BLACKROCK

24 August 2018

Project Manager
Investment Consultancy Market Investigation
Competition and Markets Authority
Victoria House
Southampton Row
London WC1B 4AD

RE: Investment Consultants Market Investigation – Provisional Decision Report

Dear Sir/Madam,

BlackRock[1] is pleased to have the opportunity to respond to the CMA's Provisional Decision Report.

BlackRock supports a regulatory regime that (i) increases transparency, (ii) protects investors, and (iii) facilitates responsible growth of capital markets - while preserving consumer choice and assessing benefits versus implementation costs.

We welcome the opportunity to comment on the issues raised by the Report and are committed to assisting the CMA on any topics or issues that may aid the final Decision Report.

We welcome further discussion on any of the points that we have raised.

Yours faithfully,

Andrew Stephens
[redacted]

Martin Parkes
[redacted]

[1] BlackRock is one of the world's leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

BlackRock welcomes the opportunity to comment on the CMA's Provisional Decision Report ("**PDR**").

BlackRock agrees with the CMA's findings that the fiduciary management market is not concentrated, that customers have access to a sufficient number of suppliers to provide choice and that barriers to entry for new suppliers are not high. These findings are consistent with BlackRock's own views of the market.

As BlackRock has previously set out in its response to the CMA's Issues Statement, all institutional investors should have a choice of which services they use and who provides those services. They should be able to make well informed decisions when selecting their provider, be they investment consultants, master trust providers or fiduciary managers.

It will be important that a rigorous approach is taken to design of remedies to ensure that the concerns identified by the CMA are addressed without unnecessary costs or complexity created for pension trustees or other institutional investors, and to prevent unintended consequences both in terms of the scope of the application of remedies and potential inconsistencies with existing regulatory frameworks.

In terms of scope, the CMA should carefully consider how the broad definition of fiduciary management services adopted could feed through and have unintended effects in the remedies package. It will be important when considering detailed design of remedies that they are limited in scope to apply only to those services which are understood by market participants to be fiduciary management services. BlackRock would welcome the opportunity to engage further with the CMA in this regard.

In terms of regulatory duplication, BlackRock is encouraged by the CMA's efforts to recognise existing processes and reforms in designing its remedies package. However, further consideration of these aspects will be vital during the remedies phase of the Market Investigation. It is important that the CMA avoid creating a situation where there are different regulatory treatments for services which are largely equivalent. One example is MiFID II, which has been introduced during the Market Investigation and introduces new reporting and disclosure requirements which regulated firms will be required to comply with in relation to all clients. It will not have been possible for the CMA to fully account for the effect of these reforms in its review to date, given the reforms are so recent and that the impact will not have been fully felt across the market at this stage. BlackRock encourages the CMA to build in the flexibility to take into account the effect of MiFID II on performance and fee reporting provided by MiFID firms (as well as other market developments) to ensure that any proposed remedies avoid the creation of inconsistent outcomes or lead to unnecessary costs and complexity.

BlackRock is supportive of the idea of a performance reporting standard for UK fiduciary management mandates that enhances the ability of trustees to make informed choices about the quality of prospective providers. The CFA Institute is a professional body that already serves as the curator of investment performance standards and there is much to be gained from the CMA considering application of the same governance framework, with likely different underlying standards, for the measurement of fiduciary performance.

More broadly, BlackRock appreciates the opportunity to respond to issues raised by the PDR and will continue to assist the CMA during the remainder of the Market Investigation, in particular on the remedies phase of the CMA's work.