Barker Tatham™
Pension Investments

Tel: 0754 007 8454
Email: enquiries@barkertatham.com
5th Floor, AMP House, Dingwall Road,
Croydon CR0 2LX
www.barkertatham.com

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

16 August 2018

Dear Sirs

Investment Consultants Market Investigation - Provisional Decision Report Response

Following my telephone conversation with Alison Gold and Louis Christofides on Tuesday 14th August 2018, here is our firm's response to your provisional decision report:

Proposed regulation to put in place remedies for the investment consultancy market

We were both surprised and alarmed by your proposed supporting remedy to extend the FCA's regulatory perimeter.

This step would hit smaller firms and new start up consultancies disproportionately compared to the larger well established names and as a result increase barriers to entry and lead to more concentration within the market.

Based on experience of other advisory firms, obtaining FCA approval is onerous and we believe that this would take around six months. Even if a director was spending just one day a week on regulation during this time, this would be a significant loss of resource during this period. Due to this and the apparent complexities of applying to be regulated by the FCA, a new firm is likely to have to employ a firm of compliance consultants instead, substantially increasing the firm's overall startup costs .

The arduous FCA requirements may reflect the high level of protection to the consumer from misconduct in organisations that either advise individuals and/or control client monies. For investment consultancies advising pension schemes they do not need to be involved in either of these activities, so we would expect the level of required regulation for them to be much simpler and less onerous.

A further point is that whilst the FCA has strong powers to enforce compliance with their rules, we not believe that on its own, this regulation will improve the quality of professional judgement and hence the ultimate results for pension schemes.

Proposals for investment objectives and performance measures

We agree that trustees should set strategic objectives for their scheme as this can be fundamental to the success of the subsequently chosen investment strategy. We also believe that it is useful for advisers to comment on the performance of the scheme from time to time against the set objectives. However, it would be very difficult to assess the performance of advisors or trustees just from this analysis.

We also believe that more standardisation of performance figures would help and we suggest that fund managers provide performance data in an appropriate and consistent way so that it is practical for consultants to then prepare client specific figures that meet the standards using the right building blocks.

We see that these remedies could be implemented by CMA orders lasting a number of years rather than needing an extension of the FCA's powers.

Yours sincerely

Charles Tatham
Chairman