



ADVISER DUE DILIGENCE GUIDE

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USING THIS GUIDE

It is important for you to be sure that the tax wrappers and services you recommend to clients are suitable and meet their needs. The Financial Conduct Authority (FCA) increasingly expects you to undertake due diligence on the tax wrappers, products and services you use. In February 2016, the FCA's thematic review was published, setting out the regulator's future expectations in this area.

At the Embark Group, we are always keen to help you make an informed decision as to which of our tax wrappers and services are appropriate for your business and clients. Our platform is no exception.

The FCA's Factsheet 012 - Platforms: using supermarkets and wraps, included a nine point list of areas they consider important when selecting a platform. We have used this as a basis for our Due Diligence Guide.

It is important that the platforms you select support your segmented client service and investment propositions. Our guide can help you with this process. Should you have any further questions, please get in touch with your Business Development Manager (BDM) or the Embark Customer Service Team.

SUMMARY

The Provider

The Embark platform is provided by Embark Investment Services Limited, part of the Embark Group. The Embark Group is a group of companies owned by Embark Group Limited, founded in 2013, although some of the businesses have been trading since 1970. The group currently has:

- c£15bn assets under administration
- c140,000 clients across a range of products and services
- 486 employees in six locations nationwide
- AKG financial strength rating of B-
- achieved a minimum capital adequacy ratio of 125%
- £15m Professional Indemnity (PI) cover

Terms and Conditions


- the Embark platform is an advised platform only
- the Adviser Terms of Business and Terms of Use cover the terms under which we make the platform services available to you
- the Client Terms & Conditions allow access to all accounts and tax wrapper products. The Client Terms of Use cover the terms under which we make the platform services available to clients
- the Embark platform is available to UK retail investors only, including UK Personal Pensions.

Charges

- charges are tiered according to the amount in the client's account
- the ongoing platform charges range from 0.100% to 0.150% and 0.150% to 0.250% for the Embark Personal Pension
- dealing costs are applicable when using listed securities, Exchange Traded Instruments (ETIs) and investment trusts
- only clean share classes are available
- full details are available in the Embark Account Charges Guide.

Product Line-Up

The Embark platform offers a General Investment Account (GIA), Stocks and Shares Individual Savings Account (ISA), Junior Stocks and Shares Individual Savings Account (JISA), Personal Pension and Third Party Investment Account (TPIA) for Pension Trustees. With:

- 4,000 mutual funds
- 3,000+ listed securities, investment trusts, and ETFs
- model portfolios provided by a range of Discretionary Investment Managers (DIMs). 

Asset Classes

We provide a full range of asset classes, including:

- fixed interest
- property
- UK equities
- european equities
- US equities
- far east equities
- specialist sectors.


Functionality

Over 50 processes available online and fully automated, without the need for manual intervention or wet signatures. Client onboarding is done online with integrated identity and bank account verification. We also offer prefunding of Pension Relief at Source (PRAS) and you can re-register assets both on and off the platform. The Embark platform offers:

- an online audit trail
- switching capabilities
- fully online drawdown
- flexible withdrawals
- integrated payroll available on any day
- client and adviser reporting
- online elective corporate actions management.

Accessibility

The Embark platform is fully accessible. It offers:

- availability 24/7, subject to any maintenance
- online trading including real time ETI trading during market opening hours
- access to third party model portfolios 
- online new business and top-ups
- straight through processing
- client Document Library
- online view access for clients and third party providers.

Additional Tools


We offer the following additional tools:

- free investment research, including fund research tools and fact sheets
- information for Capital Gains Tax (CGT) calculations.

Service & Support

Our adviser Service & Support extends beyond the Embark platform. We also offer technical product support and free investment research. This includes:

- online support through our dedicated website embarkplatform.co.uk
- web chat on every page of the platform, delivering direct access to support
- a telephone based adviser support team
- platform Business Development Managers
- a technical support team for Third Party Investment Accounts, pensions and tax planning
- specialist free investment research, available through The Adviser Centre and DISCUS.

 Items marked with a green flag are coming soon.

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THE PLATFORM PROVIDER

Who provides the platform?

The Embark platform is provided by Embark Investment Services Limited (EISL), which is a private limited company. The Embark platform is part of Embark Group which has c£15bn assets under administration for c140,000 clients, serviced by over 486 employees at six office locations nationwide.

