<ol style="list-style-type: none"> 1. Barclays 2. Clydesdale 3. Coutts 4. HSBC (including First Direct) 5. Lloyds (including Bank of Scotland / Halifax / HBOS) 6. Nationwide 7. Norwich & Peterborough 8. Royal Bank of Scotland (incl. Nat West) 9. Santander (including Abbey and Alliance & Leicester) 10. Skipton 98. Other (please write in:)

<p>A12</p>	<p>ASK WHERE A5 = CODE 3. For which insurance company do you work? [Single code]</p>	
	<ol style="list-style-type: none"> 1. AVIVA (including Norwich Union) 2. AXA 3. Co-operative Insurance Society (CIS) 4. Legal & General 5. National Farmers Union Mutual (NFUM) 6. Scottish Widows 7. Standard Life 8. Wesleyan 9. Other (please write in:) 	
<p>A14</p>	<p>ASK ALL Of the following, which business type does your firm operate as? [S].</p> <p>PROGRAMMER NOTE : WHERE APPOINTED REPRESENTATIVE SHOW: Please answer for your own firm and not the network to which your firm belongs</p>	
	<ol style="list-style-type: none"> 1. Sole trader 2. Partnership 3. Limited Liability Partnership (LLP) 4. Private Limited Company (Co Ltd) 5. Public Limited Company (PLC) 6. Mutual organisation 7. Other (please write in:) 99. Don't know 	
<p>A16</p>	<p>Of the following, which best describes your position: [Single code]</p>	
	<ol style="list-style-type: none"> 1. I was signed off by my employer as a competent adviser on or before 30 June 2009 	
	<ol style="list-style-type: none"> 2. I was signed off by my employer as a competent adviser after 30 June 2009 	
	<ol style="list-style-type: none"> 3. I have been signed off by my employer as a competent adviser, but I don't know when that happened 	
<ol style="list-style-type: none"> 4. I haven't yet been signed off as a competent adviser (trainee) 		

PART B Thinking about your qualifications	
B1	<p>Do you already hold at least one Appropriate Qualification listed in the FSA Handbook so that you will continue to be able to advise on retail investment products after 31 December 2012? Please answer yes, even if you still need to start or complete gap-fill.</p> <ol style="list-style-type: none"> 1. Yes – go to B2 2. No – go to B6
B2	<p>Of the following qualification providers, with which one or ones do you hold an Appropriate Qualification.</p> <p>SCRIPTING NOTE: do not show providers 9 and 10 in the B6 loop, as these are no longer open to new students</p> <p>[Multicode]</p> <ol style="list-style-type: none"> 1. Calibrand/ Scottish Qualifications Authority 2. CFA Society of the UK / CFA Institute 3. Chartered Institute of Bankers in Scotland (CIOBS) 4. Chartered Insurance Institute (CII) 5. Institute of Financial Planning (IFP) 6. Chartered Institute for Securities and Investments (CISI, formerly Securities and Investments Institute) 7. Faculty or Institute of Actuaries (FOA or IOA) 8. Institute of Financial Services (IFS, formerly ifs School of Finance) 9. London Stock Exchange (LSE) 10. Personal Finance Society (PFS) 11. University of West of England or Sheffield Hallam or Bournemouth or Stirling or Manchester Metropolitan or Blackburn College – University Centre 12. Association of International Wealth Managers 13. ACI The Financial Markets Association 14. Association of Certified International Investment Analysts (ACIIA) 15. CASS Business School 16. Pension Management Institute (PMI) 17. Securities Analysts Association of Japan (SAAJ) 18. Other (please write in) <p>99. Don't know</p>
NOTE	<p>ROUTE FROM B2 TO RELEVANT QUESTION IN B2a – B2r SERIES.</p> <p>IF B2=18 or 99, GO TO B3. ALLOW NULL AT EACH QUESTION IF LISTED QUALIFICATIONS NOT HELD</p> <p>NB. For analysis purposes we added the label (a) or (b). This denotes Quals that are OK without gap-fill (a) and Quals which are OK only when combined with gap-fill (b). The labels should not appear in the web questionnaire.</p> <p>NOTE FOR B6 LOOP: do not show providers and qualifications in red</p>
B2a	<p>Do you hold the following qualification from [insert body from B2] (Calibrand)?</p> <p>[Single code]</p> <ol style="list-style-type: none"> 1. Diploma in Professional Financial Advice (a)

