

threesixty

May 2023

RBC Brewin Dolphin

Assessment report



RBC Brewin Dolphin

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Purpose of this assessment report

This report is designed to assist intermediaries in carrying out their due diligence assessment prior to using the services of a discretionary investment manager (DIM), and on the regular review of such arrangements.

It is important to note the aim of the work undertaken by threesixty services LLP (threesixty), is to assess, at a high level, the adequacy of the controls and procedures the firm has established to mitigate the regulatory and business risks arising from the provision of its discretionary management service to intermediaries. The focus of the assessment is to review controls and procedures, and therefore it is only part of the overall assessment that an intermediary should carry out when looking to use the services of a DIM.

Due Diligence: What is it, and why is it so important?

Research and due diligence are seen as one of the pillars of ensuring delivery of good outcomes and advice to clients i.e.

Competence: ensuring advisers are competent on the subject of the product or service concerned

Research and due diligence: the FCA use these terms to refer to the processes used to assess:

1. The nature of the product or service, for example both investment structure and performance
2. The risks and benefits
3. The provider – To establish whether it is appropriate to entrust the provider with client assets

It is important for intermediary firms to differentiate between the different aspects of research and due diligence.

Research is the initial filter from a range of products or services that potentially meet the requirements that intermediary firms are looking for in relation to a given scenario, in this case a discretionary investment manager. The research stage would identify a number of discretionary investment managers that may meet the intermediary firm's requirements.

Due diligence is the next stage of the assessment process whereby a deeper analysis is conducted by the intermediary firm on the services of the discretionary investment manager identified at the research stage.

This assessment report should form part of an intermediary firm's due diligence process conducted on a discretionary investment manager.

Both research and due diligence form part of a wider range of regulatory requirements including the FCA regulatory principles that 'a firm must conduct its business with due skill, care and diligence' and 'a firm must pay due regard to the interests of its customers and treat them fairly', product governance and suitability, which together, combine to help intermediary firms deliver good client outcomes.

Assessing suitability: where advisers are competent and understand the individual products or service, they should be able to assess for each client if the solution is suitable.

In relation to looking at any services to be provided by a DIM, intermediaries need to understand the above factors in order to assess whether the proposed solution is suitable for their clients.

In early February 2016 the FCA issued its findings following a thematic review into firms' research and due diligence processes ([FCA – TR16/1: Assessing suitability: Research and due diligence of products and services](#)). It has provided some useful pointers for firms on what helps to ensure appropriate research and due diligence processes are in place. The review covered how firms select products, funds, platforms as well as the services of DIMs.

Whilst the FCA's findings are high level comments, the particular references that have relevance to the assessment of discretionary management services are as follows:

1. The key driver of good research and due diligence is a corporate culture of challenge. The FCA commented 'The better firms had either in-built challenge in the process and/or individuals who were knowledgeable, enthusiastic and challenged the firm's approach. Where there was no culture of challenge within the firm, the research and due diligence process showed weaknesses'.
2. The size of a firm is not a barrier to carrying out good research and due diligence.

3. Processes and tools used in research and due diligence will vary depending on the circumstances, and the FCA does not set out specific requirements. The emphasis is on the firm to take reasonable steps to ensure the solutions are suitable for their clients.
4. Research and due diligence need robust systems and controls in order to be effective.
5. Firms need to be structured in their research and due diligence process in order to ensure that information is up to date and challenged adequately.
6. Research and due diligence should be an objective process and 'not a case of retro-fitting due diligence to justify the outcome the firm had already previously decided upon.'

The Due Diligence process

As noted previously the FCA has not set out a defined process for firms to follow when assessing the services of a discretionary investment manager. The approaches taken will vary in different circumstances, and to a large extent are influenced by the type of service the intermediary is seeking from the DIM. It is also possible that the solutions you identify for your clients may involve the services of more than one DIM. However, whether you are seeking to merely refer your clients to a DIM and chose to let them take responsibility for the suitability of advice, or you intend to advise your clients on a model portfolio operated by the DIM, in which you take responsibility for the suitability of advice, the process should encompass the following stages:

1. Define why you need a DIM
2. Set out the key criteria by which you will assess the DIM
3. Identify and list the DIMs that you will research
4. Reduce / filter the list based on your key criteria
5. Gather information – Multiple sources and of various types, for example:
 - Companies House / FCA register checks
 - Accounts
 - Website and other internet information
 - 3rd party reports, for example threesixty, ARC
 - Research databases, for example Defaqto
 - DIM's own material – Due diligence packs or brochures
 - A due diligence questionnaire sent to the DIM
6. Meet the shortlist of firms
7. Decide on which one or more DIMs to use – document why and the approval process followed by your firm's senior management
8. Monitor and record performance of the DIM(s)
9. Periodic review of DIM(s) and report findings to senior management

It is important to document each stage of the process so that you are able to demonstrate the process if called upon to do so.

The threesixty assessment: Our methodology

This assessment consisted of a combination of a series of remote meetings with the DIM which generally takes 2 days, and a review of various documented procedures and papers supplied by the DIM prior, during and after the meetings.

During the assessment our business risk consultant conducts a series of meetings with key management within the DIM from different sectors of the business to allow them to explain in more detail how their firm operates and the controls and procedures that are in place. In general, the visits involve meetings with senior representatives from Investment Management, Operations, Compliance, Risk Management, Human Resources, Training and Competence and I.T.

On occasions the DIM will inform us that certain documents that we request are not available due to the confidential nature of the information they contain. In cases in which this has occurred we simply note that the document could not be provided due to the confidential nature of the information.

The threesixty assessment: The report format

The report that follows is divided into the various subject headings as follows:

- Corporate governance / systems and control
- Client and referring intermediary arrangements and financial promotions
- Recruitment
- Training & competence
- Discretionary management procedures
- Outsourcing
- Financial crime
- Complaints
- Business continuity

The aim is that the review of the combination of different areas of the business ensures that all the key aspects of the business are reviewed. In each section our overall focus is to attempt to explain what procedures the DIM firm has put in place to control its business, and to manage the risks so as to ensure good client outcomes can be achieved.

The threesixty assessment: How to use it

As noted above the threesixty report is only part of the information that you will need to gather within the overall due diligence process. In part it aims to provide some independent verification for you that certain key procedures and controls are in place within the DIM. However, it will also hopefully help you to construct further questions that you may wish to ask the DIM during the due diligence process.

Assessment report

threesixty has only reviewed those documents made available on our review. We have not investigated their efficacy and practical use. All reasonable precautions have been taken to ensure that the information contained is correct, threesixty services LLP does not accept any responsibility for errors, inaccuracies, omissions or any inconsistencies. This information should not be relied upon by third parties and should not be considered as an endorsement as to individual suitability of the firm for a financial advisers' clients.

The assessment report does not include any comment on the firm's procedures in respect of holding client money, or assets, in accordance with FCA rules as this is outside the scope of our assessment.

RBC Brewin Dolphin: Key details

Firm name	RBC Brewin Dolphin Limited (RBC Brewin Dolphin)
Total Income	£408.8m (for the Group for the year to 30th September 2022)
Established since	Brewin Dolphin can trace its origins back to 1762. Brewin Dolphin Limited was incorporated in 1987. The business became part of Royal Bank of Canada (RBC) in September 2022.
Funds under management	£44.8bn (as of 30 th September 2022)
Contact details	Intermediary Sales Support Team Tel: 0203 201 3520 Email: SalesSupport@brewin.co.uk
Useful links	www.brewin.co.uk/intermediaries

Assessment findings

A. Corporate governance and systems & controls

This section explains how the business is structured and managed. It seeks to explain the key procedures that control the risks within the overall business.