The company was established and is led by experienced business leaders and experts from across the retirement, investment, wealth management, banking and insurance sectors.

How financially secure is the Embark Group?

The Embark platform has an AKG financial strength rating of B-. Our business is well capitalised and committed to maintaining a capital adequacy ratio minimum of 125% at all times.

How would you describe the sustainability of the platform?

The platform is based on technology from FNZ, a provider of digital technology to other leading industry players. The platform operates to the highest standards in data security and disaster recovery. Upgrades to incorporate changing legislation are planned and delivered in advance.

The Embark platform is committed to long term investment in digital technology to enable financial advisers to enhance their client propositions.

Who is the technology supplier?

Our technology is provided by the FNZ Group. We work in partnership with them to ensure that our extensive knowledge and understanding of the financial advisory market continues to shape the Embark platform proposition.

Do you have an ongoing relationship with the regulator?

Yes, the Embark Group has a close and positive relationship with the regulator.

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TERMS & CONDITIONS

Who signs the Terms & Conditions?

Adviser Terms of Business must be signed by the adviser firm as part of the registration for the Embark platform. Signed Terms of Business may be returned by scanned email, however, we do require a wet signature for our records. Further instructions for signing can be found in our Adviser Firm Application Form.

The Embark platform operates without the need for a wet signature from the client. Advisers declare that the client has received and agreed to the Terms & Conditions and a Confirmation Schedule is placed in the client's Document Library. The client Terms & Conditions are available on our website.

Who is eligible for a platform account?

Clients must be a UK resident, 18 years or older, hold a sterling denominated bank account and have a valid email address.

What Financial Services Compensation Scheme (FSCS) protection will my clients have?

Clients have the maximum possible FSCS protection available, depending on the type of assets held. For more information please refer to the Client Investment and Cash Protection and Compensation Guide held in the Literature Library on the Embark platform website.

Can I access your Order Execution policy?

Yes, this document is available in the Literature Library on the Embark platform website.

Is a minimum contribution required?

The minimum contribution for single and regular contributions is £50. This also applies to any top-ups. There is an initial minimum investment amount of £5,000 for assets held in an Embark TPIA.

Do you have a complaints procedure?

Yes, you or your client can submit complaints in writing, by email, or by calling us on 0330 024 2345. Our complaints procedure follows FCA and Financial Ombudsman Service Guidelines. For further information, please visit our website.

How do you ensure data and system security?

All customer data is held in protected data centres by FNZ and is overseen by their Global Security Team. This team ensure that the highest resilience standards are in place, in accordance with global banking requirements and the General Data Protection Regulations. PWC provide an annual audit of the entire control environment.

Platform systems are hosted across two mirrored data centres in Edinburgh and London. These are synchronised through real-time data replication technology. Further backup services provide the ability to recover on tertiary hardware, if required.

Communication services between sites are resilient. Monitoring of the sites is continuous. This data can be accessed from our administration centres in London, Leicester, Salisbury, Edinburgh and Tetbury.

Our systems are protected by three lines of defence:

1. Redundancy. All FNZ production systems have redundancy built in, including items such as dual power supplies, Redundant Array of Independent Disks (RAID) and clustered appliances.

2. Offsite data centres. Dual off-site data centres provided by Pulsant act as a second line of defence, with full service failover between them and a maximum of 15 minutes data loss.

3. Data back-up. Data back-ups, replicated every 5 minutes, are the third line of protection.

These processes are tested annually for full disaster recovery and quarterly for data restoration.

What are the business continuity and disaster recovery plans?

Business continuity and disaster recovery plans are managed in conjunction with FNZ. The FNZ plans are owned by FNZ's Global Head of Risk and Compliance and implemented by the FNZ Global Business Continuity Manager.

All offices of FNZ have a Crisis Management Plan which includes critical deadlines, communication arrangements, escalation and invocation procedures, together with the process to validate the integrity of information affected by disruption.

Business process are ranked according to their priority in the event of an incident. Tier 1 and Tier 2 teams have a Business Impact Analysis which is reviewed annually. Call cascade tests and workplace recovery tests are performed annually, at a minimum.

Business Continuity and Disaster Recovery plans are also independently audited by PWC under the Continuous Assurance Programme. This is a syndicated programme funded by all FNZ clients.

