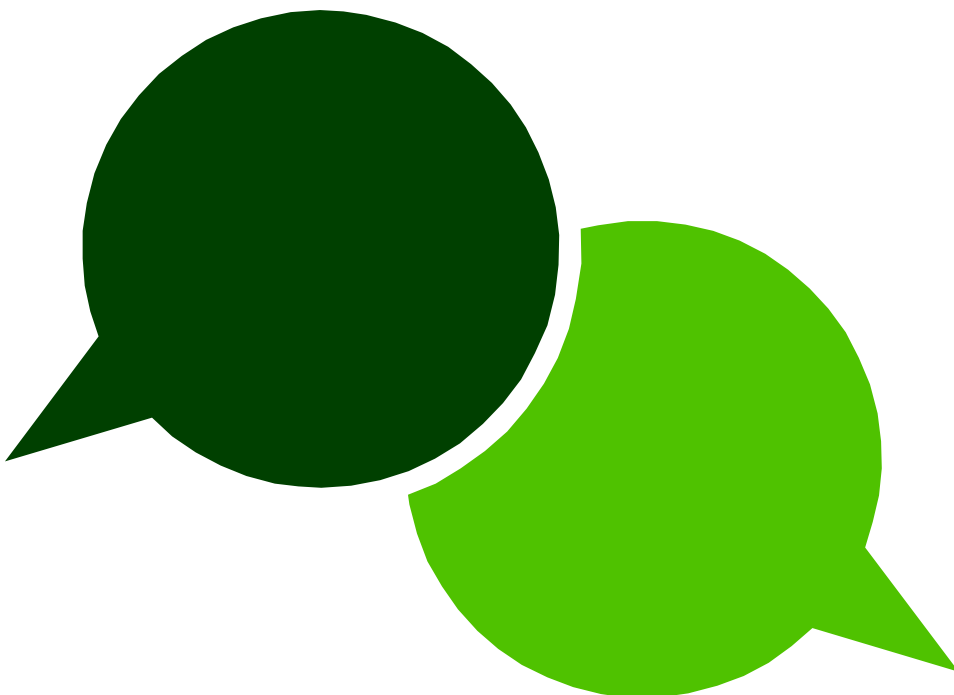




Investment Consultants Market Investigation

Response to the Provisional Decision Report

Cardano Risk Management Limited



Overview

The investment consulting and fiduciary management industry is built on trust and has historically focussed more on relationships than financial outcomes. This has impaired growth and innovation, particularly in fiduciary management, and constrained new entrants' ability to enter the market. In turn, this has weakened competition and contributed to the poor performance that created ballooning deficits.

Focus for buyers and sellers on measurable financial outcomes, explicit management of conflicts, transparency and accountability are required to start solving the inherent problems in the industry.

The remedies set out by the CMA address many of these issues and are a proportionate response to the issues faced.

We support the remedies put forward by the CMA and look forward to the positive impact they will have in the industry.

Overview

We continue to believe that a comprehensive approach that considers the behaviour of sellers and buyers of the relevant services requires contributions from, and coordination of, the FCA, the CMA, TPR and the Department for Work and Pensions. Ultimately, we believe this is what is required to create better outcomes for defined benefit pension schemes and retirement security for their members.

Throughout the process we have been encouraged by, and continue to be supportive of, the inclusive and pragmatic approach taken by the CMA.

The proposed remedies are proportionate, and we believe will be effective once implemented.

About Cardano Group

Founded in 2000, Cardano is a purpose-built, privately owned specialist focused on integrated management of pension schemes' biggest risks: funding, investment and covenant. That's all we do. For the avoidance of doubt, we are not part of an employee benefits group, an actuarial firm, an insurance broker or a global asset gatherer with diverse lines of business and dissimilar clients. We are, therefore, less encumbered by conflicts of interest and organisational complexity, enabling us to offer specialist services of unusually high quality to a select group of clients.

We have a purpose beyond profit:

- **WHY?** We believe in a fair society in which financial services improve our quality of life
- **HOW?** We want to contribute to such a society by fighting for a fair and robust financial system that benefits all stakeholders
- **WHAT?** We strive to deliver better and more secure financial outcomes for our clients in a realistic and responsible way

Cardano employs 170 people based in London and Rotterdam to serve clients with assets of **£120bn**. In London, 100 professionals serve 24 UK defined benefit pension schemes with assets of **£50bn**. Our services include investment consulting, fiduciary management and implementation of derivative overlays.