Review findings

1. RBC Brewin Dolphin Ltd is a 100% owned subsidiary of RBC Brewin Dolphin Holdings Ltd. On 27 September 2022 it was announced the previously FTSE250 listed Brewin Dolphin Holdings PLC (controller of Brewin Dolphin Ltd) was to be acquired by the Royal Bank of Canada (RBC), as a result the UK regulated firm, Brewin Dolphin Ltd was re-named; RBC Brewin Dolphin Ltd.
2. Following the acquisition the revised board of RBC Brewin Dolphin Ltd is comprised of the CEO, three Non-Executive Directors representing RBC as well as other Non-Executive Directors and Independent Non-Executive Directors. An Independent Non-Executive Director performs the role of Chairperson.
3. RBC Brewin Dolphin Ltd is authorised and regulated by the Financial Conduct Authority. A separate subsidiary of the Group, RBC Brewin Dolphin Wealth Management Limited is authorised and regulated by the Central Bank of Ireland to conduct investment business in Ireland.
4. RBC Brewin Dolphin Ltd operates from a network of offices throughout the UK, Jersey and Ireland thus providing ease of access to face to face support from their team of Business Development Managers. The services provided are in relation to wealth and investment management and are provided either indirectly via intermediaries in which the underlying client is usually a private individual, or directly to private individuals, charities or corporates (including pension schemes).
5. RBC Brewin Dolphin has a framework of committees ultimately reporting to its holding board to ensure the monitoring of business and communication of issues throughout the organisation. This framework includes the following:
 - a) Executive Committee (ExCo)
Which comprises the Chief Executive Officer, Chief People & Sustainability Director, Chief Risk Officer, Chief Operating Officer, Managing Director of Wealth Management, Managing Director of Advice & Innovation and Managing Director of Private Clients. This committee meets at least monthly, and its role is to manage the day-to-day running of the firm, including the development and implementation of strategy, monitoring of operating and financial performance, and the prioritisation and allocation of resources.
 - b) Risk Committee
This committee meets at least quarterly, and its role is to oversee the Risk Management Framework of the Group. It also assists the Board in discharging its responsibilities for the integrity of the Group's internal control and risk management systems.

The risk committee is also responsible for oversight of the firm's internal and external audit functions since the firm's Audit Committee was closed.

c) Remuneration Committee

This committee meets at least four times a year, and its role is to set the remuneration policy for the Group. It also sets the individual remuneration of the Executive Directors, and other staff designated as material risk takers under the FCA's MIFIDPRU Remuneration Code.

d) Nomination Committee

This committee meets at least twice a year, and its role is to review the composition of the Board and its committees. It also ensures that appropriate procedures are in place for the nomination, selection, training and evaluation of directors, and that there is an effective framework for succession planning.

In addition, several sub-committees have been set up which report to ExCo such as the CASS Oversight Committee, Wealth Governance Committee, Funds Governance Committee, Risk Management Committee, Sustainability Committee and the Client Management Committee. Under the Wealth Governance Committee sit further committees with responsibility for different aspects of investment systems and controls, these include:

- Asset Allocation Committee
 - MPS Investment Committee
 - Wealth Risk Committee
 - Vulnerable Clients Committee
 - Client Compensation Authorisation Committee
 - Stewardship Committee
 - Product & Services Committee
6. There is a Risk Management framework in place led by the Risk Management Committee, which reports to ExCo with additional reporting lines to the Board Risk Committee. Under the Risk Management Committee sit further committees and groups with responsibility for managing specific risks. These include:
- Vendor Management Committee
 - Operational Resilience Group
 - Technology & Cyber Resilience Committee
 - Policy Management Committee
 - Financial Risk Committee
 - Order Execution Policy Committee
 - Transaction Reporting Committee
 - Data Governance Committee
 - Operational Resilience Committee
7. The Risk Management Committee reviews a Key Risk Dashboard monthly to monitor its risk profile against its risk appetite. The Terms of Reference of the committees and sub-committees

have been defined, and a governance and oversight structure was provided to threesixty to illustrate the reporting lines of the committees.

8. RBC Brewin Dolphin have adopted the concept of three lines of defence in relation to the management of regulation and risk.

First line of defence

The first line of defence is formed of the practitioners in all parts of the business and their line management. It is their role to identify and mitigate risk on a day to day basis. Managers are supported by Business Risk Managers who work with all areas of the business to create 'Risk and Control Assessments' (RCSAs). These are used to help managers identify risk within their area of business and what controls can be used to mitigate them. In addition the Governance Oversight Team works with line managers to conduct a risk based rolling programme of reviews of Investment Managers to ensure that they are meeting Group standards and regulatory requirements.

Second line of defence

The second line is comprised of the Risk and Compliance function. This department takes a risk based approach in monitoring the activities of the first line of defence.

Third line of defence

The third line of defence includes the internal and external audit functions, and Group Holdings Board including non-executive directors who aim to provide the independent challenge to the first and second line policies and procedures.

9. The Internal Audit function has been outsourced to a professional services firm. The Risk Committee approves an audit plan at the beginning of the financial year, and then receives quarterly reports on all internal audits carried out. The plan is reviewed every six months to ensure it fully covers the Group's key risks. The external auditors for RBC Brewin Dolphin are Ernst & Young.
10. There is an MI (Management Information) Dashboard in place which is reviewed by region, branch and then drilled down at an individual level. The Head of each branch provides comments on the MI that has been reviewed, which is in turn reviewed and challenged where appropriate by the Regional Director.
11. Each department within RBC Brewin Dolphin produces a report to the Board on a monthly basis, which highlights any gaps and appropriate MI for the Board to consider and review. Due to the confidential nature of the reports, these were not provided for review.
12. The approach to risk management within the RBC Brewin Dolphin Group is set out in the Group's report and accounts for the year ended 30th September 2022. The section entitled 'Managing principal risks and uncertainties' describes the approach to risk management within the business, and highlights the Group's assessment of the principal risks faced, and how they have taken steps to mitigate such risks. The report also includes details on a series of Key Risks which the Group monitors.

13. The 'Statement of Corporate Governance Arrangements' section within the Group accounts for the year ending 30th September 2022 notes that since the acquisition the principal responsibilities are conducted by the regulated entities, RBC Brewin Dolphin Ltd (FCA regulated firm) and RBC Brewin Dolphin Wealth Management Limited (Irish based Central Bank of Ireland regulated firm).
14. The firm's IFPR disclosure document for the period ended 30th September 2022 can be found in the Corporate section of the company's website. The disclosures provide detail on RBC Brewin Dolphin Group's approach to risk management, governance arrangements and its remuneration policies and practices.
15. RBC Brewin Dolphin has undertaken its Internal Capital Adequacy and Risk Assessment. (ICARA) Process which culminated in an ICARA document. Threesixty was advised the firm's latest ICARA document was reviewed and approved by the RBC Brewin Dolphin Board on 21 March 2023.
16. As noted a Risk and Control Self Assessment (RCSA) framework is in place which reviews the risks to the business and a net risk assessment is then undertaken for each risk. This provides a net impact risk score and the likelihood of this risk materialising. The risk assessment provides the basis for ongoing monitoring by the compliance team and internal audit. The RCSA framework is reviewed annually as part of the firm's overall Operational Risk Management Framework. It was noted the framework was under review as part of RBC / Brewin Dolphin integration.
17. It was noted RBC Brewin Dolphin employs a Compliance Monitoring Programme that is approved by the Risk Management Committee, and ratified by the Group's Risk Committee and Board. threesixty were informed that a review of this programme is undertaken on an annual basis. An overview of the programme was provided to threesixty as part of the assessment. Compliance monitoring activities includes standard monitoring tasks as well as thematic reviews. threesixty were not given access to the Compliance Monitoring reports due to the confidentiality of the information contained within them.
18. The Compliance team provides management information on Compliance Monitoring activity, regulatory change and interaction with the regulator to the Risk Management Committee on a monthly basis.
19. The Risk and Compliance teams within RBC Brewin Dolphin is made up of compliance, financial crime, client assets, privacy & information security, operational risk and conduct risk.
20. The compliance advisory team is responsible for monitoring regulatory change, the firm has recently provided responses to the FCA Consultation Paper on SDR.
21. The company has a Conduct Risk Framework which is overseen by the Conduct Risk Team and is reviewed by the Risk Management Committee and the Board Risk Committee. It was noted the framework was under review as part of the firm's Consumer Duty project. The objectives of the current framework is to ensure there is:
 - A method of monitoring, assessing, managing and reporting against the Conduct Risk appetite set by the Board

