

For Professional Advisers only



Scottish Widows Platform

Due Diligence Guide

SCOTTISH  WIDOWS



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Using this guide

We respect the value of professional advice. We're committed to supporting a thriving Intermediary community that is able to deliver advice profitably. At the most fundamental level, it is our business to be there for you. 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 Scottish Widows, 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.

We've provided this document as a first step to help you decide if the Scottish Widows Platform could be an essential tool for your business, meeting the needs of one or more of your client segments. Should you have any further questions, please get in touch with your Business Development Manager (BDM) or the the Scottish Widows Platform Service Team.

The Scottish Widows Platform was formerly branded as "Embark Platform".



Summary

Meeting your needs

That's why we listen to what you tell us and have designed, and continue to develop our Platform around your needs. It's also why our focus is on getting the basics right, without a fuss.

Platforms have become an indispensable tool in the adviser's belt for running an efficient and profitable business, and if there's one thing that should be fit for purpose and reliable, it's your essential tools.

Meeting your clients' needs

Segmenting your client base and building your services around meeting the different needs of each segment makes good business sense. It's also a regulatory requirement under the FCA's PROD rules.

This only reinforces why choosing the right platform partner (or partners, we understand you may need more than one) is essential for the long-term success of your business.

Suitable for a broad range of client types

The Scottish Widows Platform's rich functionality and extensive investment range makes it potentially suitable for a broad range of client types. From those still accumulating wealth, to those in the decumulation phase with a focus more on making their wealth last. Supporting your segmentation strategy our combined product suite, available assets, tools and functionality have been designed to offer particular benefit for clients consolidating their wealth to facilitate more effective retirement planning, and who you then wish to roll seamlessly – without a platform move – into the retirement phase itself.

- Planning tools support informed client decision-making before and after retirement.
- Broad range of funds and asset classes to facilitate different investment strategies at both the accumulation and decumulation stages.
- Sophisticated model portfolio functionality to help you manage the right strategy for each client at either stage, using a Discretionary Fund Manager's models or by building your own.

- No additional charges for taking income, from our pension or any other product.
- Same income-taking functionality across all our products.
- Clients can choose their income payment date, from the 1st to the 28th of each month.
- Ability to adjust your clients' investment or income strategy online at any stage without any additional paperwork or signatures.

The provider

The Scottish Widows Platform is provided by Embark Investment Services Limited (EISL), part of the Embark Group.

In January 2022 Embark Group became part of Lloyds Banking Group (LBG), a leading UK based financial services group.

Terms and conditions

- The Scottish Widows 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 cover 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 Scottish Widows 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.
- Dealing costs are applicable when using listed securities, Exchange Traded Instruments (ETIs) and investment trusts.
- Full details are available in the Scottish Widows Platform Charges Guide.

Product line-up

The Scottish Widows Platform offers a General Investment Account (GIA), Stocks and Shares Individual Savings Account (ISA), Junior Stocks and Shares Individual Savings Account (JISA), Personal Pension, Junior Personal Pension and Third Party Investment Account (TPIA). With:

- around 6,000 mutual funds;
- around 2,000 exchange-traded investments, including listed securities, investment trusts, and ETFs; and
- a wide range of model portfolios from recognised Discretionary Investment Managers.

Investment sectors

Through our fund universe, we offer investments in a wide range of sectors including fixed interest, property and US equities.

We only offer clean share classes.

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 Scottish Widows Platform offers:

- An online audit trail;
- Switching capabilities;
- Fully online drawdown;
- Flexible withdrawals;
- Client and adviser reporting.

Accessibility

The Scottish Widows Platform is fully accessible. It offers:

- Availability 24/7, subject to any maintenance;
- Online trading including real time ETI trading during market opening hours;
- You can also create, store and manage your own model portfolios, at a network, firm, adviser or individual (bespoke) client level;
- Online new business and top-ups;
- Straight through processing;
- Client Document Library; and
- Online view access for client.

Additional Tools

We offer the following additional tools:

- Free investment research, including fund research tools and factsheets; and
- Integrated Capital Gains tool.

Service & Support

Our adviser service and support extends beyond the Scottish Widows Platform. We also offer technical product support and free investment research. This includes:

- Online support through our dedicated website **scottishwidows.co.uk/platform**;
- Web chat on every page of the platform, delivering direct access to support;
- A team of regionally based Platform Onboarding Consultants support firms adopting our Platform, providing appropriate training and managing issues arising during the adoption process;
- A telephone-based adviser support team;
- Platform Business Development Managers;
- A technical support team for Third Party Investment Accounts, pensions and tax planning.



Available 24/7/365

Our platform is built to be available 24 hours a day, 7 days a week, 365 days a year, subject only to maintenance during non-core hours.



The platform provider

The Scottish Widows Platform is provided by Embark Investment Services Limited (EISL), which is part of the Embark Group. In January 2022, Embark Group became part of Lloyds Banking Group.

How financially secure is the Embark Group?

Our business is well capitalised and committed to maintaining a capital adequacy ratio minimum of 125% at all times. The Scottish Widows Platform has also received an 'A Superior' rating for financial strength from AKG, a market leading, independent ratings agency.

