

INVESTMENT CONSULTANTS MARKET INVESTIGATION

Notice of the Competition and Markets Authority's intention to operate a confidentiality ring following publication of the Provisional Decision Report

As part of the market investigation into the supply and acquisition of investment consultancy (IC) services and fiduciary management (FM) services to and by institutional investors and employers in the UK (the 'Investigation'), the Competition and Markets Authority ('the CMA') has received information and/or data from a number of parties, which the CMA has used and taken into account in producing its Provisional Decision Report, to be published in mid-July 2018.

Data to be disclosed

In particular, the CMA has received the following data:

A. Data and analysis on the characteristics of IC and/or FM clients and the services they purchase from their IC and/or FM providers

This data includes:

- I. IDs of each client who purchases IC or FM from a relevant provider
- II. Fees paid to the IC or FM provider by each scheme
- III. Characteristics of scheme the data contains, for example information on tendering, scheme size (assets under management), dates schemes joined the provider and services purchased.

The data was submitted by the parties in response to CMA information requests using data templates¹.

The raw data submitted to the CMA contains identifiers such as scheme names, HMRC tax codes and PSR numbers, Companies House IDs and

¹ The data described was submitted by relevant parties in the files "Client Data Template 1", "Client Data Template 2", and "Client Data Template 3".

sponsoring employer names. The CMA proposes to remove such identifiers, which have not formed part of our final analysis.

(This data underlies analysis of trustee engagement, issues relating to the supply of FM by firms which also offer IC, market outcomes (including ‘gains from engagement’) and additional statistics used as background in other areas of the Provisional Decision Report. We will provide the stata code for all significant analyses, such as the code used for the ‘gains from engagement’ work.)

B. Data and analysis on the characteristics of IC and/or FM clients’ investments with asset management firms

This data includes:

- I. IDs of investment products, and IDs of the corresponding asset managers and clients
- II. Pricing and discounts associated with these products, and dates investments were made

The data was submitted by the parties in response to CMA information requests using data templates².

The raw data submitted to the CMA contains identifiers such as some eVestment IDs, and asset manager names and product names. The CMA proposes to remove such identifiers, but retain variables derived from these identifiers on which our analysis is reliant. For example, we have created an Asset Manager ID variable from the Asset Manager name field – we propose to disclose the Asset Manager ID variable and describe how this was created, but not to disclose either the name variable in the raw data or the code to clean the variable and produce the ID variable, since both contain identifying information.

(This data underlies analysis of market outcomes (including ‘gains from engagement’). We will provide the stata code for all significant analyses, such as the code used for the ‘gains from engagement’ work.)

C. Data underlying the survey

² The data described was submitted by relevant parties in the files “Client Data Template 4”.

I. IFF survey dataset (version 03.00 in Excel)

The dataset will be anonymised and a few additional variables that could potentially be used to identify a pension scheme or a responding trustee will also be removed, or converted to broad categorical form.

II. The analysis files (“stata code”) used to convert the raw survey data into the file ultimately used for analysis. We will include a description of the Stata analysis undertaken to convert the raw survey data into the file ultimately used for analysis.

III. Survey dataset used for CMA’s analysis (‘survey_processed.dta’) This dataset is the result of applying the Stata code described at CII above to the IFF file at CI. As well as creating new variables, a number of variables not used for our analysis have been dropped.

The following data will be included:

- Existing variables that correspond to those retained in the dataset at CI above;
- New variables created as described at CII above that were used in our analysis.

The dataset will be anonymised.

The parties’ advisers will need to refer to Sections E and H of IFF’s published Technical Appendix for the pre-code lists and questionnaire, respectively, to inform their understanding of the survey datasets.

(This data underlies analysis of trustee engagement, issues relating to the supply of FM by firms which also offer IC, market outcomes, and additional statistics used as background in other areas of the Provisional Decision Report.)

together the ‘Disclosed Material’.