- A swift and effective response to exceptions to minimise the likelihood of unfair client outcomes, and
 - A client focussed environment which enables staff to deliver good client outcomes consistently
22. RBC Brewin Dolphin have defined their corporate values as:
- Genuine: Heartfelt advice, delivered by people who care
 - Expert: Skillfully facilitating important decisions
 - Ambitious: Making more of life's opportunities
- These values were first set out in 2016. RBC Brewin Dolphin believe these have contributed to low staff turnover and growth in the business.
23. An overview of RBC Brewin Dolphin's approach to Conflicts of Interest is available on the company's website.
24. The Compliance manual, company policies and business procedures for RBC Brewin Dolphin are available on the staff intranet. All company policies are reviewed annually by the Policy Management Committee.
25. A Professional Indemnity Insurance policy with £10m limit of indemnity is in place which covers RBC Brewin Dolphin as part of a Group policy.
26. RBC Brewin Dolphin has a Product and Services Policy dated February 2022, the purpose of the policy is to ensure there are robust product governance arrangements in place in respect of RBC Brewin Dolphin's product and service propositions. Threesixty was advised the Policy along with the firm's Target Market Assessment were under review as part of the firm's Consumer Duty project.
27. RBC Brewin Dolphin has a Diversity & Inclusion Committee to promote diversity and inclusion within the Group. RBC Brewin Dolphin are actively involved in a number of diversity and inclusion initiatives including Race At Work and the Business Disability Forum.
28. A Sustainability Committee is in place, it's purpose is to define sustainability goals for the Group and ensure their delivery and provide a sustainability framework in terms of oversight of business activities related to its investment offering and stewardship activities. The Committee typically meets six times a year and has representatives from across the Group.
29. An oversight of the firm's Consumer Duty project was provided to threesixty during the assessment. The firm has set up a Steering Committee comprising senior management, the Steering Committee is supported by a number of workstreams to manage the different regulatory requirements of the regulatory project.

During the review threesixty were not given access to the minutes of the various committees noted, or the management information that had been submitted to the committees due to the confidentiality of the information contained. However, from discussions with representatives of the company including members of the Compliance advisory team, and a review of selected documents

that were provided along with publically available documents, the company would appear to have a structured approach to risk management and a risk awareness culture.

The company appears to be on track in respect of the FCA Consumer Duty requirements with a project governance structure in place to deliver on the regulatory requirements.

B. Client and referring / introducing intermediary arrangements and financial promotions.

This section looks at how the DIM deals with clients and what are the legal and procedural arrangements with introducing intermediaries. It looks at the contracts and on boarding procedure and what checks they will do on the intermediary business. It seeks to identify whether or not the process, and the responsibilities of all parties are clear.

This section also looks at how the DIM markets itself, and what controls it has to ensure that promotions are clear, fair and not misleading.

Review findings

1. Investment Solutions for referring intermediaries

RBC Brewin Dolphin has three core investment solutions which can be accessed by intermediaries. RBC Brewin Dolphin Intermediaries does not accept introduced business. Their core services are:

a. **Bespoke discretionary service**

This is a service for intermediaries whose clients require a bespoke discretionary investment management service and who wish to delegate the responsibility for the day to day management of the clients' investments to a professional investment manager.

The intermediary will be responsible for fact finding, assessment of the client's investment objectives and agreeing one of seven risk profiles with reference to RBC Brewin Dolphin's 'Risk Guide' document. A dedicated investment manager will be appointed to manage the investments on a bespoke discretionary basis in accordance with this risk profile. This service will involve regular contact with the intermediary and joint meetings with the client. The 'Risk Guide' also sets out the relevant benchmarks against which investment management performance will be measured.

b. **Managed Portfolio Service (MPS)**

This is a model portfolio service in cases where a bespoke service may not be suitable.

There is no contract between RBC Brewin Dolpin and the retail client, but between RBC Brewin Dolphin and the intermediary. The intermediary is responsible for matching the clients' needs to one or more of a range of MPS portfolios created by RBC Brewin Dolphin and operated on various third party platforms.

The intermediary is also responsible for the ongoing monitoring of the performance of the portfolios to the clients' needs. Their MPS performance is measured against benchmarks which are detailed in the monthly factsheets. In 2019, RBC Brewin Dolphin expanded their MPS range from 5 to 7 risk rated models across both active and passive ranges, this is aligned to the Voyager fund range (detailed below). The MPS service is only available via platforms, a list of those used is available from RBC Brewin Dolphin.

In addition to the core MPS service, RBC Brewin Dolphin launched a Sustainable MPS service in April 2021. The Sustainable MPS service is available in a range of five model portfolios.

c. **Risk rated funds**

Launched at the end of October 2020, the Voyager fund range is a range of six risk rated funds with different risk models aligned to their equivalent MPS portfolio and managed by the MPS investment team. Each fund is risk mapped against Defaqto, Dynamic Planner, EValue,

Finametrica, Morningstar, Oxford Risk and Synaptic. The funds can be accessed via a number of platforms. Details on the funds can be found on the intermediaries section of the firm's website.

2. Intermediary Relationship: Bespoke Discretionary Service

- a) An intermediary will access the bespoke discretionary service of RBC Brewin Dolphin on the basis that RBC Brewin Dolphin will be relying on the intermediary's KYC / suitability assessment of the underlying investor (reliance on others - COBS 2.4.4R).

The intermediary should inform their client of the areas they are responsible for, and those areas for which RBC Brewin Dolphin are responsible. RBC Brewin Dolphin's responsibility is generally limited to ensuring the bespoke discretionary investment management service it provides meets the client's investment mandate which has been agreed with the intermediary. Financial and tax planning is the responsibility of the intermediary. The intermediary is also responsible for ensuring the recommendation of a discretionary investment management service is suitable for the investor and that RBC Brewin Dolphin is the right partner. As highlighted above, RBC Brewin Dolphin will seek to rely on the client information provided by the intermediary. This provides the intermediary with the comfort that they retain control of the client relationship whilst using a third party to provide the requisite discretionary investment management service. RBC Brewin Dolphin will request due diligence and Anti-Money Laundering information on the underlying client to ensure it is able to comply with its regulatory requirements.

- b) The intermediary is responsible for the suitability of the advice (initial and ongoing) which includes the suitability of the discretionary investment management service for the client. The intermediary is also responsible for obtaining the requisite know your client information (including Anti-Money Laundering), setting the investment mandate including any investment restrictions and ensuring the mandate is suitable for the client, objectives and undertaking the risk profile assessment.
- c) Although RBC Brewin Dolphin rely on the information provided by the intermediary, the agreement between the parties includes the requirement that RBC Brewin Dolphin will also issue the Client Terms and Conditions to the investor (Retail Client Terms & Conditions – For the clients of financial advisers) to explain the discretionary investment management service it is providing. The Terms and Conditions set out RBC Brewin Dolphin obligations under this arrangement. The retail client will have a separate agreement for the services provided by the intermediary.
- d) An Intermediary Terms of Business is signed between RBC Brewin Dolphin and the intermediary for the Bespoke Discretionary Service which sets out clearly the separate responsibilities of both parties.
- e) For the Bespoke Discretionary Service an account opening form is signed by both the intermediary and client. This form is used by the intermediary to inform RBC Brewin Dolphin of the client's knowledge and experience, attitude to risk and investment objectives along with details of any restrictions the client may wish to put on the management of the investments. The risk categories noted are those described in the 'RBC Brewin Dolphin Risk Guide for Intermediaries', which range from Intermediary 1 to Intermediary 7.