B2b	Do you hold any of the following qualifications from [insert body from B2] (the CFA)? [Multicode]
	<ol style="list-style-type: none"> 1. Associate by examination (b) 2. CFA Program 1 plus Unit 1 of the Investment Management Certificate (IMC, pre-2010 exam standards) (b) 3. CFA Program 1 plus Investment Management Certificate (IMC, post-2010 exam standards) (a) 4. Fellow by examination (b) 5. Investment Management Certificate (IMC, post-2010 exam standards) plus other qualifications that meet specialist standards for advising on either securities, derivatives, packaged products or any combination of the three (a)
B2c	Do you hold any of the following qualifications from [insert body from B2] (the Chartered Institute of Bankers in Scotland (CIOBS))? [Multicode]
	<ol style="list-style-type: none"> 1. Certificate in Investment Planning (pre 17/09/2004) (b) 2. Chartered Banker (where candidates hold UK Financial Services and Investment modules) (b) 3. Diploma in Investment Planning (b) 4. Diploma in Investment Planning (post-2010 examination standards) (a) 5. Associate (b)
B2d	Do you hold any of the following qualifications from [insert body from B2] (the Chartered Insurance Institute (CII) / Personal Finance Society (PFS))? [Multicode]
	<ol style="list-style-type: none"> 1. Advanced Diploma in Financial Planning (b) 2. Advanced Financial Planning Certificate (b) 3. Associate (ACII) (b) 4. Associate (ALIA Dip) (b) 5. Diploma in Financial Planning (b) 6. Diploma in Regulated Financial Planning (a) 7. Fellow (FCII) (b) 8. Fellow (FLIA Dip) (b)
B2e	Do you hold either of the following qualifications from [insert body from B2] (the Institute of Financial Planning)? [Multicode]
	<ol style="list-style-type: none"> 1. Certified Financial Planner (b) 2. Fellowship (b)
B2f	Do you hold any of the following qualifications from [insert body from B2] (the Chartered Institute for Securities and Investments (CISI))? [Multicode]
	<ol style="list-style-type: none"> 1. Certificate in Private Client Investment Advice and Management (PCIAM) (b) 2. Diploma (where candidates hold 3 modules as recommended by the firm) (b) 3. Investment Advice Certificate(b) 4. Investment Advice Diploma (a) 5. Masters in Wealth Management (pre-2010 examination standards) (b) 6. Masters in Wealth Management (post-2010 examination standards) (a) 7. Member of the Securities Institute (MSI Dip) (b)
B2g	Do you hold either of the following qualifications from [insert body from B2] (the Faculty or Institute of Actuaries)? [Multicode]

	<ol style="list-style-type: none"> 1. Associate with modules CT1, CT2, CT4, CT5, CT6, CT7 and CT8 (a) 2. Fellow with modules CT1, CT2, CT4, CT5, CT6, CT7 and CT8 (a)
B2h	Do you hold any of the following qualifications from [insert body from B2] (the IFS)? [Multicode]
	<ol style="list-style-type: none"> 1. Associate (where the investment / investment management module has been passed) (b) 2. Diploma for Financial Advisers pre-2010 examination standards (b) 3. Diploma for Financial Advisers post-2010 examination standards (a) 4. Professional Certificate in Banking (PcertB) (a) 5. Professional Investment Certificate (b)
B2j	Do you hold the following qualification from [insert body from B2]? (the LSE) [Single code]
	<ol style="list-style-type: none"> 1. Full Membership Examinations (b)
B2l	Do you hold any of the following qualifications from [insert body from B2] (a University)? [Multicode]
	<ol style="list-style-type: none"> 1. BA (Financial Services) (b) 2. Post-graduate (Financial Services) (b) 3. MA (Financial Services)(b) 4. BA (Hons) (Financial Services, Planning and Management) (a) 5. BA (Finance) or (Accounting and Finance)(b) 6. BA (Accounting) (b) 7. MSc (Finance) (b) 8. MSc (International Accounting and Finance) (b) 9. MSc (Investment analysis) (b) 10. Foundation Degree Award in Financial Services (a)
B2m	Do you hold the following qualification from [insert body from B2] (the Association of International Wealth Managers)? [Single code]
	<ol style="list-style-type: none"> 1. Certified International Wealth Manager (a)
B2n	Do you hold the following qualification from [insert body from B2] (ACI The Financial Markets Association)? <ol style="list-style-type: none"> 1. ACI Diploma (provided it is accompanied with appropriate qualification modules covering regulation & ethics, investment principles & risk and personal taxation) (a)
B2o	Do you hold the following qualification from [insert body from B2] (Association of Certified International Investment Analysts (ACIIA))? <ol style="list-style-type: none"> 1. CIIA Qualification (provided it is accompanied with appropriate qualification modules covering regulation & ethics, investment principles & risk and personal taxation) (a)
B2p	Do you hold the following qualification from [insert body from B2] (CASS Business School)? <ol style="list-style-type: none"> 1. MSc in Banking and International Finance (provided it is accompanied with appropriate qualifications modules covering regulation & ethics, investment principles & risk and personal taxation) (a)
B2q	Do you hold the following qualification from [insert body from B2] (Pensions Management Institute (PMI))? <ol style="list-style-type: none"> 1. Diploma in Regulated Retirement Advice (a)

