



**ADVISERS AGREE THAT PRIMARY ADVICE COULD BE DETRIMENTAL TO  
THE INDUSTRY'S REPUTATION**

- **9 out of 10 advisers think Primary Advice will be bad for the industry**
  - **Almost half currently plan to respond to the FSA**

**London, 24 October 2007** – At Fidelity's 2007 Annual Investment Forum, which recently toured across the country, more than 1,000 advisers\* responded to an interactive poll on their opinions regarding the Retail Distribution Review (RDR).

Advisers were asked four questions. More than 90% of advisers strongly agreed that primary advice, with lower suitability standards, could be detrimental to the FSA's goals and the industry's reputation. Three quarters of the audience also strongly agreed that the General Adviser category was misconceived and almost the same amount agreed that the RDR proposals do not favour independent advice.

Clearly financial advisers have strong views on proposals which could affect their industry in future, and 490 (48%) said that they were going to respond to the FSA.

With the discussion paper already admitting that Primary Advice "may lead to suboptimal outcomes for some" and the definition of simple products so far questionable, Fidelity International believes that the Primary Advice category needs major rethinking before any changes go ahead, otherwise it will be the very people the FSA is trying to encourage to save who may potentially suffer.

**Peter Hicks, Head of IFA Channel at Fidelity International, comments:** "Adviser opinions surrounding the retail distribution review are still as strong as they were when the paper was first published. From my discussions with advisers during our roadshow, it seems to me the FSA is believed to be "in listening mode". I hope the large numbers of IFAs who said they will respond to the discussion paper will do so and that the FSA will appreciate the genuine interest in the consumer that to me was the hallmark of the feedback from our audience"



**Results of the road show polls:**

|  | Edinburgh | Harrogate | Manchester | Birmingham | Bristol | Southampton | London | Overall % |
|--|-----------|-----------|------------|------------|---------|-------------|--------|-----------|
| <b>The RDR does not favour independent advice?</b>   |           |           |            |            |         |             |        |           |
| 1. Strongly Agree  | 77.78%    | 69.46%    | 59.74%     | 77.54%     | 71.00%  | 87.34%      | 69.68% | 73%       |
| 2. Strongly Disagree   | 5.05%     | 17.37%    | 15.58%     | 10.70%     | 9.00%   | 6.33%       | 10.50% | 11%       |
| 3. No Strong View  | 17.17%    | 13.17%    | 24.68%     | 11.76%     | 20.00%  | 6.33%       | 19.83% | 16%       |
| <b>The 'General Advisor' category is misconceived</b>  |           |           |            |            |         |             |        |           |
| 1. Strongly Agree  | 74.49%    | 80.35%    | 69.15%     | 80.54%     | 74.76%  | 79.76%      | 75.24% | 76%       |
| 2. Strongly Disagree   | 5.10%     | 6.94%     | 9.57%      | 4.32%      | 4.85%   | 3.57%       | 5.79%  | 6%        |
| 3. No Strong View  | 20.41%    | 12.72%    | 21.28%     | 15.14%     | 20.39%  | 16.67%      | 18.97% | 18%       |
| <b>Primary advice, with lower suitability standards, could be detrimental to the FSA's goals and the industry's reputation</b> |           |           |            |            |         |             |        |           |
| 1. Strongly Agree  | 89.90%    | 94.29%    | 91.40%     | 94.12%     | 95.10%  | 100.00%     | 88.54% | 93%       |
| 2. Strongly Disagree   | 2.02%     | 1.71%     | 3.23%      | 1.60%      | 0.00%   | 0.00%       | 4.95%  | 2%        |
| 3. No Strong View  | 8.08%     | 4.00%     | 5.38%      | 4.28%      | 4.90%   | 0.00%       | 6.50%  | 5%        |
| <b>Are you going to respond to the FSA?</b>  |           |           |            |            |         |             |        |           |
| 1. Yes   | 52.17%    | 53.53%    | 55.43%     | 37.91%     | 48.54%  | 43.02%      | 48.16% | 48%       |
| 2. No  | 47.83%    | 46.47%    | 44.57%     | 62.09%     | 51.46%  | 56.98%      | 51.84% | 52%       |

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**Notes to editors:**

\*Source: Fidelity – Edinburgh, 1<sup>st</sup> October, Harrogate 2<sup>nd</sup> October, Manchester 2<sup>nd</sup> October, Birmingham 3<sup>rd</sup> October, Bristol 4<sup>th</sup> October, Southampton 4<sup>th</sup> October, London 5<sup>th</sup> October. A total of 1063 advisers responded.

\*\*Source: Fidelity as at 30.09.07

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