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1. Introduction

Background

The CMAs Provisional Decision Report (the 'Report') shows that the issues with the market have been understood well. The focus on both the buyers and sellers will have been critical to help improve the overall functioning of the market.

We believe that the proposed remedies will help to:

- Empower buyers to make more informed choices
- Foster increased competition and innovation

Together they should lead to better outcomes for pension funds.

This response

We set out our thoughts on the potential remedies (the 'Remedies'), along with responses to your specific questions.

Whilst we are supportive of the overall remedies, we have three broader points we would like to make before responding directly to the consultation questions:

1. We believe the market would benefit from an objective assessment of whether, as many of its advocates have argued, Fiduciary Management has led to better outcomes for pension funds (i.e. higher returns/lower risk). The CMA is in the unique position of having access to data on firms' advisory and fiduciary client performance and should analyse **whether Fiduciary Management has led to better outcomes**. We make the case in Section 2
2. In Section 3, we encourage the CMA to consider what **parameters should be placed on Third Party Evaluators** to prevent potential competition issues arising as that market develops
3. Finally, to ensure that the remedies are effective, **clarity is required over the definition of Investment Consultants and Fiduciary Management**. We set out more on this in Section 4

Throughout the report we refer to Fiduciary Managers as 'FMs' and Investment Consultants as 'ICs'.

2. Does Fiduciary Management lead to better outcomes?

The CMA review has focussed on competition *within* the Investment Consultancy market and *within* the Fiduciary Management market. However, Fiduciary Management is a nascent industry emerging, largely, from within the Investment Consultancy world, often with the claim that it will lead to ‘better outcomes’.

One key decision facing most trustees is whether they should switch from investment consulting to fiduciary management. The CMA could provide a valuable public service by publishing performance and risk data to help trustees assess whether fiduciary management has led to better outcomes.

Biggest decision for trustees

For many trustees, the key investment governance decision facing them is whether to remain with an investment consultant model, or switch to fiduciary management. A key piece of information that would be valuable in helping trustees make this decision, is how fiduciary management has performed (in aggregate) relative to the aggregate performance of the advisory approach.

Many fiduciary managers claim that their fiduciary services lead to ‘better outcomes’ - higher returns or lower risk - yet trustees still have no objective way to evaluate whether this is actually the case.

If the CMA’s recommendations for standardised performance reporting in fiduciary management are adopted, then, over time, this will enable advisors to calculate industry wide statistics. However, this will take many years to emerge. This means that many trustees who are evaluating the decision now on whether to go fiduciary or not will be doing so without the benefit of any objective data.

The CMA have collected performance data from investment consultants and fiduciary managers, and should therefore have the information to analyse whether the fiduciary approach has produced better outcomes.

In the same way that the CMA investigated the empirical validity of Investment Consultants’ claims to ‘add value’ through manager selection, we believe the CMA should investigate whether fiduciary management has ‘added value’ either through producing higher returns or lower risk.

3. Preventing potential future market problems

One consequence of the Remedies is the expected growth in the use of Third Party Evaluators to help trustees select and assess Investment Consultants and Fiduciary Managers. Whilst we support this development, we note that these firms are currently outside the remedies and will not be regulated under any extended FCA perimeter. We encourage the CMA to consider what safeguards need to be put in place to ensure that Third Party Evaluators are fit for purpose, given their growing importance.

Third Party Evaluators (TPE) are used to help pension scheme trustees in relation to the services provided by investment consultants and fiduciary managers, in particular:

- Assessing the suitability of different governance models
- Selection of providers
- Overseeing and monitoring once an appointment has been made

Issues relating to TPEs, which we believe should be considered as part of potential consequences of the implementation of the Remedies include:

- Whether or not TPE's should be considered Investment Consultants given the current definitions and hence should be subject to the same proposed FCA regulation
 - This would help to ensure that all advisors within a TPE firm should meet minimum standards
- If TPEs are not considered to be Investment Consultants and different standards are to be applied, a clear service definition should be put in place to ensure that trustee and provider expectations are clearly aligned
 - In this instance, consideration should be given as to what the appropriate conduct requirements will be for TPE to meet minimum standards, including knowledge and competence
- Transparency and management of conflicts
 - TPEs can be ICs, with the same individuals providing both services. This can lead to conflicts arising when:
 - An advisor who is also a TPE tenders for the same client
 - In this instance the advisor has a competitive advantage as they have full insight into the services of FM competitors
 - An advisor appointed as a TPE promotes their own IC services