B2r	<p>Do you hold either of the following qualification from [insert body from B2] (Securities Analysts Association of Japan (SAAJ))?</p> <p>[Single code]</p> <ol style="list-style-type: none"> 1. CMA Level 2 (for individuals advising before 30 June 2009) (b) 2. CMA Level 2 (for individuals not advising before 30 June 2009 - must be accompanied by a qualification in Regulation and Ethics, Investment Principles and Risk and Personal Taxation) (b)
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NOTE	<p>ALL THOSE WHO CODE 18, 99 AT B2, OR who give a NULL answer at B2a-r, ASK B3. THOSE THAT SCORE ANY AT B2 SERIES ROUTE TO C1</p>
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B3	<p>You have not selected one of the QCF Level 4 qualifications provided in this survey that are listed in the FSA Handbook as appropriate qualifications for RDR purposes.</p> <p>Of the following, which best describes your situation?</p> <p>[Single code]</p> <p>Web note: “Grandfathering” refers to the process where firms already holding regulatory status at the time the Financial Services and Markets Act (2000) came into force did not need to re-apply for approved status for advisers already deemed competent. Individuals who were authorised under existing legislation at that time were “grandfathered” by law, meaning they were able to continue to do the same work, without having to re-apply for permission or approval, or to undertake further qualifications.</p> <ol style="list-style-type: none"> 1. Fully qualified to Level 3 GO TO B6 2. Part qualified to Level 4, but not qualified to Level 3 GO TO B5 3. Not qualified at Level 3 GO TO B5 4. Hold a Level 4 qualification or above GO TO C1 5. Was grandfathered GO TO B6 6. Other – THANK & CLOSE <p>99. Don't Know – THANK & CLOSE</p>
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B5	<p>ASK WHERE B3 = CODE 2, 3</p> <p>Please confirm whether you are a trainee</p> <ol style="list-style-type: none"> 1. Yes, I am a trainee 2. No, I'm not a trainee – THANK & CLOSE
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B6	<p>IF B1=2 OR IF B3=1,2,3 OR 5</p> <p>What plans, if any, have you made to attain an Appropriate Qualification? Of the following, which best describes your situation?</p> <p>[Single code]</p> <ol style="list-style-type: none"> 0. Awaiting results for the final paper 1. Commenced studying 2. Decided to take an Appropriate Qualification but not yet started studying 3. Considered but not made a firm decision yet 4. Not given it any consideration/ Don't know 5. Decided <u>not</u> to take an Appropriate Qualification GO TO C1
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B6 Loop	<p>IF B6=0, 1 OR 2</p> <p>Ask B2 and the relevant B2a-r sub-questions, but replace the text “do you hold” with “Are you awaiting results for the final paper in”, “Are you studying for” or “Do you plan to study for”. Do not show providers and qualifications in red</p> <p>The wording for B6 loop:</p> <p>B6=0 For which one or ones are you awaiting results for a final paper?</p> <p>B6=1 With which one or ones are you studying for an Appropriate Qualification?</p> <p>B6=2 With which one or ones do you plan to study for an Appropriate Qualification?</p> <p>(NB do not ask B3 follow-up question, even if no valid AQ is mentioned)</p>
B10a	<p>ASK WHERE B6=0 or 1</p> <p>How many modules/ exams have you completed successfully towards your qualification? [Single code]</p> <ol style="list-style-type: none"> 1. 1 2. 2 3. 3 4. 4 5. 5 6. 6 7. Other (please write in:) 8. Don't know
B10b	<p>ASK WHERE B6=0 or 1</p> <p>And how many modules / exams will you have left to complete successfully? [Single code]</p> <ol style="list-style-type: none"> 1. 1 (IF B6 = 0, PRE POPULATE AS CODE 1) 2. 2 3. 3 4. 4 5. 5 6. 6 7. Other (please write in:) 99. Don't know
B11	<p>ASK WHERE B6=0, 1 OR 2</p> <p>By when do you expect to complete your [If studying for or planning to study for >1 AQ at B6 loop: first] qualification? [Single code]</p>

	<ol style="list-style-type: none"> 1. By September 2012 2. By December 2012 3. After December 2012 <p>99. Don't know</p>
B12	<p>ASK WHERE B11=1-3</p> <p>In estimating the date by when you expect to complete your qualification, have you taken into account the possible need to re-sit any examination?</p> <p>[Single code]</p>
	<ol style="list-style-type: none"> 1. Yes 2. No
B12a	<p>ASK IF B12 = 2</p> <p>If you did need to re-sit an examination, by when would you expect to complete your qualification?</p> <p>IF B11 =1 & B12 = 2 SHOW CODES 1, 2, 3</p> <p>IF B11 =2 & B12 = 2 SHOW CODES 2, 3</p> <p>IF B11 =3 & B12 = 2 ONLY SHOW CODES 4-6</p> <p>[Single code]</p>
	<ol style="list-style-type: none"> 1. By September 2012 2. By December 2012 3. After December 2012 4. By March 2013 5. By June 2013 6. After June 2013 <p>99. Don't know</p>

PART C	Thinking about gap-fill
C1	<p>ASK ALL. Were you aware that learning activities can be both “Structured” or “Unstructured”? [Single code]</p> <p>1. Yes 2. No</p>
C1a intro	<p>If B2 [validated AQ] is in group (a) i.e. they hold/ are studying for/ planning to study for at least one AQ that does not require gap-fill, skip to C7</p> <p>If B6 = 3 or 4 (no firm decision on whether to take an AQ or not considered/ dk), skip to D1</p> <p>All others continue.</p> <p>As a matter of good practice, you will be expected to go through certain stages in planning and completing your learning activities, consistent with the FSA’s focus on the relevance and learning outcomes of any activity.</p> <p>The FSA has stated in a recent Policy Statement that any adviser who currently holds or is completing certain qualifications will need to undertake some qualification gap-fill in order to bridge the gap between their current qualification and the future standard. This gap-fill activity should be structured rather than unstructured learning.</p> <p>“Structured Learning” is activity designed to meet a particular learning outcome and includes seminars, lectures, conferences, workshops, courses and completing appropriate eLearning. It does not include carrying out research on products and services for your clients.</p> <p>“Unstructured Learning” includes reading professional publications where material is not designed to meet a particular learning outcome.</p> <p>Ask C1a or C1b or C2 on same screen as the text above. If C1a/b and then C2 are both to be asked, keep the text above on screen for both questions.</p>
C1a	<p>IF B6=0, 1 or 2 but they gave a NULL answer at B6a-r (studying for AQ, but no validated AQ mentioned)</p> <p>If B6=0 wording: Does the Appropriate Qualification for which you are awaiting results for the final paper require gap-fill?</p> <p>If B6=1 wording: Does the Appropriate Qualification you are studying towards require gap-fill?</p> <p>If B6=2 wording: Does the Appropriate Qualification you plan to study towards require gap-fill?</p>

