

## **Meeting investors' expectations: a thematic report**

### **Financial Conduct Authority (FCA)**

**RPC rating: validated**

#### **Description of the measure**

The assessment explains that the Financial Conduct Authority (FCA) undertook a review to see whether UK authorised investment funds were operated in line with FCA rules regarding explaining sufficiently how investors' money will be invested. The FCA requested information and conducted sample visits to 19 firms to assess the implementation of existing FCA rules.

#### **Impacts of the measure**

The assessment explains that the review proved good adherence to the FCA rules, which affect 200 fund operators and up to 6,000 distributor firms. Such businesses need to be familiar with the rules and consider whether they are complying with them. The FCA, therefore, expects a cost to firms of familiarisation and gap analysis to assess their adequacy of governance and oversight arrangements. The FCA states that at the time of the report there was no requirement to record the possible costs leading from the review. Therefore, no costs can be estimated and the FCA believes it is now disproportionate to collect cost data retrospectively.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.0 million. This will be a qualifying regulatory provision that will score under the business impact target.

#### **Quality of submission**

The assessment explains how the review identified possible cost of familiarisation and gap analysis. FCA have concluded, based upon their contact with firms in this sector during the course of the thematic review, that this provides sufficient indication that such costs were negligible.

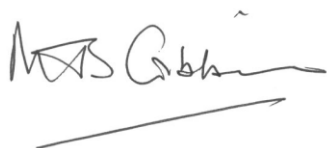
It is unfortunate that, at the time of conducting the report, the FCA did not feel it proportionate to record the impact of these costs. The RPC acknowledges that to do so now would be disproportionate and accepts the EANDCB provided. The RPC requests that, for any future reviews, the FCA should consider recording any costs and savings to allow for a BIT score to be validated.

### Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.0 million
Business net present value	£0.0 million

### RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated <sup>1</sup>	£0.0 million
Business Impact Target (BIT) Score <sup>1</sup>	£0.0 million



**Michael Gibbons CBE**, Chairman

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<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.