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CHARGES

The charging structure for the Embark platform is highly competitive and designed to be simple and straightforward.

An annual platform fee (Ongoing Platform Charge) is applied based on the value of the assets held in the client's account. This charge is applied to the value of the account(s) your client has with us. The charge is split into specific bands depending on the value of the account at the time the charge is applied.

Account value	Personal Pension	ISA, JISA, GIA	TPIA
£0-£150,000	0.250%	0.150%	0.150%
£150,001 - £500,000	0.225%	0.150%	0.125%
£500,001 - £1,000,000	0.200%	0.150%	0.100%
£1,000,000 AND OVER	0.150%	0.150%	0.100%

The amount we take from the Account is calculated daily, accrued, and then deducted on a monthly basis from the date the Account is opened.

Stockbroking trading charges

The stockbroker trading charge is calculated as a percentage of the total value of the asset that has been bought or sold.

The charge is 0.07%, subject to a minimum amount of £7.50 and a maximum amount of £120. This charge is applied per individual asset transaction for each product.

Where dealing occurs within a discretionary model portfolio, the client will pay £1 for each trade made within the model.

Non-advised client accounts

Our Accounts are designed to be managed by a financial adviser. If a client leaves their financial adviser and does not appoint a new one, we will restrict some of the Account features. We will also apply a higher Ongoing Platform Charge to cover the additional costs of administration.

The higher Ongoing Platform Charge is 0.25% and is applied across all products. The higher Ongoing Platform Charge will continue to be applied until a new financial adviser is appointed.

Other charges

Pension sharing or splitting orders

A charge of £120 inc VAT is applied to each Account if we are instructed to process a pension sharing or splitting order against the assets in the Embark Personal Pension.

Cheque handling fee

The current Cheque Handling Fee is £36 inc VAT. It is applied for each cheque payment that is made (excluding any transfer value payments).

Manual communication charge

A Manual Communication Charge of £24 inc VAT per account applies where a client does not have an active email address or does not have a financial adviser appointed to their Account. This charge covers the cost of physically printing and posting documentation.

Adviser charges

There are three ways advisers charges may be facilitated via the Embark platform. These are:

Initial adviser charge

You have the flexibility to set the Initial Adviser Charge. This is a one off payment that can be paid either as a percentage or as a fixed monetary amount up to a maximum of 5% of any one-off contribution or cash transfer but not on regular contributions or re-registration transfers. If this charge is taken from the Personal Pension it is calculated after pension relief at source has been added.

Ongoing adviser charge

Charges for the provision of ongoing advice and services can be facilitated through the Ongoing Adviser Charge. This can be paid either as a percentage of the value of the assets in the account or as a fixed monetary amount up to a maximum of 1% per annum. Where the charge is a percentage of the value of assets, it is calculated daily, accrued and then deducted monthly, quarterly, half-yearly or yearly.

Ad-hoc adviser charge

If you are providing a standalone service or one-off advice, you can apply an Ad-hoc Adviser Charge. This charge can be set-up on the platform and deducted from the client account at any time. The payment will be made from the 'available cash' within the Account.

Maximum Charging Levels

The following maximum charging levels apply on the Embark platform:

- **Initial adviser charge.** Maximum 5% charge for initial or ad-hoc contributions.
- **Ongoing adviser charge.** Maximum 1% per annum charge as an ongoing adviser fee.

What if there is insufficient cash to cover and charges?

If there is insufficient cash available to pay charges for the Embark platform, financial adviser, DIM or any other fees, our Automatic Disinvestment Process will apply. This enables the sale of investments in order to cover the outstanding charges.

Please refer to our Disinvestment Strategy for more information. You will find it in the Client Terms & Conditions, which can be downloaded from the Literature Library on the Embark platform website.

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PRODUCT LINE-UP

How many funds are available?

The Embark platform has over 4,000 mutual funds available from more than 100 fund managers. If a fund manager you usually recommend to your clients is not currently on the Embark platform, please get in touch and we will look to add them.

If we have an existing fund agreement in place with an investment manager, the addition of further funds should take approximately five working days. If there is no existing agreement in place, then the addition of the funds will take longer.

Is the fund range the same across all products?