	<p>1. Yes – GO TO C2</p> <p>2. No – GO TO C7</p> <p>99. Don't know – GO TO C7</p>
C1b	<p>IF B2 [validated AQ] is NULL and B3 = 4 (say they are Level 4 qualified despite not naming a valid AQ)</p> <p>Does the Appropriate Qualification that you hold require gap-fill?</p>
	<p>1. Yes</p> <p>2. No – GO TO C7</p> <p>99. Don't know – GO TO C7</p>
C2	<p>ASK QUESTION C2 FOR EACH VALIDATED AQ THEY HOLD/ ARE STUDYING FOR/ PLANNING TO STUDY FOR.</p> <p>OR IF C1a/b=1, ASK THE QUESTION ONCE ONLY, EXCLUDING THE INTRODUCTORY SENTENCE BELOW.</p> <p>The following qualification that you hold [or IF B6=0: for which you are awaiting results for the final paper; if B6=1: that you are studying towards or if B6=2: that you are planning to study towards] requires gap-fill:</p> <p>[PROVIDER NAME]</p> <p>[QUALIFICATION NAME]</p> <p>Which of the following best describes your position with regard to gap-fill for this Appropriate Qualification:</p>
	<p>1. I have completed gap-fill – SKIP TO C7 (after any other AQs have been asked)</p> <p>2. I am studying towards gap-fill</p> <p>3. I have not yet begun gap-fill</p> <p>4. I did not know that this qualification required gap-fill [suppress if C1a/b=1]</p> <p>99. Don't know</p>
C5	<p>Apart from the final accreditation, by when do you expect to complete your gap-fill activity [only if more than one validated AQ held: for <i>at least one</i> of your Appropriate Qualifications]?</p> <p>[Single code]</p>
	<p>1. Already completed (PREFILL if C2=1, OTHERWISE SUPPRESS)</p> <p>6. By September 2012</p> <p>7. By December 2012</p> <p>8. After December 2012</p> <p>99. Don't know</p>

C7	<p>ASK IF A16=1 AND B11 = 3 or IF A16=1 AND B12a=3-6</p> <p>You mentioned that you don't think you will complete your level 4 qualification by 31 December 2012. What do you intend to do from this date while you complete this qualification? [S]</p> <p>ASK IF A16=1 AND B11 = 1, 2 or 99 or IF A16=1 AND B12a=1, 2 or 99</p> <p>If you do not complete your Level 4 qualification by 31 December 2012, what do you intend to do from this date while you complete this qualification? [S]</p> <ol style="list-style-type: none"> 1. I will cease giving advice, but continue in an alternative FSA approved role 2. I will cease giving advice, and be de-registered with the FSA while I complete my studies 3. Other (please write in:) <p>99. Don't know</p> <p>INTERVIEWER NOTE – NOT TO BE READ OUT UNLESS ASKED (NOT TO BE SHOWN ON WEB VERSION) - A waiver can be granted in some circumstances in order to allow individuals more time to complete their studies. It will only be granted where there are extenuating circumstances that make it difficult for an individual to complete their exams within the time period required. It must be applied for by a firm on behalf of an individual.</p>
C8	<p>ASK IF A16=1 AND C5=8</p> <p>You mentioned that you don't think you will complete your gap fill requirements by 31 December 2012, what do you intend to do from this date while you complete this? [Single code]</p> <p>ASK IF A16=1 AND C5 = 6 or 7</p> <p>If you do not complete your gap-fill requirements by 31 December 2012, what do you intend to do between this date and gap-fill completion? [Single code]</p> <ol style="list-style-type: none"> 1. I will cease giving advice, but continue in an alternative FSA approved role 2. I will cease giving advice, and be de-registered with the FSA while I complete my studies 3. Other (please write in:) <p>99. Don't know</p> <p>INTERVIEWER NOTE – NOT TO BE READ OUT UNLESS ASKED (NOT TO BE SHOWN ON WEB VERSION) - A waiver can be granted in some circumstances in order to allow individuals more time to complete their studies. It will only be granted where there are extenuating circumstances that make it difficult for an individual to complete their exams within the time period required. It must be applied for by a firm on behalf of an individual.</p>
PART D	Now a few questions about Continuing Professional Development (CPD)

D1 & D1a	Approximately how many hours of structured and unstructured CPD (Continuing Professional Development) have you completed in the last 12 months?			
			No. of hours	Don't know
	D1	Structured		
	D1a	Unstructured		
D1b & D1c	DON'T ASK IF B6=5			
	Approximately how many hours of structured and unstructured CPD (Continuing Professional Development) do you plan to do each year after 31 December 2012 ?			
			No. of hours	Don't know
	D1b	Structured		
	D1c	Unstructured		
D1d	ASK IF SUM OF D1b + D1c = LESS THAN SUM OF D1+D1a			
	Why are you planning to do less CPD after 31 December 2012? [S]			
	<ol style="list-style-type: none"> 1. Gap-fill or exams will be completed by then/ I won't need to study as much 2. I expect to leave the industry/ retire 3. I will focus more on growing my business 4. I won't have time to do more CPD 5. Other (please write in:) 			
D2	ASK IF D1+D1a≥1			
	Of the following, which best describes how you maintain a record of your CPD? [Single code]			
	<ol style="list-style-type: none"> 1. Don't keep a record 2. Maintain my own paper based / electronic log 3. Make use of a log or system provided by my employer 4. Make use of a log or system provided by my network 5. Make use of a log or system provided by my professional body 6. Make use of a log or system provided by my service provider 7. Other (please write in:) 			
	99. Don't know			

