



Item	Description	How we'll facilitate this?	MiFID II requirements vary depending on how client assets are managed			
			Advisory assets - does it apply?	Enabled for Elevate?	Discretionary assets - does it apply?	Enabled for Elevate DFM portfolios?
10% Discretionary portfolio drop	Requirement to report a drop in discretionary portfolio value of 10% (and subsequent 10% drops) in a quarter	Create a pdf in the client's document library on Elevate and e-mail communication to the adviser on the morning of the day that the price drop is realised with details of clients impacted	N/a	N/a	Yes	Yes
10% leveraged instrument drop¹	Requirement to report a drop in value of 10% (and subsequent 10% drops) for a leveraged instrument ¹	Create a pdf in the client's document library on Elevate and e-mail communication to the adviser on the morning of the day that the price drop is realised with details of clients impacted	Yes	Yes	Yes	Yes
Discretionary Portfolio Statements	Requirement to produce discretionary portfolio statements on a quarterly basis (if leveraged instrument exists within portfolio then monthly basis)	Elevate will provide product level statements and other reporting to enable Discretionary Managers to fulfill their obligations	N/a	N/a	Yes	N/a
Product Level Statements	Requirement to produce product level statements on a quarterly basis	These will be created in pdf format in the Elevate document library for the customer / adviser	Yes	Yes	Yes	Yes ²
Transaction Level Detail for Discretionary Models	Requirement to produce transaction level data on request specifically for discretionary managed models	Contract notes for discretionary transactions	N/a	N/a	Yes	Yes
Legal Entity Identifier	Requirement for a legal entity (Trust etc.) to have a LEI in place (to facilitate investments or trades in Exchange Tradeable Instruments)	Field on the platform to enter the LEI for the 'non-natural' client e.g. Trust / Charity / Corporate monies – for natural client accounts an LEI is not required. For any discretionary managed assets an LEI is required – this will be the Discretionary firm's LEI	Yes	Yes	Yes	Yes
National Identifier	Requirement to have a National Identifier in place for trade decision maker/s (to facilitate investment or trades in Exchange Trade Instruments)	Field on the platform to enter the trade decision maker's National identifier (this could be the client or the discretionary manager), for trade decision makers that are UK-based this will be their NI Number	Yes	Yes	Yes	Yes
DFM Fee Breakdown	Requirement to disclose the fee breakdown to the end client pre-sale, post-sale and on request	Facilitated through charges information document, and annually through statements	N/a	N/a	Yes	Yes
Costs and Charges Disclosure	Requirement to provide aggregated and itemised breakdown of cost and charges in both £ and %age including investment transaction costs	New Charges Information Document will be produced pre-sale/post sale and annually via statements and will provide all required costs and charges information	Yes	Yes	Yes	Yes
Target Market	Requirement to use target market data when making investment recommendations	Elevate will provide access to investment literature showing target market information from fund managers	Yes	Yes	Yes	Yes
Suitability	Requirement for the adviser to conduct their client suitability assessment	We will provide information to support advisers in their suitability process	Yes	Yes	Yes	Yes

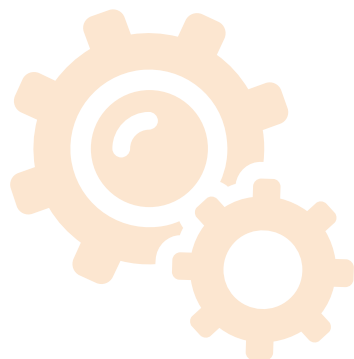
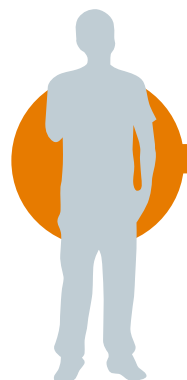
¹ Current Industry insight suggests that the definition of 'leveraged instrument' will not apply to the vast majority of assets on Wrap or Elevate. However the Fund Manager must ultimately determine whether they believe their fund is classed as leveraged through the European MiFID Template.

² A product statement is for the 'tax wrapped' product, which is the responsibility of the product provider.



What does it mean?	Consider existing fund choices against key criteria (target market, complex, leveraged, etc). Suitability framework will need to be put in place with support from compliance service provider	Impacted by nearly all the key changes – Elevate will support discretionary manager compliance
So what?	A more scalable and efficient approach might be to move from individual fund selection to selecting a multi-asset or discretionary portfolio solution to ease the administrative burden	We are already seeing many larger advisers adopting discretionary permissions and we expect this trend will continue as they seek greater efficiency and control over clients' investment outcomes

The MiFID II Opportunity



Step 1
Understand:

- ▶ MiFID II
- ▶ MiFIR
- ▶ IDD
- ▶ PRIIPs

Step 2
Understand the impact on your business:

- ▶ Mandatory regular suitability reviews
- ▶ Requirement to ensure clients fall within product manufacturer target markets.
- ▶ Investment charges disclosure
- ▶ Training & Competence
- ▶ Call Recording

Step 3
Understand how partners/suppliers will support you:

- ▶ LEIs / NIs
- ▶ Cost & charges disclosure pre and post sale
- ▶ 10% portfolio drop
- ▶ Suitability information
- ▶ Fund categorisations

Step 4
Adapt processes to support immediate MiFID II changes in January 2018:

- ▶ LEI and NI gathering
- ▶ Annual suitability review requirements
- ▶ Client notifications process and e-mail gathering
- ▶ Costs & charges disclosure pre and post sale

Step 5
Strategic review of the client service proposition and CIP:

Key questions about the client service proposition:

- ▶ How much ongoing fee revenue does a client need to generate to support an ongoing advice process with a mandatory annual suitability review?
- ▶ What is the transactional service offering for clients that do not generate enough revenue to warrant a mandatory annual suitability review?
- ▶ How can the service proposition and annual review process be streamlined to increase productivity and service more clients?
- ▶ What role does financial planning play in the service proposition as compared to portfolio management – is there value in managing complex investment arrangements, if so, when?
- ▶ How can the client investment proposition differentiate itself from direct and robo competitors that use 'plain vanilla' investment and product solutions?
- ▶ Where does complexity and sophistication in the service proposition fail to add value for the client? Can it be removed?

Key questions about the CIP:

- ▶ What does good value from a CIP look like for different client segments?
- ▶ How is the CIP adding value over and above a 'plain vanilla' robo solution?
- ▶ How does the cost of the CIP compare to direct and advised alternatives?
- ▶ What risks and costs is the current CIP now generating in the business?
 - Disproportionate annual review costs for clients generating limited ongoing revenue?
 - Increasing costs of CIP oversight and governance?
 - CIP complexity generating an increased risk of regulatory breach and poor client outcomes?
- ▶ How can the CIP be streamlined without undermining the client experience?
 - Appropriate use of third party expertise for different client segments, e.g multi-manager/MPS?
 - Controlling the number of third party funds and DFMs involved to remove unnecessary risk and complexity?