

Specialist Investments (also known as Non-Standard Investments)

IMPORTANT NOTE

New Non-Standard Investments can no longer be purchased in any product. However, we will consider top-ups to existing holdings. Please see our website at www.jameshay.co.uk/NSI for further details.

Background

The James Hay approach to specialist investments is kept under regular review in light of changing regulatory and industry developments.

In line with the FCA's Principles for Business, we endeavour to provide industry leading skill, care and diligence with respect to our administration of specialist investments. We do not provide financial advice.

Since 2007, when SIPP's first became regulated by the Financial Services Authority (now the Financial Conduct Authority), the regulatory environment has become increasingly focused on the performance of due diligence checks before acceptance of a specialist investment, and the ongoing monitoring of those investments.

Due diligence review prerequisites

- Top-ups into existing SIPP Non Standard Investments will only be considered if we receive sufficient evidence that a Financial Conduct Authority (FCA) regulated financial adviser has recommended the investment and, where applicable, promoted it. In-specie transfers and mandatory corporate actions are exempt from this policy and are not required to be advised. However, these will be subject to our specialist investment due diligence process.
- The proportion of a SIPP invested into specialist investments on an advised basis is limited to 40% of the total value of the pension portfolio at point of purchase.
- We will only accept an investment if the client is eligible to invest in their own right.
- We will only review an investment if there is a current or prospective client looking to invest.
- We will not accept any form of taxable property into a SIPP (e.g. residential property, tangible moveable property etc.). If an investment is made into taxable property, significant tax penalties will be incurred by the client.

James Hay's approach to SIPP specialist investments

- We have a dedicated Specialist Investments Team to process all investments. This team can be contacted directly on 03333 206 182 or jh.specialistinvestmentsupport@jameshay.co.uk
- Top-ups into existing SIPP Non Standard Investments are subject to internal due diligence review by our Specialist Investments Team.
- Potential investments are reviewed against various criteria including whether they may be regarded as taxable property; they are legitimate investments; they can be objectively valued and they can be held securely.
- Formal recommendation in this respect is made to our Investment Committee.
- Clients should allow approximately three weeks for an accept or reject decision on an investment proposal (after all the supporting information has been received).
- Approval by us does not mean the investment is suitable for a client's personal circumstances – this is for the client and their financial adviser to decide. Our acceptance of an investment must not be misconstrued as advice in any way and does not validate any projected investment returns or statements made by the investment promoter. Specialist investments are typically higher risk investments and the value of the capital invested can fall as well as rise.
- Investment in commercial property follows a separate process that is administered by our dedicated Commercial Property Team (please visit our website for details).

The following table sets out at a high level our stance when considering specific specialist investments. In all cases, the particular investment will still be subject to the outcome of our full review and may not be accepted.

Investment type	Approach	Documentation likely to be required
Non-Mainstream Pooled Investments (NMPIs)	<ul style="list-style-type: none"> • This includes Unregulated Collective Investment Schemes (UCIS) and Qualified Investor Schemes (QIS). • We will only accept NMPIs where the adviser has both promoted AND advised the client to invest. • For existing holdings, any top-up investments would be subject to the above requirement. • The underlying member must be eligible to invest in their own right (as we only act as bare trustee). • The fund or investment structure must be a Genuinely Diverse Commercial Vehicle as per HM Revenue & Customs (HMRC) definition. 	<ul style="list-style-type: none"> • Fund prospectus. • Investment provider's questionnaire. • Application forms for investment. • Any promotional material received. • Evidence of promotion and recommendation from the adviser.
Unquoted shares	<ul style="list-style-type: none"> • Investment must be recommended by an FCA regulated adviser. • The SIPP in combination with any connected parties cannot end up owning 20% or more of the following: <ul style="list-style-type: none"> – the share capital of the company – the voting rights of the company – rights to the company assets in the event of liquidation. • Where applicable, independent valuation required supporting the acquisition price of the shares. • We need to understand how the client became aware of the investment – in case of inappropriate promotion. • More detailed requirements apply where the shares are not in a UK company. An independent, professional third party (e.g. a law firm) in the applicable jurisdiction should be appointed to conduct due diligence on the proposed investment. This may (by way of illustration) include a site visit, meeting the directors of the company and production of a report which should include James Hay as an addressee. The cost of this report will be borne by your client. 	<ul style="list-style-type: none"> • Unquoted Share Questionnaire – Top-Up (SIPP). • Financial accounts for the last two years. • Memo and articles for the company. • Shareholders agreement (if applicable). • Accountants and directors statements. • Subscription agreement (if applicable). • Business plan (if start-up company). • Annual independent valuation of shares. • Evidence of recommendation from the adviser.

Investment type	Approach	Documentation likely to be required
Top-up or rollover of secured loans to unconnected parties	<ul style="list-style-type: none"> We will not make loans which could be covered by the Consumer Credit Act (i.e. not to individuals, partnerships with less than four partners, SIPP to SIPP loans). Loan must be secured by a first legal charge. Maximum term of five years. Loan must be at arm's length i.e. at market interest rates, terms and conditions. Loan documentation must be reviewed by James Hay's Legal Team. Security cannot be taxable property as per HMRC definition. 	<ul style="list-style-type: none"> Loan questionnaire. Financial accounts for the last two years. Memo and articles of borrower (if applicable). Accountants and directors statements. Evidence loan is on commercial terms. Independent valuation of security by appropriately qualified valuer (including forced sale valuation).
Limited and full partnerships	<ul style="list-style-type: none"> We will not become a partner in a limited partnership investment structure. This includes Limited Partnerships and Limited Liability Partnerships. However, investment may be possible if the proposed investment offers a Unit Trust option that itself invests in the Limited Partnership. We will only invest via the Unit Trust. We will also not become a partner in a full partnership structure. 	<ul style="list-style-type: none"> Refer to NMPI section for the required information for the Collective Investment Scheme fund.

Unacceptable assets

We do **not** accept these forms of investment:

- Intellectual property
- Land banking
- Overseas commercial property
- Peer to peer lending
- Crowdfunding
- Residential property
- Commodities
- Connected loans
- Unsecured loans
- Investments considered to be personal chattels
- Carbon credits
- Storage pods
- Any taxable moveable property

Please note: This list is not exhaustive.

We continuously monitor FCA, Action Fraud, HMRC and various other agencies' guidelines to highlight high risk and suspicious assets/investment types.

Further information

If you would like to find out more about our products and services please contact your local Business Development Manager or call us on



03455 212 414
(General enquiries)



03333 206 182
(Specialist Investments Team)