3. Intermediary Relationship – Managed Portfolio Service (MPS)

- a) An intermediary will access the MPS of RBC Brewin Dolphin on the basis that the intermediary will be acting as agent of their client. In this arrangement, the intermediary becomes the client of RBC Brewin Dolphin ('agent as client'). The intermediary may only act in this capacity if they have been appointed by the client to act as agent on their behalf. Within this arrangement RBC Brewin Dolphin is responsible for ensuring its investment management service meets the mandate set for each MPS. All financial and tax planning is the responsibility of the intermediary. RBC Brewin Dolphin will rely on the instructions of the intermediary, acting as agent, and will communicate to the intermediary as their client. (The relevant FCA rule in this regard is COBS 2.4.3R). This provides the intermediary with the security that they retain full control of the entire client relationship whilst using a third-party discretionary investment management service.
- b) In this arrangement, the intermediary is responsible for ensuring the recommendation of the discretionary investment management service (initial and ongoing) is suitable, know your client information (including anti-money laundering), selection of the model portfolio and objectives and risk profile assessment.
- c) A 'Managed Portfolio Service: Terms of Business for regulated advisers' is signed between RBC Brewin Dolphin and the intermediary for the MPS which sets out the responsibilities of both parties.
- d) For the MPS there are seven MPS strategies available for the clients of intermediaries, these are:
 - Cautious
 - Cautious Higher Equity
 - Income
 - Income Higher Equity
 - Balanced
 - Growth
 - Global
- e) The following sets out the respective responsibilities of intermediary and RBC Brewin Dolphin in the process:

	Intermediary	RBC Brewin Dolphin
Suitability of service	Yes	No
KYC	Yes	No
Risk Profile	Yes	No
Client's Investment Objectives	Yes	No
Capacity for loss	Yes	No

Ensuring investments meet the investment mandate	No – although the intermediary should seek confirmation from the discretionary manager on at least an annual basis that the investments selected meet the investment mandate set	Yes
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- f) Once RBC Brewin Dolphin have performed due diligence on the intermediary and the intermediary has agreed to follow RBC Brewin Dolphin’s processes in regard to the services offered to their clients, they are able to use the service provided by RBC Brewin Dolphin. The due diligence process includes gaining an understanding of the intermediaries’ business, its ownership structure and a review of the firm’s details on the FCA register and Companies House. Details of the requirements are documented in the Intermediaries Risk Assessment and Due Diligence Standards document; a copy was provided to threesixty as part of the assessment.
- g) Ongoing due diligence on intermediary’s is undertaken which includes a monthly check to ensure the intermediary still holds the required FCA permissions.
- h) RBC Brewin Dolphin’s policy is that it will facilitate an Adviser Charge on behalf of a client where:
 - The intermediary has the appropriate FCA permissions (or equivalent regulatory authorisation) to provide investment advice to clients.
 - The client account is not an Offshore Bond i.e. RBC Brewin Dolphin cannot facilitate adviser charging from offshore bond accounts, in these circumstances the Adviser Charge will need to be facilitated by the Product Provider.
 - For SIPP and Pension accounts, RBC Brewin Dolphin will need written authority from the Product Provider requesting that RBC Brewin Dolphin facilitate the Adviser Charge payment on their behalf – if there is no authorisation, the Adviser Charge will need to be facilitated directly by the Product Provider.
 - There is an Adviser Charging Agreement in place, signed by the client, authorising the facilitation of the adviser charge. The agreement will need to clearly state the amount to be charged (i.e. as a % of the portfolio or a fixed sum) and whether the charge is a one-off initial charge or ongoing. A copy of the Adviser Charging Agreement was provided to threesixty during the assessment.
- i) RBC Brewin Dolphin require intermediaries to hold a Legal Entity Identifier (LEI). RBC Brewin Dolphin can assist the intermediary in obtaining the required LEI. Transaction reporting is carried out by RBC Brewin Dolphin in respect of both services – Bespoke Discretionary Service and MPS.
- j) RBC Brewin Dolphin have produced a document to assist intermediaries with their due diligence of RBC Brewin Dolphin which is updated on an annual basis. This Intermediary Due Diligence document includes information on the company structure, personnel, investment philosophy, risk management, service proposition and administration. A copy of the Intermediary Due Diligence document dated March 2022 was provided to threesixty as part of the assessment.

- k) RBC Brewin Dolphin have produced brochures explaining their investment solutions which are available for intermediaries and their clients i.e. the Bespoke Discretionary Service, the Managed Portfolio Service and the Voyager Risk Rated Funds. These brochures along with the 'RBC Brewin Dolphin Risk Guide for Financial Advisers' can be accessed on the Intermediaries section of the company's website.
- l) Details of the Sustainable MPS service can be found in the Intermediaries section of the firm's website including factsheets, brochures and ESG assessment reports provided by Defaqto, MSCI and Morningstar Sustainalytics
- m) The Intermediaries section of the company's website provides information on the services available to intermediaries as well as regular podcasts on investment matters.
- n) RBC Brewin Dolphin provides the following disclosure documents to intermediaries for their bespoke discretionary service:
 - Ex-Ante illustrations
 - Ex-Post reports
 - Annual costs and charges statements

For the MPS service the relevant platform is responsible for disclosure documents.
- o) RBC Brewin Dolphin have produced Target Market Information for intermediaries on their bespoke discretionary service, MPS, Sustainable MPS and Voyager range to assist intermediaries with their product governance responsibilities. All target market information is being reviewed as part of the firm's Consumer Duty project.
- p) Risk mapping documents are available for the MPS and Voyager funds upon request.

Financial promotions

In respect of the production of financial promotions, threesixty was advised RBC Brewin Dolphin has procedures in place to approve all forms of communications / financial promotions, and ensure that they are fair, clear and not misleading. The procedures include the following:

1. A general summary of procedures on financial promotions which is contained within a document entitled 'Promoting RBC Brewin Dolphin'. This includes guidance on what is a financial promotion and the process to be followed in the production, approval, record keeping and use of the financial promotions.
2. An automated process in place for the approval and logging of all financial promotions which is led by the Marketing team with oversight from the Compliance team.
3. As part of the process, any individual within the company can submit a financial promotion via Sharepoint; the firm's intranet, for approval by a Regional Marketing Manager.
4. A risk rating of High, Medium or Low determines how the financial promotion is approved, and whether there needs to be a further check undertaken by the Compliance team.
5. The Compliance team reviews all financial promotions which are classified as High Risk, and will check all promotions to ensure they have been correctly risk rated by the Regional Marketing Manager.

6. A full audit history is maintained with all financial promotions logged on a register which can be used to identify any trends that are reported to the RBC Brewin Dolphin Board on a monthly basis.
7. Financial promotions are included in the firm's compliance monitoring programme.
8. Financial Promotions are included in a Marketing and Communications Policy. The policy was under review by the Policy Management Committee at the date of this assessment.

From a review of the agreements issued to the intermediary, investor clients and the associated literature, it would appear that the respective roles of both parties has been clearly set out. RBC Brewin Dolphin appear to have set out clear procedures on how to process and control business from intermediaries working as the agent of the underlying client. In addition, the services are described on the company's website and in the documents that can be accessed from the website.

threesixty were not provided with an example of the financial promotions register, however, a copy of the Marketing and Communications Policy which outlines the firm's principles, procedures and controls in respect of all forms of communication including financial promotions was supplied during the assessment. Based on the policy and conversations with representatives from the business, it is clear the firm places importance on the requirement to comply with the regulatory requirements in this area and has internal controls to manage the process.

C. Recruitment

This section aims to illustrate what procedures the DIM has in place to ensure that staff it employs are fit and proper. It looks at how the recruitment process works, and how staff are inducted into the business to ensure that they are aware of company procedures.

It will also look at remuneration policies to see if these have been clearly defined.

