

INVESTMENT CONSULTANTS MARKET INVESTIGATION

Notice of the Competition and Markets Authority's intention to include additional data and analysis into 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, which was published on 18 July 2018.

Data to be disclosed

A. Data and analysis on the relationship between overall quality of service and market success.

The CMA intends to disclose the following data underlying the analysis of the relationship between overall quality of service and market success (paragraphs 10.102 – 10.111 in the Provisional Decision Report). We will provide the stata code for the analysis included in the Provisional Decision Report.

- I. The annual Greenwich Quality Index (GQI) rating of investment consultancy firms, over the period 2010-2016. In total this covers 15 firms, although not every firm is included every year.¹ This data was submitted to the CMA by Greenwich Associates.
- II. The annual market shares of 15 investment consultancy firms.² We will include the market share of each firm, for each year in which GQI data is available for that firm. The market shares are derived from data which was submitted by parties in response to CMA information requests using data templates.³

¹ In total there are 85 firm-year observations.

² As noted in paragraph 10.104 of the Provisional Decision Report, market shares are calculated from revenue data collected directly from investment consultants. The denominator (i.e. the overall size of the market) includes those firms that are not present in the Greenwich Associate data.

³ The data described was submitted by relevant parties in the files "Market Data Template 1 (aggregate statistics)".

The raw data submitted to the CMA contains firm names. The CMA proposes to remove the firm names, which have not formed part of our final analysis.

Confidentiality Ring Timing

The Confidentiality Ring into which this data and analysis will be added will be operational **until 5pm on 24 August 2018⁴**.

Access to the Confidentiality Ring

In order to safeguard the confidentiality of the Disclosed Material, and in line with the CMA's Confidentiality Ring procedures⁵, 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 from the CMA's offices between 9.30am and 5pm on any CMA working day⁶ 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).

⁴ The deadline for the return of the hard drives and compliance with the other requirements of the undertakings in relation to the termination of the Confidentiality Ring period is 5pm on Friday 24 August. This coincides with the end of the consultation period in respect of the PDR.

⁵ 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*.

⁶ 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).

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 3 August 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.