Our platform is open architecture and therefore the majority of assets are available through all products. However, occasionally assets may be ineligible for some products. Where this is the case, the Embark platform will not make that fund available for selection.

Which products are available on the platform?

The platform offers access to a Personal Pension, Stocks and Shares ISA, Junior Stocks and Shares ISA, GIA and a TPIA. The client can hold multiple GIAs in order to adopt different investment strategies or save for specific events.

Who is responsible for administering the products available on the platform?

The products are all administered by the Embark platform, which is the trading name of Embark Investment Services Limited.

Is there a cash account available?

Yes, there is a cash account in the products. There is no central cash account.

What drawdown options are offered for the personal pension?

The Embark platform offers Flexi-Access Drawdown. Capped Drawdown is not offered and applications for cases currently in Capped Drawdown will be converted to Flexi-Access Drawdown as they are onboarded.

We support both Pension Commencement Lump Sum (PCLS) and Uncrystallised Funds Pension Lump Sum (UFPLS).

The Embark platform has fully integrated payroll. Regular pension withdrawals can be taken on any day of the month from the 1st to the 28th.

When funds are crystallised, the crystallised element holds a proportion of the total assets. Specific assets and cash do

not need to be allocated to a particular arrangement. This leaves you free to decide on the assets the client will use to take income.

What investment income options do you offer?

There are a number of options for taking investment income, all of which are automatically processed online. Investment income can be reinvested, left as available cash or taken as natural income.

Where natural income is selected options include:

- immediate withdrawal
- periodic withdrawal by frequency
- periodic withdrawal by amount.

Payments are automatically made to the client's external nominated bank account.

Do you offer a range of funds for clients in drawdown?

The platform offers a range of funds, many of which can be used for clients in drawdown to generate income.

Should you require a specific fund range to be made accessible, please contact your Business Development Manager for further information.

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RANGE OF ASSET CLASSES

What asset classes are available?

We offer investments from a full range of asset classes, including:

- fixed interest
- property
- UK equities
- european equities
- US equities
- far east equities
- specialist sectors.

Do you offer risk-rated funds?

Yes, risk-rated funds are available on the Embark platform. Should you require a specific fund range and it is not currently accessible, please contact your BDM for further information. They will also be able to advise of the timescales for adding these to the platform.

Do you offer investments such as investment trusts and listed securities?

Yes. Through our Stockbroker Partner we are able to offer access to UK equities listed on UK exchanges, exchange traded funds, UK gilts (government bonds) and UK corporate bonds and UK investment trusts.

Do you offer structured products?

No. We currently do not offer structured products.

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FUNCTIONALITY

Does the Embark platform support re-registration?

Yes. Assets can be transferred in-specie where allowed, both on and off the platform.

Does the platform support adviser model portfolio functionality?

The platform currently does not support adviser model portfolios. Based on adviser feedback, this functionality may be a future development.

Can switches be pre-funded?

The Embark platform does not pre-fund switches.

Is there a regular investment facility?

Yes, there is the ability to pay regular contributions into any of the products. The minimum contribution is £50.00.

What reporting is available?

Reporting is available for both clients and advisers. You can produce reports on the following:

- total holdings
- cash balances
- asset allocation
- investment instructions.

These reports are produced in Microsoft Excel and can therefore be formatted as required.

The client reports available are:

- portfolio valuation
- client transaction listing
- ad-hoc statement.

Can non-platform assets be recorded?

Currently there is no ability to record non-platform assets.

Does the platform provide an online audit trail?

Yes, the platform will show an audit trail of activity including look through to the underlying assets, in mutual funds or discretionary models.

Can my client's details be changed online?

Yes, the platform will enable client details to be updated online. This includes their name, address, bank details, and email address, and country of tax residence. A confirmation letter will be issued and placed in the client's Document Library to confirm any changes.

Can I easily see which of my clients has used their ISA allowance for the tax year?

Yes. Our ISA Allowance report identifies if the client has unused ISA allowance. In addition, when adding further payments into a client's ISA, the platform will display the payments made in the current tax year. This allows the remaining balance to be calculated, thereby assisting in the prevention of any oversubscription.

Does the platform offer Straight Through Processing?

Yes, the platform offers straight through processing and over 50 online, automated processes, without the need for manual intervention or wet signatures.

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ACCESSIBILITY

What is the availability of the platform?

