

*We, Fealeside Financial Services act as intermediary (Broker) between you, the consumer, and the product provider with whom we place your business.*

## The Background

Pursuant to provision 4.58A of the Central Bank of Ireland's September 2019 Addendum to the Consumer Protection Code, all intermediaries, must make available in their public offices, or on their website if they have one, a summary of the details of all arrangements for any fee, commission, other reward or remuneration provided to the intermediary which it has agreed with its product producers.

## What is Remuneration?

Remuneration is the payment earned by the intermediary for work undertaken on behalf of both the provider and the consumer. The amount of remuneration is generally directly related to the value of the products sold.

## What is Commission?

Commission is payment that may be earned by an intermediary for work undertaken for both provider and consumer.

There are different types of remuneration and different commission models:

**Single commission model:** where payment is made to the intermediary shortly after the sale is completed and is based on a percentage of the premium paid/amount invested/amount borrowed.

**Trail/Renewal commission model:** Further payments at intervals are paid throughout the life span of the product.

## Indemnity Commission

Indemnity commission is the term used to describe a commission payment made before the commission is deemed to be 'earned'. Indemnity commission may be subject to a clawback (see below) if the consumer lapses or cancels the product before the commission is deemed to be earned.

Other forms of indemnity commission are advances of commission for future sales granted to intermediaries in order to assist with set up costs or business development.

If firm considers sustainability factors in respect of Investment/IBIPs/Pension Advice include

## Sustainability Factors- Investments/IBIPs/Pension Advice

We take due care so that our internal remuneration policy with respect to investment or insurance advice on insurance-based investment products ('IBIPs') promotes sound and effective risk management in relation to sustainability risks and does not encourage excessive risk-taking with respect to sustainability risks.

When assessing products, we will consider the different approach taken by product providers in terms of them integrating sustainability risks into their product offering. This will form part of our analysis for choosing a product provider.

### **Profit Share Arrangements**

In some cases, the intermediary may be a party to a profit-share arrangement with a product provider and will earn additional commission. Any business arranged with these product providers on a client's behalf will be placed with the product provider because that product provider is at the time of placement, the most suitable to meet the client's requirements, taking all the client's relevant information, demands and needs into account.

### **Life Assurance/Investments/Pension Products**

For Life Assurance products commission is divided into initial commission and renewal commission (related to premium), fund based or trail (relating to accumulated fund).

Trail commission, bullet commission, fund based, flat commission or renewal commission are all terms used for ongoing payments. Where an investment fund is being built up through an insurance-based investment product or a pension product, the increments may be based on a percentage of the value of the fund or the annual premium. For a single premium/lump sum product, the increment is generally based on the value of the fund.

Life Assurance products fall into either individual or group protection policies and Investment/Pension products would be either single or regular contribution policies. Examples of products include Life Protection, Regular Premium Life Assurance Investments, Single Premium (lump sum) Insurance-based Investments, and Single Premium Pensions.

### **Investments**

Investment firms, which fall within the scope of the European Communities (Markets in Financial Instruments) Regulations 2007 (the MiFID Regulations), offer both standard commission and commission models involving initial and trail commission. Increments may be based on a percentage of the investment management fees, or on the value of the fund.

### **Credit Products/Mortgages**

Commission may be earned by intermediaries for arranging credit for consumers, such as mortgages. The single, or standard, commission model is the most common commission model applied to the sale of mortgage products by mortgage credit intermediaries (Mortgage Broker).

### **Clawback**

Clawback is an obligation on the intermediary to repay unearned commission. Commission can be paid directly after a contract is concluded but is not deemed to be 'earned' until after a specified period of time. If the consumer cancels or withdraws from the financial product within the specified time, the intermediary must return commission to the product producer.

### **Fees**

The firm may also be remunerated by fee by the product producer such as policy fee, admin fee, or in the case of investment firms, advisory fees. *Include arrangements etc*

### **Other Fees, Administrative Costs/ Non-Monetary Benefits**

The firm may also be in receipt of other fees, administrative costs, or non-monetary benefits such as:

- *Attendance at product provider seminars*
- *Assistance with Advertising/Branding*

Fealeside Financial Services has taken a “house view” in relation to commission levels which are outlined in the link below.

Information on the following is available on request

- [House view of commissions](#)
- [Life Insurance Providers](#)
- [Lender Providers](#)
- [Investment Article 3/MIFID Providers](#)