D3	<p>DO NOT ASK IF D1 + D1a = 0 hours/ DK</p> <p>New rules from the FSA will mean that CPD must be outcomes-focused after 31 December 2012.</p> <p>‘Outcomes-focused CPD’ requires active planning, after assessing learning needs, reviewing objectives and identifying gaps in knowledge. Evidence of CPD should include documentation on learning outcomes and reflection on the relevance of CPD to the adviser’s role.</p> <p>Do you already carry out outcomes-focused CPD?</p>
	<p>1. Yes 2. No 99. Don’t know</p>

PART E	Now a few questions about membership of professional bodies and ethical standards
E1	<p>ASK ALL</p> <p>Are you a member of any of the following professional bodies? [Single code]</p> <p>SHOW LIST: CFA Society (UK) Chartered Institute of Bankers in Scotland (CIOBS) Chartered Insurance Institute (CII) or Personal Finance Society (PFS) Chartered Institute for Securities and Investment (CISI) Institute of Financial Planning (IFP) Institute of Chartered Accountants in England and Wales (ICAEW) Institute of Financial Services (IFS)</p>
	<p>1. Yes 2. No 98. Prefer not to answer</p>
E2	<p>ASK ALL</p> <p>Are you aware of the four Statements of Principle for Approved Persons, to which advisers need to adhere?</p>
	<p>1. Yes 2. No 99. Don’t know</p>

E3	<p>ASK ALL</p> <p>The four Statements of Principle for Approved Persons (as set out in APER), to which advisers need to adhere, are: [Single code]</p> <p>An approved person must:-</p> <p>SP1 – act with integrity SP2 – act with due skill, care and diligence SP3 – observe proper standards of market conduct SP4 – deal with the FSA and with other regulators in an open and cooperative way</p> <p>Note: There are four Statements of Principle to which all Approved Persons need to adhere, these are all applicable to retail investment advisers. There are an additional 3 principles to which those in a significant influencer role need to adhere, but these are not relevant to the CF30 function”.</p> <p>Of the following, which best describes how you comply with these “Statements”?</p> <ol style="list-style-type: none"> 1. I comply and can provide evidence of this 2. I comply, but can't provide evidence of this 3. I do not comply 99. Don't know 98. Prefer not to answer
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PART F	Thinking about your work as a retail investment adviser after 31 December 2012
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F1	<p>ASK ALL</p> <p>Given everything you currently know about the RDR, which of the following best describes your current thinking regarding what you will do after 31 December 2012? [Single code]</p> <ol style="list-style-type: none"> 1. I will definitely remain a retail investment adviser [DO NOT ASK IF B6=5] GO TO F2 2. I am likely to remain a retail investment adviser [DO NOT ASK IF B6=5] GO TO F1b 3. I will retire – as planned GO TO F10 4. I will retire – earlier than planned GO TO F5 5. I will stop advising on retail investments and take another role within the industry GO TO F1a 6. I will leave the industry GO TO F5 7. Other (please write in:) GO TO F10 99. Don't Know
F1a	<p>ASK WHERE F1 = 5. What other role would you take? [Multicode]</p> <p style="text-align: center;">DO NO SHOW THE BRACKET WITH CF30 IN THE WEB SCRIPT</p>

	<ol style="list-style-type: none"> 1. Stop advising on retail investments but continue to run my business in the capacity of an investment manager using other advisers (CF30) 2. Give advice to clients solely in connection with corporate finance business (CF30) 3. Give advice to clients or perform related activities in connection with pension transfers or opt-outs (CF30) 4. Give advice in becoming or ceasing to be a member of a Lloyds syndicate (CF30) 5. Continue dealing but cease to advise (CF30) 6. Become a paraplanner 7. Become a protection and/ or mortgage adviser 8. Become an introducer to another adviser or to a product provider 9. Become a client relationship manager 10. Offer Execution Only sales (CF30) 11. Offer Discretionary Investment Management (where no personal recommendation is made) (CF30) 12. Other (please write in:) <p>99. Don't know</p>
<p>F1b</p>	<p>ASK WHERE F1 = 2</p> <p>Why do you say you are "likely to" rather than "definitely will" remain a retail investment adviser?</p> <p>[Multicode]</p> <ol style="list-style-type: none"> 1. I'm unsure about the future of my employment as an Retail Investment Adviser 2. I'm unsure whether I will want to continue working as an Retail Investment Adviser 3. Personal reasons (e.g. family obligations) <p>97. Other (write in:.....) If blank: It would be very helpful to the FSA if we could understand your reasons for this. Allow a blank the second time.</p>
<p>F2</p>	<p>ASK WHERE F1 = 1 OR 2</p> <p>Intro for products/ services already offered: Compared to the last 12 months, and in proportion to the currently percentage of business, do you think the amount of retail business you personally do in the following areas will change after 31 December 2012? Answer options are: Stop offering, Do less, Do the same, Do more</p> <p>Intro for products/ services <u>not</u> already offered: Similarly, compared to the last 12 months, do you think the amount of retail business you personally do in the following areas will change after 31 December 2012? Answer options are: Still not offer, Start offering</p>

