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Almary Green: unfair cap ad requirements will cost us £270k

By William Robins



Norwich-based Almary Green has built a tool to calculate IFA capital adequacy requirements which has shown the firm will need to set aside £270,000.

Almary Green managing director Carl Lamb said he expected the tool would show most firms would fail the Financial Services Authority's new requirements.

He added the FSA's requirements would choke off business development for the vast majority of IFA firms.

'We keep £500,000 aside for business development but if we bought another business then we would fail because we would start drawing on those reserves. This will limit much-needed acquisition and consolidation in the run-up to the retail distribution review,' he said.

Lamb (pictured) said the FSA's requirements encouraged firms to hire appointed representatives rather than take on advisers as employees. He argued this was contrary to the FSA's aim of promoting accountability.

Firms with large numbers of registered individuals would have greater fixed costs and so face higher capital adequacy requirements, he explained.