CONTENTS

About the author xiii

Introduction xv

PART I: INTRODUCTORY ELEMENTS 1

1 WEALTH MANAGEMENT 3

1.1 Introduction 4

1.2 Wealth management market 5

1.3 Types of business 7

1.4 Investment services and products 11

1.5 Investment firms 19

1.6 Investment administration 27

PART II: INVESTMENT ADMINISTRATION 31

2 NEW AND CLOSING BUSINESS 33

2.1 Introduction 34

2.2 New business 35
CONTENTS

2.3 Client types 38
2.4 Know your customer 42
2.5 Agreements 46
2.6 Account opening 47
2.7 Money laundering 49
2.8 Validating the assets 52
2.9 Transferring assets 55
2.10 Raising assets 57
2.11 Closing business and transfers 59
2.12 Death of a client 67

3 TRADING 77
3.1 Introduction 78
3.2 Stock market developments 79
3.3 Equity trading 81
3.4 Bond trading 94
3.5 Regulation 100

4 SETTLEMENT 107
4.1 Introduction 108
4.2 Fundamentals of settlement 108
4.3 Settlement process 123
CONTENTS

4.4 UK settlement 129
4.5 International settlement 145

5 CORPORATE ACTIONS 151
5.1 Introduction 152
5.2 Corporate actions industry 152
5.3 Types of event 154
5.4 Private client corporate action processing 160
5.5 Corporate events 172
5.6 Income events 190

PART III: OTHER CONSIDERATIONS 207
6 CUSTODY 209
6.1 Introduction 210
6.2 Protection of client assets 210
6.3 Segregation of safe custody assets 211
6.4 Use of a custodian 212
6.5 Nominee companies 213
6.6 Global custodians 215
6.7 Selecting a custodian 216
6.8 Custody agreements and SLAs 218
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.9</td>
<td>Reviewing the suitability of custodians</td>
</tr>
<tr>
<td>7</td>
<td>TAX</td>
</tr>
<tr>
<td>7.1</td>
<td>Introduction</td>
</tr>
<tr>
<td>7.2</td>
<td>Income tax</td>
</tr>
<tr>
<td>7.3</td>
<td>Tax treatment of dividends</td>
</tr>
<tr>
<td>7.4</td>
<td>Capital gains tax</td>
</tr>
<tr>
<td>7.5</td>
<td>Residence and domicile</td>
</tr>
<tr>
<td>7.6</td>
<td>Withholding tax</td>
</tr>
<tr>
<td>7.7</td>
<td>EU savings directive</td>
</tr>
<tr>
<td>8</td>
<td>POWERS OF ATTORNEY</td>
</tr>
<tr>
<td>8.1</td>
<td>Introduction</td>
</tr>
<tr>
<td>8.2</td>
<td>Background</td>
</tr>
<tr>
<td>8.3</td>
<td>Parties and terminology</td>
</tr>
<tr>
<td>8.4</td>
<td>Enduring power of attorney</td>
</tr>
<tr>
<td>8.5</td>
<td>Receiverships</td>
</tr>
<tr>
<td>8.6</td>
<td>Mental capacity act 2005</td>
</tr>
<tr>
<td>8.7</td>
<td>Administration</td>
</tr>
<tr>
<td>9</td>
<td>OUTSOURCING</td>
</tr>
<tr>
<td>9.1</td>
<td>Introduction</td>
</tr>
<tr>
<td>9.2</td>
<td>Development of outsourcing</td>
</tr>
</tbody>
</table>
CONTENTS

9.3 Risks associated with outsourcing 289
9.4 Regulatory principles 294

PART IV: INVESTMENT ACCOUNTS AND PRODUCTS 303

10 INDIVIDUAL SAVINGS ACCOUNTS (ISAS) 305
10.1 Introduction 306
10.2 Development of ISAs and PEPs 306
10.3 Organisation and regulation 308
10.4 Individual savings accounts 314
10.5 Allowable investments 318
10.6 New and closing business 319
10.7 Voids and repairs 326
10.8 Residence 329
10.9 Investor reporting 332
10.10 Reform of the ISA regime 336

11 COLLECTIVE INVESTMENT SCHEMES 339
11.1 Introduction 340
11.2 Regulation of UK funds 341
11.3 Types of UK funds 344
11.4 Fund administration 349
CONTENTS

11.5 Pricing 350
11.6 Dealing and settlement 355
11.7 Share register 357
11.8 Dividend and interest distributions 358
11.9 Investor reporting 360

12 TRUSTS 363

12.1 Introduction 364
12.2 Development of trusts 364
12.3 Fundamentals of trusts 367
12.4 Investment administration 386

13 CHARITIES 399

13.1 Introduction 400
13.2 What is a charity? 400
13.3 Legal background to investment by charities 402
13.4 Trustee investment powers and duties 406
13.5 Investment policy 411
13.6 Appointing an investment manager 413
13.7 Common investment funds 415
13.8 Use of nominees and custodians 416