The CMA considers that the Disclosed Material includes ‘specified information’ within the meaning of section 238 of the Enterprise Act 2002 (‘the Act’), to which the general restriction on disclosure by the CMA in section 237 of the Act applies. The CMA has decided to disclose the Disclosed Material to certain parties for the sole purpose

of allowing such parties to review and understand the CMA's analyses in the Provisional Decision Report, in order to prepare submissions and make representations to the CMA in connection with the Investigation and, accordingly, to facilitate the exercise by the CMA of any of its statutory functions pursuant to section 241 of the Act and (if relevant) to prepare and conduct an appeal against any decision of the CMA in connection with the Investigation ('the Permitted Purpose').

The CMA intends to disclose the Disclosed Material through a confidentiality ring (the 'Confidentiality Ring'). Specific details of the Confidentiality Ring are set out below.

Confidentiality Ring Timing

The Confidentiality Ring will operate **from 9.30am on the date of publication of the Provisional Decision Report, planned for mid-July 2018, until 5pm on the date five weeks thereafter.**

Access to the Confidentiality Ring

In order to safeguard the confidentiality of the Disclosed Material, and in line with the CMA's Confidentiality Ring procedures³, access to the Confidentiality Ring will be granted to a limited number of approved external legal and/or economic advisers of certain parties. These external advisers and their employer firms will be required to sign undertakings before they will be granted access to the Confidentiality Ring.

The draft undertakings that the external legal and/or economic advisers approved by the CMA (and their employer firms) will be required to sign before they will be granted access to the Confidentiality Ring by the CMA are attached at Appendices 1 and 2 of this Notice.

The CMA will approve a specified number of external legal or economic advisers per party to access the Confidentiality Ring. The CMA will consider the maximum number of advisers allowed to access the Confidentiality Ring based upon the number of expressions of interest received.

The CMA intends to make the Disclosed Material available through an external hard drive to the advisers who have provided satisfactory undertakings to the CMA ('the Authorised Advisers'). The CMA will make available one hard drive per relevant firm of external economic or legal advisers, which one of the Authorised Advisers will be permitted to collect

³ See the CMA's guidance documents *Chairman's Guidance on Disclosure of Information in Merger Inquiries*, *Market Investigations and Reviews of Undertakings and Orders accepted or made under the Enterprise Act 2002 and Fair Trading Act 1973*, *CC7* and *Transparency and Disclosure: the CMA's Policy and Approach*, *CMA6*.

from the CMA's offices between 9.30am and 5pm on any CMA working day⁴ during the Confidentiality Ring period. A six-digit PIN to access the Disclosed Material will be sent by email to one adviser per relevant firm shortly after the hard drive has been collected from the CMA's offices. The software necessary to replicate the CMA's analyses includes Stata 15 (IC/SE/MP) and Excel 2007 (or later version).

At 9.30 am on the date of publication of the Provisional Decision Report members of CMA staff will brief the Authorised Advisers on the disclosure process and will answer any questions.

This notice invites interested parties to submit expressions of interest for their external legal and/or economic advisers to access the Confidentiality Ring. In addition to providing an explanation of their interest, parties should also provide their reasons for requesting access to the Confidentiality Ring, and details of the interested party's external legal and/or economic advisers (ie name, job title and employer) seeking access to the Confidentiality Ring.

This notice also invites parties expressing an interest to submit any comments they may have on the CMA's proposed approach to disclosing the Disclosed Material, including the attached draft undertakings. Comments should be supported with an appropriate explanation so that the CMA is in a position properly to consider the merits of the comments received.

Any expressions of interest together with any comments interested parties have on the attached draft undertakings must be submitted to the Investigation team at investmentconsultants@cma.gov.uk **by 5pm on 6 July 2018**. The CMA will consider the comments and each expression of interest received within the above deadline, and the reasons given for access to be granted, before deciding, at the CMA's discretion, whether to grant access to the Confidentiality Ring and whether any amendment is to be made to the attached draft undertakings.

⁴ A CMA working day is any day of the week, Monday to Friday, on which the CMA's offices are open (and excludes public or English bank holidays).