How would you describe the sustainability of the platform?

The platform is based on technology from FNZ a provider of digital technology who partner with over 650 financial institutions. 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 Scottish Widows 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 Scottish Widows Platform proposition.

Do you have an ongoing relationship with the regulator?

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



Terms & conditions

The Scottish Widows 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.

Adviser Terms of Business must be signed by the adviser firm as part of the registration for the Scottish Widows 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.

Who is eligible for a platform account?

Clients must be:

- at least 18 years old; or you are a Junior on whose behalf a Registered Contact opens an Account, and
- resident in the UK for tax purposes for at least 6 months. In the case of Trust Accounts all Trustees must be UK resident at the time of opening the Scottish Widows Platform Account or the Settlers must have been UK resident at the time the Trust was created with at least one current UK resident Trustee. Or you must be a crown employee serving overseas or their spouse or civil partner, and
- have an ongoing relationship with a Financial Adviser.

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

If we, or any of the providers of investment products that your client has invested in, are unable to meet any financial obligations to your client in full, your client may be entitled to help from the FSCS. The compensation they will receive will be based on the FSCS's rules, and whether or not your client is eligible to make a claim may depend on which firm is in default, what service or product they were providing, where the firm is based and where your client is resident. Offshore investments could be covered as long as the investment advice was given by a FCA-authorized firm.

Can I access your Order Execution policy?

Yes, this document is available in the Literature Library on the Scottish Widows 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. TPIA's do not accept regular contributions.

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.

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 Dundee, Edinburgh and London.

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.





Product line-up

The Scottish Widows Platform has over 6,000 mutual funds available from more than 280 fund managers. If a fund manager you usually recommend to your clients is not currently on the Scottish Widows 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 can be requested. If there is no existing agreement in place, then we can look to add these.

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 Scottish Widows Platform will not make that fund available for selection.

Which products are available on the platform?

The platform offers access to a Personal Pension, Junior 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. We also allow clients to retain the product features of their existing pension or Offshore bond in our TPIA account.

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

The products are all administered by the Scottish Widows Platform, which is the trading name of EISL.

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 Scottish Widows Platform offers Flexi-Access Drawdown and Capped Drawdown functionality. If the pension you are transferring is being used to provide Capped Drawdown then when you transfer your pension to us you can choose if the pension is to be converted to a Flexi-Access Drawdown Pension, or continue to provide Capped Drawdown.

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

The Scottish Widows 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; or
- 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.





Range of asset classes

Through our fund universe, we offer investments in a wide range of sectors including fixed interest, property and US equities.

Asset classes available through funds on our Platform:

- ✓ Cash;
- ✓ Money markets;
- ✓ UK gilts/government bonds;
- ✓ UK corporate bonds;
- ✓ UK index-linked bonds;
- ✓ UK & International fixed interest;
- ✓ UK equity;
- ✓ International equity (including North American, European, Japanese, Global Emerging Markets);
- ✓ Direct property funds;
- ✓ Indirect property shares;
- ✓ Alternatives through the Winterflood stockbroking service, we also offer direct access to a wide range of listed investments, including equities, gilts, investment trusts, VCTs and ETFs.

Do you offer risk-rated funds?

Yes, risk-rated funds are available on the Scottish Widows Platform. Should you require a specific fund range and it is not currently accessible, please contact your Business Development Manager (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 and UK corporate bonds and UK investment trusts.

Do you offer structured products?

No. We currently do not offer structured products.

Do you accommodate alternative investments?

No. We currently do not offer alternative investments.



Functionality

Does the Scottish Widows 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?

Yes. Adviser firms can create and use model portfolio functionality on platform.

Can switches be pre-funded?

The Scottish Widows Platform pre-funds switches. Once we have received confirmation of all sale prices in a switch, the corresponding buys will then be placed automatically at the earliest possible opportunity.

Is there a regular investment facility?

Yes, there is the ability to pay regular contributions into any of the products (Excluding TPIA accounts). 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; and
- 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; and
- 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.



Accessibility

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

Which back office providers does the platform integrate with?

We are currently working with some market leading software providers to enable integration.

Can I nominate third party Discretionary Investment Manager (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 Scottish Widows Platform.

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

Investment Adviser/Discretionary Fund Manager (DFM) Services

You can choose to invest clients' assets in model and bespoke portfolios managed by Investment Advisers/DFMs on our Platform.

Morningstar model portfolios

We offer access to a range of model portfolios created and managed by Morningstar, based on the risk-rated and time-based strategic asset allocation models generated by the EValue tool set also available through our Platform. We are not responsible for and do not endorse these portfolios.

Your own model portfolios

You can also create, store and manage your own model portfolios, at a network, firm, adviser or individual (bespoke) client level. If you create your own model portfolios they are, of course your responsibility and we provide no endorsement as to their appropriateness, suitability or effectiveness.

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?

The client's access is defaulted to read only. However should an adviser wish they are able to grant access for the client to trade at account level.

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 Scottish Widows Platform.

