

Mortgage Strategy Article 1 Dec 2008

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The New Deadline

Amid the noise of the Chancellor's Pre Budget report, the latest announcements on the RDR and Woolies going bust it is very easy to imagine Mortgage Brokers missing one of November's most important announcements.

At this year's MBE (it used to be called Mortgage Business Expo) Leslie Titcombe, FSA Director, Retail Intermediaries & Mortgage, made several announcements: quashing phoenix firms, progress of the Small Firms Regional Assessments, the assumption that TCF is embedded sufficiently to forgo any further specific scrutiny, the Government's consultation into Sale and Rent Back schemes, the discouragement of Equity Release dabblers, and next year's review of the Mortgage Handbook. Many of these have caused great debate in the press and particularly for those who were around the exhibition hall afterwards.

However, the single most pressing announcement has almost gone unnoticed. There is a new regulatory deadline specifically for Mortgage Brokers to meet. It is April 2009. Five months away. Why haven't we heard of it before? The answer is we have, it's just that it has the most awful, unengaging name and is extremely easy to miss amongst the hard hitting 'other stuff'.

The Policy Statement that needs to be adhered to by the new deadline of April 2009 is called: Organisational systems and controls - extending the common platform to non MIFID firms. Don't turn off now. I'll tell you what has to be done so as not to fall foul of it.

In layman's terms, a firm's Systems and Control (SYSC) requirements up until now have been partially lower for Mortgage and GI Brokers than for IFAs and other firms. This Policy Statement (it also has the code number PS08/9) pretty much only adds a potential four additional areas to review of a firm's existing SYSC policy. These are compliance, internal audit, risk and outsourcing.

In essence what a firm must do is to compare its own SYSC policy with the new policy statement (all 130 pages of it I'm afraid) to identify where there are any gaps between the two. Then new policy must be written to fill these gaps and form part of the firm's own SYSC manual.

If a Mortgage firm has a very robust SYSC policy, for example, it can demonstrate its internal audit and risk policies, there will be little to do. But if not.....?

Whatever a firms SYSC policy states, all firms must check their policy against PS08/9 to establish if there are any gaps.

Telos is considering running a series of events throughout the country to help raise awareness of the issues and to offer help where necessary. The problem we're wrestling with is what to call them. A PS08/9 event still doesn't sound that appealing!

Further help can be found in the FSA website library and it is good to see that the Association of Mortgage Intermediaries (AMI) have established a working party with the aim to publish a factsheet before the end of the year.

So with all the help that is available, this deadline is achievable but only if action is taken swiftly.