Review findings

Details of recruitment procedures within RBC Brewin Dolphin include:

1. The recruitment of all staff must be authorised by senior management which is in turn managed by the Talent Acquisition Team. threesixty were previously supplied with a copy of the Recruitment Authorisation form to review. The form includes an SM&CR classification. The Regional Managing Director responsible must authorise the recruitment along with the Finance department.
2. RBC Brewin Dolphin use the employee database, SuccessFactors, to record and monitor recruitment, staff management and training.
3. The hiring manager will conduct a role briefing with the Talent Acquisition Team which will include the possible use of employment agencies, timelines for the process and the proposed interview process.
4. RBC Brewin Dolphin use a range of employment sources in the recruitment process depending on the nature of the role, these include internal job boards and website, external job sites and Linked-In and also recruitment agencies depending on the role.
5. The Talent Acquisition Team will review CVs using SuccessFactors then create a shortlist which is provided to the hiring manager.
6. The Talent Acquisition Team will arrange interviews and notify unsuccessful candidates. Based on the experience of the candidate and role being applied for case studies, competency based questions, values and conduct, presentations and technical tests are included as part of recruitment process.
7. Details of interview material, questions and technical testing is available to hiring managers.
8. Prior to issuing an offer a completed Recruitment Authorisation Form must be completed in respect of a successful candidate. This is forwarded to the Talent Acquisition Team who issue a verbal offer and employment contract which is subject to the successful completion of employment screening.
9. During the recruitment process the Talent Acquisition Team keep the hiring manager updated in terms of the progress of acceptance of offers, start dates and any employment screening issues.
10. RBC Brewin Dolphin use an external company (Giant) to undertake the screening process which is then checked by the Talent Acquisition Team.
11. The verification checks undertaken includes an identity check, Directorship check at Companies House, credit and DBS checks. For Certified Persons regulatory reference references are

obtained as well as details of their current Statement of Professional Standing (SPS) and CPD records.

12. Once the recruitment process has been completed the People Services Team manage the new employee on-boarding process.
13. The People Services Team liaise with the new employee, the hiring manager and the Learning & Development Team to ensure the induction requirements are completed.
14. Any candidate for a role as an Investment Manager will have an additional induction process conducted by the Learning and Development Team which includes an assessment of competency.
15. All Investment Managers must, as a minimum, be Level 7 qualified and hold an SPS with the Chartered Institute of Securities and Investment or Chartered Insurance Institute.
16. There is a 'Welcome to RBC Brewin Dolphin' welcome day which is held remotely which enables new joiners to meet senior management.
17. New joiners have either a 3 month or 6 month probationary period depending on the role, and this may be extended if required.
18. Threesixty was advised the RBC Brewin Dolphin's remuneration policy was updated in respect of the requirements of IFPR and approved by the Board's Remuneration committee in September 2022. Staff are paid a total remuneration package which is set in January each year. The Company operates a discretionary profit share scheme, which, if awarded is paid in December.
19. Up to 10% of any profit share awarded to members of staff may be forfeited if specific treating customers fairly (TCF) requirements are not achieved each year. The TCF requirements are set by the Board each year, and judgement as to achievement is at the absolute discretion of the Board through a committee set up for this purpose.
20. In addition, RBC Brewin Dolphin have introduced a provision within contracts of employment, that for client facing staff a third of profit share above £50,000 must be paid by way of deferred shares under a deferred profit share plan. These shares have to be held for a minimum of three years and will be forfeited if an employee moves to a competitor in the three year period. The scheme is designed to strengthen share ownership by the Group. The Directors also believe that these new contracts combined with greater share ownership will strengthen the Group in the interest of shareholders. The firm's on-going SM&CR requirements are overseen by the Conduct Team a team within Risk & Compliance. The Conduct Team is responsible for ongoing reviews and the impact of any change in roles.
21. As an employer of over 250 employees in the UK RBC Brewin Dolphin is required to produce and an annual Gender Pay Report. A copy of the firm's latest report based on data to April 2022 was provided to threesixty, a copy is available on the firm's website which outlines the results of the report and the actions taken since the previous year's report.

In view of the confidentiality of employment records, threesixty's review did not involve an assessment of specific recruitment files, so we are unable to comment about the operation of the recruitment process. However, based on the discussions with a representative from the firm's HR

department there appears to be a clear process in place which includes due diligence checks on all new joiners.

D. Training & competence (T&C)

This section looks at how the DIM sets out its training and competence regime, and reviews what processes are in place to train, assess and monitor staff and investment managers in particular in their role of dealing with clients introduced from intermediaries.

Review findings

1. RBC Brewin Dolphin has a Training & Competence (T&C) Policy dated January 2022 which was provided for review as part of the assessment, in addition there are supporting procedures in respect of T&C.
2. The T&C Policy is reviewed and approved by the Risk Management Committee and the Executive Committee.
3. There is a T&C Working Group within RBC Brewin Dolphin containing representatives from the business which reviews proposed policy changes.
4. RBC Brewin Dolphin has a Training and Competence (T&C) Partners Team. This team is tasked with providing assistance and resource to Training and Competence supervisors in the operation of the T&C policy and procedures.
5. The T&C Policy incorporates the requirements of SM&CR. The policy covers a number of areas including Recruitment, Induction, Probation, Performance/Competency Assessments, Training and Promotion, Conduct Rules and Authorisation.
6. In addition, there are separate SM&CR Accountability Policies for Senior Managers, Investment Managers and Information Givers. There is an SM&CR Oversight Panel which meets six monthly basis or more often as required and is chaired by the Training and Competence Manager. The role of the Panel is to provide on-going oversight of the firm's SM&CR requirements and provide information to senior management.
7. RBC Brewin Dolphin have a Fit & Proper Panel also chaired by the Training and Competence Manager to assist the firm's management of its SM&CR responsibilities. The Panel is responsible for reviewing the performance of Certified Persons and includes representatives from HR, Risk, T&C Partners and the business.
8. The Training and Competence procedures categorise Investment Managers as 'Certified Persons – Client Facing'. The Training and Competence procedures were reviewed in conjunction with the T&C Policy in January 2022.
9. A formal induction and probation process for all newly appointed Investment Managers also takes place. Responsibility for the induction and probation process resides with the line manager. Each new joiner is allocated a Training & Competence Partner who will arrange an initial meeting to discuss the FCA Codes of Conduct and their responsibilities under the firm's T&C Policy and procedures.
10. The Learning and Development Team will arrange training courses for new starters as required. The Learning and Development Team are an employee development team working to help develop staff through the provision of courses including line management development.

11. Each new Investment Manager is assessed to determine the activities they will perform, whether they meet the qualification requirements and whether any additional development support is required.
12. Investment Managers as Certified Persons hold a 'Statement of Authorisation' which covers details of their supervision and the scope of their activities, the Statement is prepared and confirmed by the Investment Manager's supervisor.
13. Upon joining each Investment Manager is required to complete a number of e-learning training courses including Anti-Money Laundering and SM&CR and attend a training session on the RBC Brewin Dolphin Accountability Regime.
14. The level of supervision for each Investment Manager will depend upon their level of experience, their level of competence and the potential risks they may pose.
15. All new Investment Managers will be observed in both a role play and a live client meeting.
16. Investment Managers are not permitted to provide financial planning advice on retail investment products.
17. Once assessed as competent to perform the role, all Investment Managers have a mid year competence assessment every six months, and an end of year competence assessment when the certification process is completed.
18. In between formal assessments, T&C Supervisors can hold one to one meetings with Investment Managers as required.
19. Formal assessments of competency form part of the overall process of ongoing supervision and are the responsibility of the T&C Supervisors, who are assisted in the process by the T&C Partners who help facilitate training and development generally. The T&C Partners also conduct sampling of competency reviews, the results are provided to the Wealth Governance Committee every six months.
20. Assessments of competency is recorded on the HR SuccessFactors database and include a review of CPD records, management information, review of work undertaken and management skills (if applicable). An individual can be assessed as being in one of three categories, i.e. not yet satisfactory: satisfactory with development, or satisfactory.
21. All Investment Managers must be members of the Chartered Institute of Securities and Investments (CISI) or the Chartered Insurance Institute , and must hold a Statement of Professional Standing (SPS).
22. The CISI's online professional refresher modules are utilised as part of the ongoing training of Investment Managers, and all Investment Managers must complete their Continuing Professional Development (CPD) via CISI which is reviewed on an ongoing basis. A minimum 35 hours of CPD with 21 hours of structured CPD must be completed annually by Investment Managers.
23. An Management Information (MI) dashboard is used to assess any issues from the review of the MI at Investment Manager level, which then forms part of the Investment Manager's development plan.

