

Updates to Tier 1 Visas

SPRING 2019

What are the Home Office changes?

- ▶ Under the old rules, Tier 1 visa applicants must have held funds for 90 days prior to their application. This has now been extended to two years.
- ▶ Tightening of rules for opening a UK bank account prior to making an investor visa application.
- ▶ A ban on gilts being permitted in visa portfolios.
- ▶ Tighter restrictions on using intermediaries.

Recent changes to the Tier 1 investor visa program will have a meaningful impact on the investment component of visa application. Here at Henderson Rowe, we feel these adjustments are long overdue. There is a clear focus on promoting 'genuine' UK-based investments while also clamping down on relaxed application of anti-money laundering (AML) regulations. Essentially, the new guidance from the Home Office is bringing rules more closely in line with regulations of the Financial Conduct Authority (FCA) to which any firm investing for a Tier 1 client should adhere. For many years, too many investment firms have relied on the Home Office guidelines when, in reality, FCA regulations should always take precedence. As you might expect, FCA's regulations set a higher bar.

These changes are a good thing for both investors and investment firms, and indeed for the reputation of the Tier 1 visa program. However, there are some potential unintended consequences. With over 10 years of experience with Tier 1 investor visas, Henderson Rowe has always taken pride in the quality of its AML procedures and have consistently offered clients a wide range of choices beyond gilt-only portfolios. As a result, the recent Tier 1 changes significantly strengthen the investment options available to our clients.

How are investors impacted?

- ▶ Investment firms are forced to raise their AML bar. Two years is a reasonable benchmark for clarity on funds' ownership but the FCA's AML requirements can often require going back much further.
- ▶ Investment firms must be able to offer a genuine investment solution to their clients that fits within Tier 1 rules. Many firms have spent years actively avoiding this for convenience sake.
- ▶ There is a danger that clients may be pushed towards 'stockbroker' model companies. High turnover, poor quality advice and incredibly high charging is detrimental to clients. Awareness of these companies among advisors is crucial to clients' protection.
- ▶ Tighter restrictions on intermediaries in the movement of funds means that it is more important to take advice earlier on with regards to the origin of funds which are brought into the UK.





Why Choose Henderson Rowe?

- ▶ Rigorous AML, which is increasingly the focus of Home Office rules. Inadequate AML jeopardises client visas should the FCA ever investigate the account opening process.
- ▶ Highly experienced in non-gilt based investments for Tier 1 clients. Tier 1 clients usually seek income with low to medium risk exposure. There are ways to achieve this with a combination of corporate bonds and direct equities. Advisors should, however, guard against firms that are also high-turnover stockbrokers. These firms may seek to fill the space left by exiting gilt-only providers.
- ▶ Since 2010, we have maintained a 100% Home Office approval record.
- ▶ Henderson Rowe provides private clients with institutional-quality investment strategies and asset allocation solutions. Outside the private client space, our affiliated companies serve global institutional investors both directly and through partnerships with some of the world's largest asset managers.
- ▶ Our business model seeks to impress both clients and advisors throughout the lifetime of the visas. We are looking to establish a long-term relationship with our clients.

RISK WARNING

The value of investments may go up as well as down.

Past performance is not an indicator of future performance.



Henderson Rowe

BERKELEY SQUARE | LONDON

hello@hendersonrowe.com | 020 7907 2200