- In this instance, the TPE has a competitive advantage and is not subject to the same competitive tender rules which will be implemented as part of the remedies
- TPEs should be required to declare all conflicts and how they intend to manage them as part of the appointment process
- TPEs can be ICs, which also offer FM services
 - There are two ways of managing this conflict
 - Restrict firms who offer IC and FM services from overseeing the selection of either an IC or FM
 - Restrict them from taking part in the tender
- Requiring TPEs to state the objectives and scope of their services
 - This will increase transparency and help trustees easily assess whether each firm meets their requirements

We encourage the CMA to work with the FCA and TPR to ensure that the growing TPE market is not missed as part of the review and consider how to address the above issues ahead of the implementation of the Remedies. Otherwise, there's a possibility that conflicts of interest, murky incentives and selling practices simply move from firms considered in the FCA and CMA reviews to TPEs, which have not all been considered.

4. Defining the market

For the Remedies to be effective there will need to be clear definitions of Investment Consulting and Fiduciary Management. Given the wide range of solutions in the market, it is important that all sellers and buyers are clear as to where Investment Consulting stops, and Fiduciary Management starts. Clarity should be achieved before the Market Investigation comes to a close.

The review has focussed on the Investment Consulting and Fiduciary Management markets with clear Remedies being proposed to improve competition. In order for these Remedies to be effective they will need consistent application across the industry. This application should be prescribed and not down to an individual firm to decide whether the Remedies apply to them.

One area of concern is with implemented consulting, i.e. investment consultants who provide some form of implementation service, which is essentially fiduciary management but under a different name. The current service definitions could lead to Implemented Consultants 'falling between the cracks' and not subject to the same Remedies as fiduciary managers. This would be the case if the implementation service is not 'legally delegated'. This lacuna could lead to confusion in the market and firms could be tempted to change how they provide services to avoid being subject to the same scrutiny as fiduciary managers. We believe a simple definition change would bring clarity to the market and ensure the Remedies deliver the most benefit for pension schemes and their members.

Our proposals are set out below.

Proposed definition of Investment Consultants

This is largely clear in the work undertaken by the FCA and CMA. However, for completeness our proposed definition is set out below:

- Investment Consultancy services'
 - Provision of advice in the UK to UK employers and pension schemes in relation to strategic asset allocation, manager selection and/or fiduciary management and also the provision of investment advice as defined in the FCA Handbook.

Proposed definition of Fiduciary Management

The FCA definition implies that Fiduciary Management is purely an asset management solution. However, as the CMA notes throughout the Report, the scope of fiduciary management is a lot broader than most asset management services, as it includes advice and asset management.

We believe that the definition of Fiduciary Management Services and Fiduciary Management should be clarified to include investment advice which is provided to clients, and not require legal delegation of implementation. For example, the provision of advice covering objectives, long-

term strategy and asset allocation. These aspects ensure an integrated service and hence play a key part of the role of a UK fiduciary manager.

We therefore propose that the following definition is used:

- Fiduciary Management Services
 - Provision of a service in the UK to UK pension scheme trustees where the provider **advises** on the investor's investment strategy and makes and implements decisions for the investor based on the investor's investment strategy. This service may include responsibility for all or some of the investor's assets and may include, but is not limited to, responsibility for asset allocation and fund/manager selection

By doing this it will cover the full range of providers delivering advice and implementation services to pension funds. In particular, it should include those firms listed as fiduciary managers in the Report, as well as investment consultants who implement decisions on behalf of their clients e.g. those providing advice and then implementing the same advice using platforms without further input from the client.

Using the updated definition will:

- Bring much needed transparency to the market
- Ensure that the proposed Remedies have the greatest impact
- Limit the potential for future problems to occur due an opaqueness that could have been avoided

5. Remedy 1

Mandatory competitive tendering on first adoption of fiduciary management

We agree that holding a competitive tender would help to ensure that trustees can make an active and informed choice when choosing a Fiduciary Manager. In turn this will help to achieve better outcomes for scheme members.