24. The T&C procedures notes that supervisor skills training for line managers is undertaken, with updated training every 24 months for existing supervisors. The company has a defined process for reviewing MI and undertaking the relevant competency assessments in relation to supervision.
25. The appraisal process is managed by line managers who have been trained in the process. Appraisals are conducted twice a year with August / September the main review with an interim appraisal being held in March / April. The appraisal process looks to assess overall performance including reference to adherence to the corporate values as noted in Section A as 'Genuine', 'Expert' and 'Ambitious'. The T&C Partners also provide input into the appraisal process.
26. The appraisal process is a two way operation with staff members entering their comments on the HR SuccessFactors system first, and then the line manager adding their comments. This is then followed by a one to one meeting between staff member and line manager to review the results.
27. RBC Brewin Dolphin's approach is not solely to recruit experienced individuals and they have developed a range of programmes to enhance training and development within the organisation for selected individuals once they have joined RBC Brewin Dolphin. These include the following:
 - Aspire Managers - A management programme using blended learning to enhance essential skills, teaching effective line management
 - Aspire Mentoring - A scheme welcoming mentees and mentors from all levels of the organisation. Aiming to find the most appropriate match for a mentoring relationship
 - A bespoke Executive Leadership Programme to develop individuals at the higher levels of the organisation
 - A year-long emerging talent programme, which aims to give the company's up and coming talent the skills to progress through the different levels of the Group

Based on the review of the T&C policy and following discussions with the T&C Manager, there appears to be a detailed framework in place for the induction and ongoing monitoring and supervision of the firm's Investment Managers which takes into account the on-going requirements of SM&CR. However, due to the confidentiality of staff information we were unable to review staff training files, and therefore cannot comment on the actual operation of the training scheme.

E. Discretionary management procedures

This section looks at the procedures and controls the DIM has put in place to carry out the DIM service. It aims to assess how they arrive at decisions when managing funds, and how they record and monitor the process. It looks at the structure of the process including the firm's investment philosophy, investment committees, research, how decisions are implemented and the controls in place to minimise the risk of errors and loss to clients.

Review findings

The procedures to control and monitor the discretionary investment management services include the following:

1. RBC Brewin Dolphin have a Wealth & Governance Committee (WGC) which is a sub-committee of the Executive Committee. Its role is to provide an investment governance framework that ensures orderly oversight of business activity, and operational risks in key service propositions offered including:
 - a. New and current products and services
 - b. Changes in product / service / provider risk profiles
 - c. Withdrawals and suspensions of products and services
 - d. Approval of key investment process control proposals, including portfolio models matched to risk profiles, client & portfolio risk assessment exception rules, strategic asset allocation and tactical asset allocation ranges
 - e. Act as a decision making and steering committee in an emergency or extraordinary market conditions which demands a Group response
2. The WGC has a terms of reference which was last updated in January 2022 which was provided to threesixty for review. The committee meets at least eight times over a twelve month period. The Chair is appointed by the Executive Committee, the terms of reference details the membership of the remainder of the committee.
3. The WGC has a supporting Wealth Governance Policy dated November 2022 which was approved by the WGC in December 2022. The policy provides details of the firms Wealth Governance Framework. A copy of the policy was provided to threesixty as part of the assessment.
4. The WGC has established several sub-committees which operate with delegated authority as is set out in their individual terms of reference, as approved by the WGC from time to time. These are as follows:
 - i. Stewardship Committee

In 2019, RBC Brewin Dolphin established its Stewardship Committee, the same year RBC Brewin became a signatory to the United Nations Principles of Responsible Investment (UNPRI) and took membership with the Investor Forum. Under the Stewardship Committee sit the following Sub-Committees:

 - Stewardship Panel

- Community Investment Panel
- Socially Responsible Investment Forum
- Green Forum

The Stewardship Panel aims to ensure that clients' interests as holders of securities are protected and where appropriate, ensure proactive shareholder action is taken in the best interest of those clients. The committee meets bi-annually or on an ad-hoc basis as required. Its specific responsibilities are:

- The oversight of stewardship matters
- Ensuring the Stewardship Policy is adhered to
- Regularly reviewing the Stewardship Policy
- Monitoring actual voting records on an exceptions basis to ensure the effectiveness of the Stewardship Policy, and
- Reviewing any stewardship matters that have been escalated for determination (for example, where the research team identifies a conflict of interest)

RBC Brewin Dolphin are signatories of the Financial Reporting Council's UK Stewardship Code and incorporate its principles within their Stewardship Policy. A copy of the firm's Stewardship Policy is available on the firm's website along which includes its Stewardship and Engagement Report for SRDII.

RBC Brewin Dolphin also has a Responsible Investment Statement which outlines the firm's approach to responsible investment. A copy of the statement can be found on the firm's website.

ii. Asset Allocation Committee (AAC)

This committee headed by the Head of Research meets on a monthly basis, and looks at macroeconomic trends and determines strategic and tactical asset allocations in investments in terms of assets and regions. In particular it is tasked with:

- Advising on and review of the asset classification policy
- Advising on and review of the formation of the strategic asset allocation
- Setting tactical asset allocation guidance
- Escalating any issues where the investment management framework does not appear appropriate to the committee

A briefing note is distributed to the attendees after the AAC meeting, and then minutes are distributed to the members of the WGC and Risk Management Committee.

Threesixty was advised the firms' strategic asset allocation and **tactical** asset allocation had recently been reviewed by the AAC.

iii. Managed Portfolio Services (MPS) Investment Committee

This committee meets monthly after the AAC has agreed the tactical asset allocation position. The research team then implement any guidance from the AAC into the model portfolios. These are submitted to the MPS Investment committee for approval.

Rebalancing of models are performed monthly regardless of any changes in composition of the models in order to protect against portfolio drift. The construction of the model portfolios is agreed by a committee and not any one individual. The committee has a specific remit to:

- Approve the model portfolio composition of the MPS.
- Escalate any exceptions or failure to reach an agreement to the Chair.
- Provide a view on other issues relating to the MPS.

The MPS Investment Committee is also responsible for oversight of the Sustainable MPS range.

iv. Investment Risk Committee

This committee approves elements of the investment governance framework and provides assurance that RBC Brewin Dolphin is compliant with the Wealth Governance Policy.

v. Client Compensation Authorisation Group

This committee provides a mechanism for the review of financial redress identified from all sources such as (but not limited to) client complaints, detriment reviews, operating events and regulatory enquiries.

vi. Vulnerable Clients Committee

This committee oversees the firm's approach to vulnerable clients. It is supported by a Vulnerable Clients Forum.

vii. Product & Services Committee

The Product and Services Committee (PSC) oversees the development and any changes to the firm's investment propositions and recommends proposals for approval to the Wealth Governance Committee or Funds Governance Committee for funds. The PSC reviews the firm's existing products & services, the regularity of the review is dependent on the level of risk associated with the respective product or service.

5. Following on from the AAC meeting the firm's equity strategists have a sector strategy meeting.
6. Each week there is also a detailed stock selection meeting. The firm has a dedicated investment research team with research analysts covering equities and fixed income.
7. Since the RBC acquisition of Brewin Dolphin threesixty was advised RBC Brewin Dolphin now benefits from access to wider investment research capabilities, particularly in relation to North American research.
8. Where fund changes are recommended or considered, these are discussed at a weekly meeting of the fund analysts. An example of a fund recommendation has been previously provided to threesixty.
9. Investment Managers are updated on recommendations for buy lists by a daily conference call including all regional offices, and minutes of the call are then emailed to all regional offices. Recommendations are also posted on the interactive research portal along with supporting documentary evidence.
10. Within the bespoke discretionary service and the MPS service RBC Brewin are able to use their MI Select Managers Funds range which provides access to five 'manager of manager' funds, each of the funds is managed on a segregated basis using third party managers. Details are available from RBC Brewin Dolphin.