		1. Stop offering / [not an option]	2. Do less/ [not an option]	3. Do the same/ Still not offer	4. Do more/ Start offering	99. Don't know
	a. Advising on Investments (life policies, collective investment schemes, structured investment products, securities, derivatives, including advisory investment management)					
	b. Advising on Pensions					
	c. Advising on Annuities					
	d. Advising on Individual Protection					
	e. Advising on Mortgages					
	f. Advising on Other products					
	h. Discretionary Investment Management (where a personal recommendation is made)					
	g. Discretionary Investment Management (where no personal recommendation is made)					
	i. Execution Only sales					
F3	ASK IF F2g = 1, 2 or 4 (i.e. STOP/ DO LESS/ DO MORE/ START OFFERING)					
	You said you will [STOP OFFERING/DO LESS OF/DO MORE OF/START OFFERING] Execution Only sales after 31 December 2012. Why do you say this? OPEN					
F3a	ASK IF F2h = 1, 2 or 4 (i.e. STOP/ DO LESS/ DO MORE/ START OFFERING)					
	You said you will [STOP OFFERING/DO LESS OF/DO MORE OF/START OFFERING] Discretionary Investment Management where a personal recommendation is made after 31 December 2012. Why do you say this? OPEN					
F3b	ASK IF F1=1 or 2					
	Thinking again about the retail clients you personally advise, what percentage do you expect to fall into each of the following personal Savings & Investment holding categories after 31 December 2012? Please do not include any retail clients that you advise on mortgages, protection or other products if you do not also advise them on investments. [Multicode]					

PRE POPULATE WITH ANSWERS FROM A3b			
Category	Current %age	Post RDR %age	Don't know
Retail clients with less than £20k in Savings and Investments in their own name	ANSWER FROM A3b		
Retail clients with between £20k and £75k in Savings and Investments in their own name	ANSWER FROM A3b		
Retail clients with more than £75k and under £250k in Savings and Investments in their own name	ANSWER FROM A3b		
Retail clients with £250k or more in Savings and Investments in their own name	ANSWER FROM A3b		

F3c	<p>ASK IF F1=1 OR 2</p> <p>After 31 December 2012, how many platforms do you personally plan to use for your own retail clients?</p> <p>DO NOT ALLOW 0 ANSWER</p>
	<p>WRITE IN NUMBER: _____</p> <p>1. I don't intend to use platforms</p> <p>99. Don't know</p>

F3e	<p>IF F3c not 1 or 99</p> <p>Thinking about the impact on your own retail clients, what factors would be most important to you when selecting a platform after 31 December 2012? Please rate the following on a scale of 1 to 5, where 1 is not at all important and 5 is very important.</p>	
		1 – 5
	Cost of platforms services	
	Administration services offered (i.e. valuation and aggregation of assets)	
	Range of funds	
	Range of other products	
	Facilitation of adviser charging	
	Availability of portfolio management tools	
	Reputation of the platform	
	Ownership of the platform	
Financial strength of the platform		
Other (please write in:)		

F5	<p>ASK WHERE F1 = CODE 4, 5 OR 6. Thinking about the following considerations that may have influenced your decision to [CODE 4, 5 or 6 at F1, i.e. RETIRE EARLIER THAN PLANNED/ STOP ADVISING ON RETAIL INVESTMENTS AND TAKE ANOTHER ROLE IN THE INDUSTRY/ LEAVE THE INDUSTRY], how influential were each of the following for you?</p> <p>Web text for F5d: After 31 December 2012 a Statement of Professional Standing (SPS) will need to be held by a Retail Investment Adviser; these Statements will be issued by accredited bodies to those advisers who have passed an appropriate qualification (including completing gap-fill where appropriate), adhered to ethical standards and maintained their knowledge through ongoing CPD activity.</p> <p>Web text for F5g: After 31 December 2012 an Independent Financial Adviser firm will need: to consider a broader range of retail investment products; provide unbiased and unrestricted advice based on a comprehensive and fair analysis of the relevant market, and inform its clients, before providing advice, that it provides independent advice. The wider range of products includes structured investment products, all investment trusts and unregulated collective investment schemes (UCIS).</p> <p>Web text for F5h: From the end of 2013 all Personal Investment Firms will be subject to new capital resources requirements. These will be phased in over a two year period so that by the end of 2015 Personal Investment Firms will have to hold at least three months of their annual fixed expenditure in realisable assets such as cash, and the minimum capital resources threshold for any firm will be set at £20,000.</p>
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	1. Very influential	2. Quite influential	3. Not very influential	4. Not at all influential	99. Don't know	5. Not applicable This option is only valid for F5f, F5g and F5h
a. The requirement to subscribe to ethical standards						
b. The requirement to attain an Appropriate Qualification						
c. More CPD requirements						
d. The need to hold a Statement of Professional Standing (SPS)						
e. The introduction of the Adviser Charge for investment business						
f. A change in description of my firm's services to either independent or restricted						
g. The wider definition of Retail Investment Advice						
h. Capital adequacy requirements for Personal Investment Firms (PIFs)						
j. The cost of obtaining adequate Personal Indemnity Insurance (PII) cover						
i. Other (please write in:)						