Our response to your questions:

- Trustees should be required to hold a competitive tender
- Trustees should be given the flexibility to use an open or closed tender process subject to meeting a minimum set of requirements
 - Guidance can be provided by TPR in conjunction with the CMA
- Subject to minimum tender standards, a closed process can be effective as:
 - Trustees can pre-select the providers to be included in the process by cross referencing their objectives/requirements against the offering of each firm
 - This will provide more focus during the process
 - TPR could include details of the range of fiduciary management providers on their website and in enhanced guidance
- Open tenders should not be made compulsory as:
 - It is an inconsistent approach
 - Open tenders are not a requirement for other services tendered by trustees (e.g. actuarial, legal or administrative services), unless the trustees represent a public body and are subject to general public body open tendering requirements
 - Open tenders are not an effective route for a heterogenous set of providers with a range of services targeted at meeting different needs
 - Industry costs and inefficiencies could increase as trustees need to spend more time reviewing tenders or hire additional resources to review and synthesise documentation
 - If a large number of providers respond to an open tender, the process can become a 'box ticking' exercise
 - This could lead to an important aspect of a service provider's proposal being overlooked and hence the most appropriate candidate could be overlooked
- To ensure an effective closed tender process, the following minimum standards ('Minimum Standard') should be set
 - Without an independent external advisor (Independent TPE):
 - At least six firms requested to tender, with minimum three making formal presentations
 - Requiring a minimum of six firms will ensure that there will be at least one FM which isn't an IC-FM in which the CMA raised concern within their Report

- Note: Not all firms may wish to be included in the tender. In this situation, Trustees should not be required to invite more firms, subject to having a least three firms involved in the tender
 - With TPE: At least two presenting. This assumes the Independent Third-Party Evaluator will research the market and work with the trustees to agree the list of candidates
 - Expectations should be set for the TPEs actively supporting trustees to select FMs, which should include:
 - Minimum level of research required
 - Transparency and management of conflicts
 - In particular, once appointed to help a client to appoint a FM:
 - Investment Consultant TPEs (who don't offer FM services): Should be excluded from advising on their own non-FM related services
 - Investment Consultant TPEs (who do offer their own FM services): Should be excluded from offering their own FM services to the client
 - These expectations should be articulated by The Pensions Regulator (TPR)
 - Where trustees request both ICs and FMs to take part in a single tender process, the above Minimum Standards should apply to the whole process i.e. ICs and FMs otherwise the whole process will become unwieldy
 - Trustees may invite both ICs and FMs to tender if they are considering both governance models and will make their decision on which approach to tender during the selection process
- When selecting a FM, or Investment Consultant (IC), guidance should be set by TPR requiring trustees to:
 - Disclose to members within a member's newsletter the rationale for choosing a particular governance model
 - Disclosure to members should include:
 - The rationale for choosing a particular governance model, recognising that there are alternative options available:
 - Internal investment team
 - Advisory with input from investment consultant
 - Fiduciary management with partial delegation
 - Fiduciary management with full delegation
 - Hybrid approaches
 - The criteria used to select and monitor a fiduciary manager e.g.:
 - Investment performance
 - Management of risk
 - Value for money
 - Understanding of scheme's and sponsoring employer's objectives
 - The rationale for the process followed to select a fiduciary manager e.g.

- Number of fiduciary managers considered and interviewed
 - The role of any incumbent investment consultant or fiduciary manager
 - The use (or not) of independent advisors
- Confirm the approach taken as part of the TPR's annual return
- We do not think there should be any prohibitions placed on firms accepting new mandates in relation to the competitive nature, or otherwise, of a tender process
 - TPR guidance and our proposed disclosure/reporting requirements should be sufficient to increase competition and hence mean that this requirement isn't necessary
 - Unless the Minimum Standards were enforced the definition of competitive tender could be open to interpretation and hence the remedy could be inconsistently applied in the industry
 - If this were the case, it would make this element of the remedy ineffective
- A minimum scheme size threshold of £50m should apply
 - Tendering is a fixed cost and the smaller the scheme the greater the cost is as a proportion of assets
 - Applying a minimum threshold size will ensure that the remedy is proportional and pragmatic
- We do not think that a separate minimum threshold should apply for a mandate
 - The scheme threshold is sufficient
- Trustees should only be required to hold an additional tender process for an expansion in fiduciary management under certain circumstances
 - Full mandate: If original tender was for full mandate but the trustees only allocated a proportion of assets to the FM, with the remainder staying under advice, then no additional tender required
 - The FM was reviewed for a full service and the tender should have been subject to the Minimum Standards
 - The FMs tendering should have provided performance and a fee quote for the full services and hence the trustees should have sufficient information to assess the merits of each provider should they increase the assets in future
 - Partial mandate: If original tender was for a subset of the assets e.g. single asset class only, any expansion of role should be subject to an additional tender process. This tender should be subject to the above Minimum Standards
 - A tender involving only a subset of assets will not consider performance and fees for a wider mandate and therefore will affect the ability for the trustees to make an informed decision
 - Re-tendering the service using the Minimum Standards will put the trustees in a better place to ensure they have the right provider for the wider role
- Compliance can be monitored by the TPR using the annual return