11. In relation to the bespoke discretionary service, although portfolios are tailored to each client all clients are categorised into one of the seven risk profiles. This risk categorisation acts as a boundary for Investment Managers to work within. RBC Brewin Dolphin would only change a client's risk category, or overall mandate, with the express agreement of the intermediary.
12. RBC Brewin Dolphin use Risk Monitoring System (BITA) which is used to monitor the construction and ongoing rebalancing of portfolios to ensure that investment managers are managing in a compliant way and within the mandate and the defined investment policies of the company. BITA is overseen by the Governance Oversight Team which reports to the Wealth Governance Committee.
13. Bespoke portfolios are monitored using the 'RBC Brewin Risk Measure' which tracks both volatility and value at risk. Any outliers are reviewed by the Governance Oversight Team and the Investment Manager.
14. There is an order execution policy in place dated July 2022 which is reviewed annually by the Policy Management Committee and the Order Execution Committee, a copy of the policy is available on the firm's website.
15. Historical Quality of Execution Venue reports can be accessed within the main section of the company's website under Order Execution. The reports provide an overview of the firm's monitoring of its execution arrangements, the reports are supported by details of the top five execution venues. The company uses an external firm (LiquidMetrix) to benchmark transactions against available execution venues. Any transaction outside the set tolerance limits are investigated and the results presented to the Order Execution Committee which meets monthly to oversee order execution arrangements.
16. In relation to the custody of assets in the majority of cases RBC Brewin Dolphin hold assets within one of their wholly owned nominee companies, or assets are held with overseas custodians. These arrangements were not reviewed, although it was noted that the Terms & Conditions confirms all assets are held on behalf of the beneficial owner.
17. RBC Brewin Dolphin use the eXimius system to produce performance figures for the portfolios they manage on behalf of clients of intermediaries. The company has since 2016 provided live portfolio data to Asset Risk Consultants (ARC) for submission to the Private Client Indices (PCI).
18. RBC Brewin Dolphin provide instant online access to portfolio valuations through their secure internet site, MyBrewin. The company also produces periodic reports on a quarterly basis. A copy of an example periodic report was provided to threesixty as part of the assessment.

The review did not include an audit of the operation of RBC Brewin Dolphin's systems and controls nor a review of the minutes of the WGC or AAC due to the confidentiality of the information. However, based upon discussions with an Investment Manager the firm appears to have systems and controls to support its investment services.

F. Outsourcing

This section looks at the extent that a DIM outsources key tasks to third parties, and if it does what processes are in place to monitor this activity and minimise any adverse impact to clients.

This section is not relevant to all firms as not all firms outsource key tasks to third parties.

Review findings

It was confirmed during the scope of the assessment that RBC Brewin Dolphin do not outsource any critical functions as defined by the FCA as part of the services offered to intermediaries.

G. Financial crime, anti-money laundering, data security, fraud and the Bribery Act

This section looks at the extent that a DIM outsources key tasks to third parties, and if it does what processes are in place to monitor this activity and minimise any adverse impact to clients.

This section is not relevant to all firms as not all firms outsource key tasks to third parties.

Review findings

RBC Brewin Dolphin have adopted a risk-based approach to dealing with financial crime. The procedures include the following:

1. AML, CTF and Financial Sanctions Standards are in place within the business and are reviewed on a regular basis, or where legislative or regulatory changes occur. The firm's MLRO advised during the assessment the Standards were currently under review. The Standards are used to support the AML, Counter-Terrorist Financing & Financial Sanctions Policy.
2. There is a Financial Crime Risk Management Framework dated March 2023 in place which provides an overarching framework of how the Group manages its financial crime risks. The primary objectives of the framework are to ensure there is:
 - a. A strong culture so that staff can prevent, detect and report financial crime matters
 - b. A method of monitoring, assessing, managing and reporting against the financial crime risk appetite set by the Board
 - c. A swift and effective response to financial crime matters to reduce the likelihood of financial crime risks crystallising

The framework documents the respective responsibilities of employees, committees and the Financial Crime Team. Threesixty were provided with a copy of the framework as part of the assessment.

3. The Financial Crime Team (FCT) is a dedicated team within the Compliance and Risk department which reports into the Chief Risk Officer. Within the FCT is a separate unit, the Financial Crime Monitoring Team.
4. There is AML, CTF and Financial Sanctions Team which sits within the business to provide additional financial crime support including assisting with client on-boarding, reliance testing and conducting periodic reviews.
5. On a monthly basis the Financial Crime Governance Committee meets to review management information including key risk indicators in relation to financial crime. Output from the forum is reported to the Risk Management Committee.
6. A PEP and High Risk Client Forum meets monthly with a focus on Politically Exposed Persons (PEPs), and High Risk Clients and other high risk aspects including cross border relationships. The Forum is supported by a PEP and High Risk Client Working Group.
7. RBC Brewin Dolphin undertake a risk assessment of the underlying client. All clients and related parties are also screened for PEP and sanctions daily using Lexis Nexis.

8. Following a recent review of its approach to its client risk assessment a Client Risk Assessment Methodology document has been created to assist the firm in its risk assessment of its clients. Going forwards the firm will be categorising its clients as Low, Standard, High and Highest, the firm is also able to identify the factors that would take a client beyond the firm's AML risk appetite. The revised methodology was reviewed by the Financial Crime Governance Committee and the Risk Management Committee. The implementation of the revised Client Risk Assessment has been delayed to Quarter 2023 due to the firm's introduction of a new wealth management system.
9. For the MPS, where arrangements with intermediaries are structured on the agent as client basis, RBC Brewin Dolphin expect the intermediary to have verified and checked the client's identity and underlying documentation as RBC Brewin Dolphin does not have a relationship with the underlying client.
10. For the BPS, where the arrangements with intermediaries are on a 'reliance on others' basis RBC Brewin Dolphin rely on the intermediary to have verified and checked the client's identity and obtained the required documentation, however in this arrangement RBC Brewin Dolphin is ultimately responsible for AML as it has a direct contract with the retail client. RBC Brewin Dolphin has an AML sampling process in place whereby it liaises with its intermediary clients, any identified AML gaps are remediated.
11. As part of the firm's financial crime systems and controls it has documented its approach when working with intermediaries in its Intermediaries Risk Assessment and Due Diligence Standards document dated January 2023 which was provided to threesixty as part of the assessment. The Standards outline the firm's onboarding and ongoing due diligence requirements for its intermediary relationships.
12. RBC Brewin Dolphin have an Anti-Bribery and Corruption Policy dated November 2022 which was provided to threesixty.
13. Training on Financial Crime forms part of the induction process for all new staff. On an annual basis all staff complete training using Computer Based Training (CBT) along with an associated test and internal checks are undertaken to ensure all regions, branches and individuals have undertaken the test by a set date. Additional training needs on financial crime are assessed regularly and bespoke training sessions are provided. There are plans to provide face to face training sessions on source of wealth to the regional offices during 2023.
14. An annual money laundering report is produced and presented to the Risk Management Committee and the RBC Brewin Dolphin Board by the MLRO. Due to the confidential nature of the report, the last report was not provided to threesixty for review. threesixty were advised the last report was presented to senior management in January 2023 covering the firm's financial year ending 30 September 2022.
15. Risk assessments on AML, Counter Terrorism Financing, Sanctions, Fraud, Market Abuse and Anti-Bribery & Corruption are conducted by the Financial Crime Team. Each assessment is reviewed by the Risk Management Committee and the Board Audit Committee. Threesixty was advised the AML risk assessment report for 2022 had recently considered the impact of proliferation financing on the firm. A copy of the Annual Anti-Money Laundering, Counter

Terrorist Financing, Proliferation Financing and Sanctions Risk Assessment 2022 Report was provided to threesixty as part of the assessment.

16. Written procedures are in place for the recording of any gifts and hospitality received by RBC Brewin Dolphin employees with gifts over a certain value requiring pre-approval. A copy of the Gifts and Hospitality Policy dated November 2022 was provided to threesixty. Threesixty was advised there is annual computer based training for all employees on gifts and benefits.
17. A review of the firm's Data Security arrangements and procedures is undertaken on an annual basis and as part of this:
 - a. Monitoring of the policy is carried out by the Head of Privacy & Information Security, who reports to the Head of Risk and Regulation
 - b. Mandatory eLearning modules is provided o all staff to carry out on an annual basis
 - c. A Data Security Response team is in place whose main duties are to ensure that corporate, client and personal data is safe and secure
18. RBC Brewin Dolphin has an Information Security Policy dated May 2022 which is designed to support the company's strategic aim of protecting data and services from compromise and is reviewed on an annual basis. The policy is monitored by the Head of Privacy & Information Security who reports to the Chief Risk Officer.

