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Dear Peter

Response to Working Paper: Barriers to entry and expansion

We thank you for the opportunity to respond to this document.

We felt that you have undertaken a full and informed investigation of the issues and provided a succinct report. The conclusions you have reached are not entirely unsurprising and the lack of specific action is welcomed.

Nevertheless we feel duty bound to comment on the final paragraphs where you attempt to address the perceptions of conflicts and the benefits of bundling. Our experience is that FM is often seen by clients as merely an extension of IC, enabling efficient implementation of the preferred investment managers, and for clients using trigger based de-risking strategies, the rapid implementation of pre-agreed strategic changes. A thorough understanding and joint evolution of IC and FM working practices is important to deliver a service that is efficient and robust. We are therefore concerned at the inferences which could be taken from paragraph 82. Equally this does not address the (hidden) conflicts of IC only firms not recommending FM providers, even where such a move would be in the best interests of the trustees, sponsors and members.

We do not have any further comments to make at this time.

Yours sincerely

Phil Wadsworth

Director