<p>F6</p>	<p>ASK WHERE F5b Appropriate Qualification = CODE 1 OR 2 [VERY / QUITE INFLUENTIAL].</p> <p>You stated that the requirement to attain an Appropriate Qualification was [VERY/ QUITE INFLUENTIAL] in your decision to [CODE 4, 5 or 6 at F1, i.e. RETIRE EARLIER THAN PLANNED/ STOP ADVISING ON RETAIL INVESTMENTS AND TAKE ANOTHER ROLE IN THE INDUSTRY/ LEAVE THE INDUSTRY],</p> <p>Web note: a work-based assessment is when the adviser is visited by an assessor who observes him/ her in the workplace, reviews advice files and checks competence and CPD records.</p> <p>Do you know that it is possible to attain an Appropriate Qualification through an alternative assessment process such as an oral examination or work-based assessment?</p> <p>1. Yes 2. No 99. Don't know</p>
<p>F6a</p>	<p>ASK IF CODE 2 at F6</p> <p>Does knowing that you can attain an Appropriate Qualification through an alternative assessment process such as an oral examination or work-based assessment alter your plans? Will you .. [Single code]</p> <p>1. Definitely stay a retail investment adviser 2. Probably stay a retail investment adviser 3. Probably not stay a retail investment adviser 4. Definitely not stay a retail investment adviser 99. Don't know</p>

F7	<p>ASK IF F1 = 1 or 2 OR F6a = 1 or 2 As you know the definition of independence is changing. How likely are you personally to switch to a different type of advice service after 31 December 2012?</p> <p>“Restricted Advice”: If a firm gives advice on products from a limited number of providers, or only considers certain types of products, it will need to describe itself as ‘restricted’. Firms must disclose in writing and orally, before providing advice, that they provide restricted advice and explain the nature of the restriction.</p> <p>“Simplified Advice”: A form of restricted advice, simplified advice processes (sometimes referred to as Guided Sales) are streamlined advice processes that provide the customer with a suitable personal recommendation based on an assessment of their needs. This may be a shorter process than full advice, may involve a decision-tree, and may be limited to a more simple set of products.</p> <p>“Basic Advice”: A short, simple form of restricted advice that uses pre-scripted questions to identify a retail client’s financial priorities and decide whether a product from within a range of low-cost saving and investment stakeholder products is suitable for them.</p> <p>“Independent Financial Advice”: After 31 December 2012 an Independent Financial Adviser firm will need: to consider a broader range of products (retail investment products); provide unbiased and unrestricted advice based on a comprehensive and fair analysis of the relevant market, and inform its clients, before providing advice, that it provides independent advice. The wider range of products includes structured investment products, all investment trusts and unregulated collective investment schemes (UCIS).</p>
	<ol style="list-style-type: none"> 1. Definitely 2. Quite likely 3. Not very likely 4. Definitely not 99. Don’t know

F8	<p>ASK IF F7 = 1 or 2</p> <p>Of the following, to which type of advice service would you personally be most likely to switch? [S]</p> <p>“Restricted Advice”: If a firm gives advice on products from a limited number of providers, or only considers certain types of products, it will need to describe itself as ‘restricted’. Firms must disclose in writing and orally, before providing advice, that they provide restricted advice and explain the nature of the restriction.</p> <p>“Simplified Advice”: A form of restricted advice, simplified advice processes (sometimes referred to as Guided Sales) are streamlined advice processes that provide the customer with a suitable personal recommendation based on an assessment of their needs. This may be a shorter process than full advice, may involve a decision-tree, and may be limited to a more simple set of products.</p> <p>“Basic Advice”: A short, simple form of restricted advice that uses pre-scripted questions to identify a retail client’s financial priorities and decide whether a product from within a range of low-cost saving and investment stakeholder products is suitable for them.</p> <p>“Independent Financial Advice”: After 31 December 2012 an Independent Financial Adviser firm will need: to consider a broader range of products (retail investment products); provide unbiased and unrestricted advice based on a comprehensive and fair analysis of the relevant market, and inform its clients, before providing advice, that it provides independent advice. The wider range of products includes structured investment products, all investment trusts and unregulated collective investment schemes (UCIS).</p>
	<ol style="list-style-type: none"> 1. Restricted advice 2. Simplified advice 3. Basic advice 4. Independent financial advice 99. Don't know
F9	<p>ASK WHERE F1 = 1 OR 2, OR F6a = 1 OR 2</p> <p>Looking to after 31 December 2012, which of the following are you most likely to do? [Single code]</p>
	<ol style="list-style-type: none"> 1. Stay in my current role 2. Become self-employed 3. Become employed 4. Set up as a small firm 5. Other (please write in:) <p>98. Prefer not to answer</p>
F10	<p>ASK ALL</p> <p>Would you recommend retail investment advice as a career to someone? [Single code]</p>
	<ol style="list-style-type: none"> 1. Strongly recommend 2. Recommend 3. Neither recommend nor discourage 4. Discourage 5. Strongly discourage <p>98. Prefer not to answer</p>

F11	ASK IF CODE 1-5 at F10 Has the RDR made you more or less likely to recommend retail investment advice as a career? [Single code]
	1. More likely 2. Not changed my view 3. Less likely 98. Prefer not to answer

