

15th November 2010

Novia responds to Citywire article "Wraps stunned as FSA plans cash rebate ban"

<http://www.citywire.co.uk/new-model-adviser/wraps-stunned-as-fsa-plans-cash-rebate-ban/a449264?ref=new-model-adviser-latest-news-list>

You may have seen the above article on Citywire earlier today. The first point to make is that, judging by the amount of comment that the article has generated, the journalist has probably achieved what he set out to do – get everyone looking at Citywire. One of the blogs probably says it all: 'pure conjecture'. Behind the scenes, everyone is asking everyone else what is likely to emerge, including very well connected industry figures so my take is that no-one is certain. Only three or four weeks ago everyone was saying that rebates would be banned completely and in the previous paper the FSA said its preference was for rebates to be passed on to customers.

There is no doubt that the fund supermarkets have been lobbying intensely to maintain their self interest at the expense of investors. They are desperate to avoid transparency – even now when they are required by MIFID rules to disclose their rebates they do everything they can to hide them. The quality end of the adviser market that we trade in totally endorses the principles of transparency and I cannot see that changing. Consumers want it as well and that is a trend that will just continue to grow.

Some practical points;

1. The Ernst & Young paper Going for Gold made the point that a cash facility was the only practical way of making Adviser Charging work. So where now for Adviser Charging and transparency?
2. There is no good reason at all for banning rebates to the customer cash account.
3. The next paper is a Consultation Paper – it's not the rules.

Finally, we already handle assets with no rebates! (And as we know, the supermarkets are building to support cash accounts as we speak).

Bill Vasiliieff
CEO, Novia

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Notes to editors:

Novia

Novia Financial plc launched to market in October 2008 to provide a comprehensive wealth management service or 'full wrap platform' for investment advisers and their clients. Novia provides a transparent pricing structure as well as access to a wide range of product wrappers each with their own Cash Facility, an extensive suite of portfolio management tools, and access to an extensive range of investment classes including shares, bonds, traditional authorised funds, ETFs and alternative investments.

The core operating system is provided by Australian based GBST who have been developing software solutions for fund administration and financial services since 1996, and for wrap solutions since 1999, amassing \$186bn (AU) in assets under management on their systems. The comprehensive suite of portfolio management tools is powered by Financial Express, who also provide the data for the platform, and the illustrations are provided by Dunstan Thomas.

The Novia team, based in Bath, is led by Bill Vasilieff, ex Sales and Marketing director and joint Co-founder of Selestia. Novia, as an independent proposition, has substantial financial backing from a combination of private individuals and corporate organisations. The board is chaired by Sir Anthony Cleaver (former chairman and chief executive of IBM in the UK). Other members include John Beaumont, non executive, who has held a number of non executive roles in major public organisations and several technology startups, Tim Levy (non executive and investor), Chief Executive of Future Capital Partners, David Royds (non executive and investor) Chairman of Matrix group, and Bill Vasilieff as CEO.

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