



Financial Promotions Checklist

White paper by Perivan





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Getting it Right

There are five key stages to producing financial promotions, during which the process and documented approvals can be as important as the end result. Achieving compliance with the FCA's requirements will depend on these five stages being followed and embedded as best practice at each stage.

When providing information to customers a firm:

- Should pay regard to its target market, including its likely level of financial capability
- Should take account of what information the customer needs to understand the product or service, its purpose and the risks, and communicate information in a way that is fair, clear and not misleading; and
- Should have in place systems and controls to manage effectively the risks posed by providing information to customers and ensuring fair outcomes to customers.

1. The Creation Process of Financial Promotions

You need to ensure that both the design and content of the financial promotion meets the key requirements of the FCA.

There are four key areas where financial promotions need to comply:

- ▶ They need to be fair, clear and not misleading. This is a core requirement set out by the FCA in respect of financial promotions.
- ▶ You need to ensure your process and resulting financial promotion comply with the requirements for different products, as set out in the FCA handbook.
- ▶ They need to meet ASA/CAP requirements. In addition to its own regulations, the FCA requires that any firm producing financial promotions also complies with the Advertising Standards Authority (ASA) and the Committees of Advertising Practice (CAP) Directive on Sales Promotion and Distance Marketing.
- ▶ They need to meet any corporate requirements – for example, the Treating Customers Fairly and Conduct Risk standards.

At the end of the financial promotion creation process, you will need to have:

- ▶ Completed a requirements checklist (or checklists) detailing all the information required to publish the promotion
- ▶ Recorded suitable evidence of any facts, figures or options used
- ▶ Created the draft financial promotion
- ▶ Completed a marketing approval form and marketing/financial promotions sign-off checklist.



2. The Ownership of Financial Promotions

A stated owner for each financial promotion needs to be decided and recorded. This is usually determined by the type of promotion.

The following categories are commonly used to describe the various types of financial promotion:

- ▶ Existing product promotion
- ▶ New product/service promotion
- ▶ Corporate advertising (generic)
- ▶ Non-product specific press release
- ▶ Introducer/client newsletters
- ▶ Corporate presentations
- ▶ Internet advertising
- ▶ Each category may have separate sign-off responsibilities.



3. The Approval & Sign-Off

You should already have – or will need to designate – a 'Financial Promotions Approved Person' within the business. It's their responsibility to approve any financial promotions you produce. Your legal team should also sign off any product specific promotions.

When signing off any financial promotion, your 'approved person' will need to consider:

- Product design
- Sales process
- Technical content
- Non-financial promotion documents issued at point of sale
- Any market and consumer research undertaken



The person who has created the promotion (usually, but not always, a member of the marketing team) is responsible for making sure it complies with the relevant criteria:

- Fair, clear and not misleading promotions requirements
- Relevant FCA Handbook requirements
- ASA/CAP requirements
- The firm's corporate requirements, including Treating Customers Fairly standards and the Conduct Risk 'fair outcomes for consumers' guidelines
- The Independent Television Commission Code of Conduct
- The Radio Authority Code of Conduct
- The Telecommunications (Data Protection and Privacy) Regulations 1999
- Unfair Contract Terms (which are now monitored by the FCA)
- The Consumer Credit Act

Approval of a financial promotion may also need to involve other areas of the business in order to ensure that the necessary business and regulatory requirements have been met.

These can include:

- Legal
- Technical
- Compliance/Quality Assurance

4. The Issuing of Financial Promotions

Once sign-off has been completed for the promotion, you are able to issue it via whatever channels you have selected.



5. The Post-Issue Review

You need to proactively manage the duration and withdrawal of financial promotions – this ensures that they remain current and are still required by the business.

This helps you to comply with two of the FCA's key tenets – that you are treating customers fairly and that your promotions are fair, clear and not misleading.

If a promotion does not meet these criteria, it will need to be withdrawn. To enable this to be done in a systematic way, a log should be kept of all approved financial promotions.

A date for the review or closure (withdrawal) of each promotion should be set, and the log should be reviewed monthly to ensure that all promotions remain current and compliant (automated financial promotions approval systems prove will allow you to setup alerts to prompt you when the expiry date is approaching).

Any promotions with an imminent expiry date should either be withdrawn or –if found to be still current – have a revised review date set. Any promotions that are no longer relevant or compliant need to be withdrawn.

If you follow this five-step process for the production, approval and ongoing review of all your financial promotions, you can be pretty certain that you are meeting best practice standards, and doing what the FCA requires of you.

About Perivan

Perivan is a leading provider of investor communications and marketing solutions, advising clients to drive results across financial and professional services sectors and beyond.

Our services have evolved over the years to meet our client's changing requirements. Today, Perivan is the UK's number one producer of annual reports, IPO prospectuses, and shareholder communications. Our clients securely share and track document interactions using Engage, our Corporate and Investor interaction platform.

We also provide skilled corporate design and marketing services including Enable, our marketing distribution, and brand management SaaS platform.



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