From a review of the documents provided, and a following a discussion with the firm's MLRO the company appears to have detailed procedures in place to monitor the risk of financial crime and these are regularly reviewed.

The recent AML risk assessment included the recent requirements regarding proliferation financing, this is an example of the firm's on-going review of its processes to oversee its financial crime framework.

H. Complaints

This looks at how the DIM handles complaints and ensures that they are independently handled and that the process is fair and clear.

Depending on the arrangement the intermediary has with the DIM this may be a case of assessing how the DIM deals with complaints from the intermediary's clients, or if there is no direct relationship with investor clients how would the DIM deal with any potential complaints from the intermediary as a professional client.

Review findings

RBC Brewin Dolphin has in place internal and external complaints procedures which are reviewed annually. RBC Brewin Dolphin has a Complaints Policy and threesixty were provided with a copy of the latest version dated August 2022.

The processes include the following aspects:

1. Complaints are handled by the Client Services Team (CST) who deal with the complaints independently, and have the autonomy to look at the root cause of the complaint and outcome free of any internal conflict.
2. RBC Brewin Dolphin has a summary of its complaints procedures for client's available on the firm's website. Internal complaints procedures provide staff with details on the complaints process.
3. An internal complaints form must be completed for each complaint received, and this is then sent to the Client Services Team to record the complaint.
4. Complaints data is logged in the Open Pages system with complaints reporting provided by the Power BI system. Management information on complaints is extracted from the Power BI system and is used for internal and external reporting and for training purposes.
5. Each complaint is subject to a four-eyes check in terms of the overall overview and outcome. A further sample check of cases is then undertaken on a monthly basis by the Compliance Monitoring Team.
6. Weekly updates and progress reports are made on all complaints and a report provided to the Head of Conduct.
7. The CST issue a monthly report on complaints identifying trends, themes and any systemic failures to the Managing Director of Wealth Management and the Managing Director of Private Clients. There is also a monthly report provided to the Chief Risk Officer who is the Senior Manager responsible for client complaints.
8. Complaints reporting is provided to the Risk Management Committee on a monthly basis, Wealth Governance Committee on a quarterly basis and to the Client Management Committee periodically.
9. Management information on client complaints is provided to the Vulnerability Committee if the client complaint relates to vulnerability.

10. Complaints reporting provided from the Power BI system is used as part of monthly regional meetings held with the Head of Region, the Head of CST and representatives from compliance. The information is used to identify any specific training needs. As a minimum, all regions receive face to face or remote complaints training at least every three years.
11. There is an e-learning module on client complaints which client facing staff are required to complete annually.
12. The level of client complaints by business area, product, service and by office/individual are tracked by the CST. Every client complaint against a certified person is notified to the Head of Office.
13. There is a Financial Ombudsman Tracker Log which is incorporated into the Open Pages system and is maintained by the CST which looks at information and reports produced by the FOS to assess any impact on the firm and how the firm has dealt with complaints in the past.
14. The Head of CST attends an industry complaints forum held on a monthly basis to discuss current issues and approaches affecting complaints.
15. The CST is subject to an annual internal assessment as part of the Head of Compliance assessment on its effectiveness by the Compliance Advisory Team, the output is reviewed by the Risk Management Committee. The last assessment was completed in quarter one 2022. The Head of CST advised the 2023 assessment was underway.
16. As part of the Terms of Business provided to intermediaries, details on the complaints procedure are provided that intermediaries should follow, and the rights afforded to them under FOS where they are acting as an agent for their client.
17. All new joiners to the RBC Brewin Dolphin receive client complaints training as part of their induction process.
18. The Head of CST is part of the firm's Consumer Duty project and attends a number of the project workstreams.

It was noted that it is the RBC Brewin Dolphin's policy not to disclose to third parties the number of complaints that have been received, and due to the confidential nature of the information threesixty were not given access to specific files on complaints. However, the documents that were reviewed and following discussions with the Head of the Client Services Team the firm appears to have comprehensive procedures for the handling of client complaints.

I. Business continuity / disaster recovery

This section looks at the arrangements the DIM has put in place to ensure that if a disaster did occur, they could respond quickly, and either maintain their service to clients, or restore the service in an acceptable time frame in order to minimise any risk of loss.

Review findings

RBC Brewin Dolphin have procedures to address the risk in respect of Business Continuity, Operational Resilience and Disaster Recovery which include:

1. An Operational Resilience Policy dated January 2022 which was approved by the Operational Resilience Group and the Risk Management Committee, the Policy is due to be reviewed in March 2023. This is a high level document which states the purpose of the policy is to address threats to the business of wide ranging and growing threats including terrorist incidents, systems failures, cyber-attacks, fires, pandemic illness, supply chain issues, data breaches and infrastructure failures. The policy is the responsibility of the firm's Chief Risk Officer. The policy was also reviewed by the Policy Management Committee and approved by the Board.
2. The Operational Resilience Policy and the supporting operational resilience arrangements are overseen by the Risk Team and are managed by the Head of Operational Resilience who is supported by a Senior Operational Risk Manager, Operational Risk Manager and Business Continuity Manager.
3. An Operational Resilience Self Assessment framework is in place which was drafted with assistance from external consultants and is the responsibility of the Head of Operational Resilience. The self assessment framework was approved by the Board in March 2022. The self assessment framework is supported by an Operational Resilience programme which outlines the testing undertaken. It was noted testing had been delayed due to the RBC acquisition but is due to occur in 2023.
4. There is an Operational Resilience Group (ORG) which meets on a monthly basis which reviews both operational resilience and business continuity arrangements. The ORG makes recommendations to the Risk Management Committee which ultimately reports to the Executive Committee.
5. There are Business Continuity Standards in place for each regional office. The plans are the responsibility of each Head of Office who is responsible for invoking and testing the plan.
6. The Business Continuity Standards for each office are reviewed annually by the office Business Continuity Champion and the Business Continuity Manager with a version control in place outlining the dates and changes that have taken place. As part of the annual review each office is subject to a desktop exercise. For key offices there are also departmental plans. For key offices visits are conducted quarterly. A summary of the effectiveness of the office's standards are reported to the ORG.
7. The frequency of tests conducted by each office is dependent on the assessment of risk and impact of any potential failure of an office on the overall business. Offices are categorised as A, B or C. A being High Impact, for example London, Edinburgh and Newcastle, at which tests would

be held quarterly, and other offices which are categorised as B (six monthly reviews) and C (annual reviews).

8. It was noted that Brewin Dolphin's business continuity arrangements aim to be aligned with the Business Continuity Management Systems (ISO 22301:2012), and the BCI Good Practice Guide.
9. The continuity arrangements include provision for staff to either work remotely or transfer to nearby offices in the event of a crisis event at their respective offices.
10. Cyber security desk top exercises took place in January 2022 for EXCO and members of the Incident Management Team, the exercise was provided by external consultancy.
11. A cyber security e-learning module was provided to all employees in Quarter 4 2022. The module now forms part of the annual mandatory training for all employees.
12. RBC Brewin Dolphin has procedures in place to monitor the business continuity arrangements of key software and service suppliers to the company. There is a Vendor Governance & Commercial Contracts Manager responsible for the relationships with key vendors. Annual due diligence is conducted on vendors which is reviewed by the Vendor Management Committee.
13. The project to implement the requirements of the FCA Operational Resilience regulations due by March 2022 was closed in April 2022 with the remaining requirements required by March 2025 being managed by the Operational Resilience Team. It was noted an Internal Audit of the project was conducted in the fourth quarter of 2022 to ensure the regulatory requirements were met.
14. During 2023 the (former) Brewin Dolphin Operational Resilience team will be working with their RBC colleagues to align their business practices.

Following with discussions with the Head of Operational Resilience it would appear RBC Brewin Dolphin view Business Continuity and Disaster Recovery issues as a high priority within their business, and regularly monitor and review the arrangements in this regard on a regular basis.

Their project to implement the FCAs Operational Resilience requirements was significant, the firm appears to have met the March 2022 regulatory requirements.