The platform is available 24/7, other than for any scheduled maintenance. Announcements confirming scheduled maintenance will be published on the Embark platform website.

Which back office providers does the platform integrate with?

The platform currently does not directly integrate with back office software, however, we are working closely with several providers as part of our phase two delivery.

Can I nominate third party DIM to manage my client's investments?

Yes. The platform makes available a range of services from DIM. A separate agreement is required between you and the DIM in order to access these. No paper or wet signature is required to select DIM investments through the Embark platform.

Clients may hold multiple models with one or more DIM across any of our products.

Do you require evidence of authority every time a client's funds are switched on the platform?

No. We do not require evidence of authority when clients' funds are switched. However, depending on the permissions you hold for managing investments, you may require authority from the client.

Which processes can be transacted online?

A full range of over 50 processes can be transacted online such as: account opening, increasing or decreasing contributions, buying, selling or switching funds, managing income options and setting-up new products.

Can my clients view their investments and make transactions online?

Clients can view their investments online but do not have the ability to trade.

Does the platform use straight through processing?

Yes. The platform benefits from straight through processing for nearly all operations, with no manual intervention by the Embark platform.



Items marked with a green flag are coming soon.

These processes include:

- onboarding new clients
- opening new products
- purchase and sale of assets
- switching and rebalancing of funds
- real time dealing
- setting up and administering drawdown
- cash withdrawals.

Can I access my client's documents on the platform?

Yes. Each client has a Document Library held on the platform within their Account. This contains all the documentation generated from activity by the platform.

What direct contact do my clients receive from the Embark platform and when?

We will only contact your clients directly where there are regulatory or legal reasons to do so. This would include providing access to:

- half yearly statements
- tax certificates
- changes to client terms and conditions
- contract notes, placed in the Document Library

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ADDITIONAL TOOLS

What additional tools are available to support advisers using the Embark platform?

Most adviser firms have told us that they have their own approved tools for assessing client needs. The Embark platform has not therefore selected specific tools to integrate with the platform and avoided the additional costs, which inevitably are passed through to your clients.

The platform does, however, provide the required information for calculating Capital Gains Tax.

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SERVICE & SUPPORT

Our platform was built to allow advisers to self-service as much as possible. But we realise there will be times when you need additional help and support. We're available to give this to you in a number of different ways.

Website - The Embark platform website provides detail on our products and services, including helpful materials and guides. You can also download important documents such as the Embark Charges Guide and this Embark Due Diligence Guide. Visit embarkplatform.co.uk.

Platform web chat - Real time support is available through webchat technology embedded on each page of the platform. This means you can get instant help directly, without the need to call. Our service team will have view only access to your screen so they can help you as quickly as possible.

Telephone - If you prefer to talk to us on the telephone, you can call our Customer Service Team on 0330 024 2345. Available Monday to Friday, 9am to 5pm. Calls may be recorded for training purposes.

Business Development Managers (BDMs) - Our Business Development Managers are on hand to help you discover the benefits that the Embark platform can bring to your business and your clients. Get in touch using the contact details above or email us at sales@embarkplatform.co.uk and one of our BDMs will call you back.

Implementation Managers - When you have made the decision to use the Embark platform as a solution for your business and clients, our Implementation Managers will get you set-up. Their job is to ensure you are trained and familiar with the key processes you will need to use.

What training will I receive?

We have assembled a team of Implementation Managers to ensure that your business has a smooth introduction to the Embark platform.

Do you offer trust and tax planning support?

Yes. We have a team of experts who are able to assist you with any queries relating to trusts or tax planning.

What research capability is available?

The platform is delivered by Embark Investment Services Limited, part of the Embark Group. Within the group are two companies dedicated to investment research, The Adviser Centre and DISCUS. These businesses offer financial advisers access to research covering funds, multi-asset and multi-manager propositions and DIM platform model portfolios.

These research services are available at no charge to financial advisers.

theadvisercentre.co.uk
DISCUS.org.uk



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Embank platform is a trading name of Embark Investment Services Limited, a company incorporated in England and Wales (company number 09955930). Embark Investment Services Limited is authorised and regulated by the Financial Conduct Authority (Financial Services Register number 737356). Registered office: 7th Floor, 100 Cannon Street, London, EC4N 6EU.

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