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For Immediate Release

FSA must demand wrap transparency for RDR to work

Novia Financial plc, the full service wrap provider, is fully supportive of the RDR and the Financial Service Authority's thematic review of wrap and platform providers underway at the moment.

However, Novia believes that the lack of transparency will undermine some platform providers, as they have factored in the opaque 'kick-backs' into their financial calculations. It points to some of the questions raised and conclusions reached by the financial services consultancy Ernst & Young in their recent paper; 2012 Going for gold.

Bill Vasilieff, CEO of Novia comments:

"One of the central tenets of the RDR is transparency and we will support the FSA efforts to make this the case for wrap providers as part of RDR implementation, and would welcome regulation to reform poor industry practice as soon as possible.

"We know that around 80% of advisers use a platform. If they are looking at their platform and wondering if it is 'RDR ready' we would suggest they ask the following questions:

- Does it have access to a broad range of assets including Exchange Traded Funds and alternative investments?
- If it claims to be 'free' to clients, how will the breakdown of charges for advice, investment management and product wrapper administration be made transparent to clients?
- Does it reimburse all negotiated rebates back to the client ?
- Is it flexible enough to allow an adviser to set up different charging levels for different clients depending on the work required/level of advice given?
- Is it completely independent of any product provider influence or bias in the funds and assets it makes available?

" You've only got to look at what well informed commentators like Ernst & Young are asking as they look forward; '*Will there be a future for bundled, opaque, platforms? Will AMC rebates just become more transparent or will the FSA mandate that they 'belong' to clients?*' We would certainly agree with their conclusion that the RDR will encourage wrap adoption and the 'elegant solution' a cash account based wrap solution brings to a fee-based model"

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Notes to editor:

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 InfoComp 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.

Novia Financial plc is authorised and regulated by the Financial Services Authority.