- These processes include:
- On-boarding new clients;
- Opening new products;
- Purchase and sale of assets;
- Switching and rebalancing of funds;
- Real time dealing;
- Setting up and administering drawdown; and
- 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 Scottish Widows 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; and
- Contract notes, placed in the Document Library.





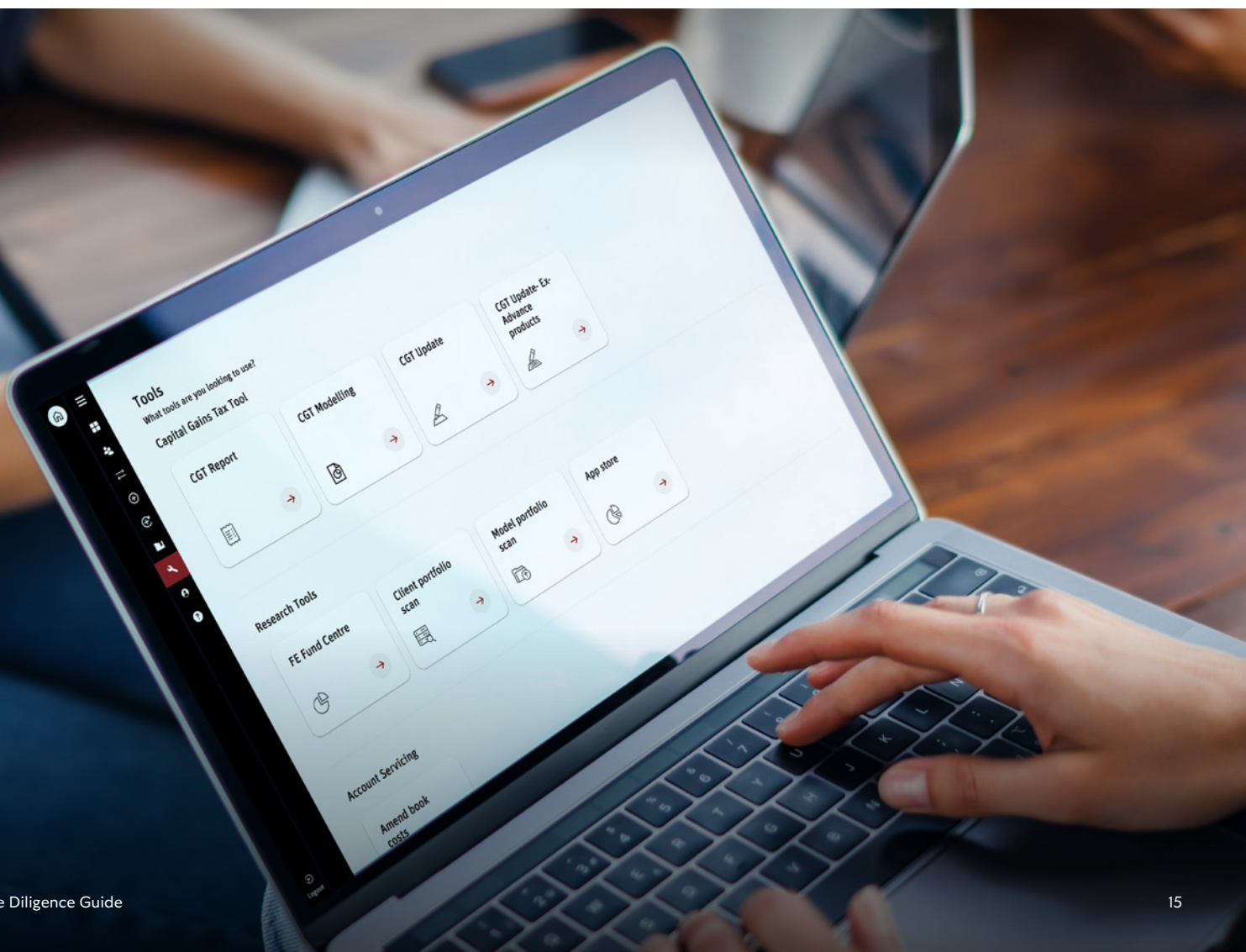
Additional tools

We offer access through our Platform to a range of independent planning and research tools developed by EValue and FE. These resources are designed to offer real value to your clients and to you, enhancing the quality and focus of your discussions together.

We have a suite of tools provided by EV Value, EVPro these include;

- **Goal** – A planner tool
- **Invest** – Portfolio and risk assessment tool
- **Solver** – Portfolio Optimisation
- **Risk** – Risk Profiler
- **Quick tools** – A planning tool

We also have an integrated CGT tool within the platform.





Service and 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 Scottish Widows Platform website provides detail on our products and services, including helpful materials and guides.

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 BDMs are on hand to help you discover the benefits that the Scottish Widows Platform can bring to your business and your clients. Get in touch using the contact details above and one of our BDMs will call you back.

Implementation Managers

Ongoing Platform Onboarding Consultant and/or telephone adoption support – arranging further sessions of full Platform onboarding training, designed around your firm's processes as required, and providing continuing support, particularly as we roll out new Platform features and services.

What training will I receive?

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



0330 024 2345



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scottishwidows.co.uk/platform