PART G Now a few questions about where you may require more guidance on the RDR

G1	<p>ASK ALL</p> <p>Do you need any clarification on meeting RDR requirements in any of the following areas?</p> <p>[Multicode]</p>
	<ol style="list-style-type: none"> 1. Qualification choices 2. Gap-fill 3. Obtaining a Statement of Professional Standing (SPS) 4. Accredited bodies 5. Structured CPD 6. Roles for individuals who do not have an Appropriate Qualification 7. Adviser Charging 8. Independent versus restricted advice 9. Capital adequacy 10. Other (please write in:) 11. No further help required
LOOP G2 AND G2b FOR EACH AT G1 (except code 11)	
G2	<p>You mentioned [EACH ANSWER FROM G1] need(s) clarifying. From whom do you want this information to come? Is it from...</p> <p>[Multicode]</p>
	<ol style="list-style-type: none"> 1 Your firm 2 The FSA 3 Your professional body 4 Your accredited body 5 Your trade association 97 Other (write in:....)
G2b	<p>ASK G2b IF G2=2</p> <p>You mentioned needing clarification from the FSA on [EACH ANSWER FROM G1]. From what FSA source would you prefer to obtain this information?</p>
	<ol style="list-style-type: none"> 1 FSA website 2 FSA Contact Centre 3 Both 99 Don't know
G5	<p>ASK ALL</p> <p>How do you rate the current levels of publicity on the RDR to consumers from the following sources?</p> <p>ROTATE. ALWAYS SHOW "Accredited bodies" FOLLOWED BY "other professional bodies"</p>

		Too much publicity	About right	Not enough publicity	Don't know
	Product providers				
	Advisory firms				
	Accredited bodies				
	Other professional bodies				
	Consumer groups				
	FSA				
	Money Advice Service				
	Other (please write in)				
G6a	ASK ALL				
	Which elements of the RDR, if any, have you personally discussed with which of your own retail clients?				
		Professionalism	Independent vs. Restricted Advice	Adviser Charging	
	Retail clients with less than £20k in Savings and Investments in their own name				
	Retail clients with between £20k and £75k in Savings and Investments in their own name				
	Retail clients with more than £75k and under £250k in Savings and Investments in their own name				
	Retail clients with £250k or more in Savings and Investments in their own name				
	Have not discussed any elements of RDR with any of my retail clients				
Prefer not to answer					

PART H		Finally a few questions to assist with the analysis
H1	ASK ALL	
	<p>Are you?</p> <p>[Single code]</p> <p>1. Male</p> <p>2. Female</p> <p>98. Prefer not to answer</p>	
H2	<p>Which age band do you fall into?</p> <p>[Single code]</p> <p>1. 18-24</p> <p>2. 25-29</p> <p>3. 30-34</p> <p>4. 35-39</p> <p>5. 40-44</p> <p>6. 45-49</p> <p>7. 50-54</p> <p>8. 55-59</p> <p>9. 60-64</p> <p>10. 65+</p> <p>98. Prefer not to answer</p>	
	<p>Into which of the following bands does your gross individual income from retail investment business fall? Please include your salary and any other income from retail investment business.</p> <p>[Single code]</p> <p>1. Up to £20,000</p> <p>2. £21,000 - £30,000</p> <p>3. £31,000 - £40,000</p> <p>4. £41,000 - £50,000</p> <p>5. £51,000 - £60,000</p> <p>6. £61,000 - £70,000</p> <p>7. £71,000 - £80,000</p> <p>8. £81,000 - £90,000</p> <p>9. £91,000 - £100,000</p> <p>10. £101,000- £125,000</p> <p>11. £126,000 - £150,000</p> <p>12. £151,000 - £200,000</p> <p>13. £201,000 - £250,000</p> <p>14. Over £250,000</p> <p>99. Don't know</p> <p>98. Prefer not to answer</p>	
H3		

H5	<p>How long have you been a retail investment adviser?</p> <p>[Single code]</p>
	<p>1. 2 years or less 2. 3-5 years 3. 6-10 years 4. 11-20 years 5. Over 20 years</p> <p>98. Don't know</p> <p>98. Prefer not to answer</p>
H6	<p>What is the first part of your work postcode?</p> <p>[Single code]</p>
	<p>Please write in: _____ or 99. Don't know</p> <p>IF Don't Know, ASK: in which of the following regions do you work?</p> <p>BACK CODE TO:</p> <p>1. North East 2. North West 3. Yorkshire and Humberside 4. East Midlands 5. West Midlands 6. East Anglia 7. London 8. South East 9. South West 10. Wales 11. Scotland 12. Northern Ireland 98. Prefer not to answer</p>
H7	<p>May we re-contact you by phone if we want to follow up on any of your answers to this survey?</p>
	<p>1. Yes 2. No</p>
H7a	<p>IF H7 = 1</p> <p>What is the best number to reach you on?</p>
	<p>(please write in:)</p>
H8	<p>ASK ALL</p> <p>The FSA may conduct further research among advisers on the RDR and related topics. May we re-contact you on their behalf to give you the opportunity to participate in the future? Saying yes now does not oblige you to participate.</p>
	<p>1. Yes 2. No</p>
<p>That is the end of the survey. Thank you for your time. Please press "Next" to submit your answers.</p>	

References

The following publications are available on the RDR Professionalism pages of the FSA website:

<http://www.fsa.gov.uk/about/what/rdr/rdr-library>

Atkin, B., Toberman, A., Wintersgill, D. and Wood, A.(2013), *RDR adviser population & Professionalism research 2012 Survey*.

Atkin, B., Farr, D., Leston, J. and Wood, A. (2011), *Research: Progress towards the Professionalism requirements of the Retail Distribution Review – Technical Report*.

Atkin, B., Crowther, N., Wintersgill, D. and Wood, A. (2011), *Research: Progress towards the Professionalism requirements of the Retail Distribution Review*.

NMG Consulting (2010), *The cost of implementing the Retail Distribution Review professionalism policy changes*.