Mandatory tendering for existing fiduciary management mandates

- Trustees should be required to hold a competitive tender process if they did not previously do so
 - The process followed should be the same as for those schemes appointing a FM for the first time
 - The same arguments for a closed or open tender process apply
 - It should cover appointments made since the start of 2013
 - According to the CMA analysis¹, this is the date from which the growth in the FM market started to grow at a faster pace
 - It should be subject to a minimum size threshold
- Similar disclosure requirements should apply
 - This will help ensure it does not become a 'tick box' exercise
- A minimum criterion should apply covering those schemes who didn't have at least 3 firms present
 - This could be a combination of FMs and ICs, subject to them being from different firms
 - This should be sufficient to ensure a minimum level of competitiveness and choice for trustees
 - This can be regardless of how many were asked to tender
 - It will help save industry and scheme costs
- The minimum period for the schemes who did not hold a competitive tender to go to market should be set at 3 years
 - Given the lifecycle of pension schemes, we believe that the proposed 5-year period is too long

¹ Figure 6 and 8 of the Investment Consultants Market Investigation

6. Remedy 2

Mandatory warnings when selling fiduciary management services

We believe the use of mandatory warnings when selling FM services is an effective and proportionate remedy. A clear and transparent warning should help trustees to easily separate advice from marketing.

Our response to your questions are set out below:

- All providers who are discussing a change in role e.g. IC to FM, IC including some form of implementation service (which we propose is defined as FM) should be included
- It is easier to 'catch all' than to try and have different rules for different firms
 - Different rules for different firms could make it confusing for all concerned
- The CMA's suggested wording in Figure 31 seems reasonable and we would support its use
 - It may need to be updated for the outcome of Remedy 1
- No separation of content is required, and with supporting FCA rules, we believe this should be effective
- As long as the written warning is in place, an oral version is not required
 - Most, if not all advice, would be expected either to be delivered using a paper/presentation as supporting material or used as a follow up
- The warning should be the same for all firms and with no flexibility to change the wording
- Our proposed definition of FM, as set out in this response, should be sufficient for all firms

7. Remedy 3

Enhanced trustee guidance on competitive tender processes

To ensure Remedy 1 is effective, enhanced guidance on competitive tender processes are required.

Enhanced guidance should be given in the following areas:

- Appointment of an IC or FM
- Use and appointment of Third Party Evaluators
- Help managing conflicts of interest including that could arise during a tender process between the different parties involved
 - IC advising on FM
 - TPE who also provides investment advice
- Disclosure to members consistent with our response to Remedy 1

Guidance should be consistent with that provided on Covenant Assessors.

8. Remedy 4

Requirement on firms to report disaggregated fiduciary management fees to existing customers

We support this remedy and believe that it will achieve the objective of ensuring that trustees received regular fee information which will be clear and comparable.

Our response to your questions are set out below:

- Total cost considered alongside of net of fee performance and risk should be the focus of enhanced disclosure
 - It will put trustees in a better place to judge value for money
 - Fee information by itself could lead to poorer outcomes being achieved
 - For example, a portfolio containing just passive equities may be low cost but will have a higher level of risk compared to many other potential solutions
- Transparent fee information should be provided during the tender stage as well as for existing clients
- We support the CMA proposal of disaggregating the fees as follows:
 - Fiduciary management fee
 - Asset management fees
 - Other investment fees
 - Other external costs
- Our only proposed change relates to Other investment fees
 - We think it would be clearer to show external costs e.g. custodian separately to any other fees charged by the provider
- Fee reporting should be provided on an annual basis
 - This is in line with MiFID II
 - Doing this will help the industry manage costs and ensure trustees have consistent information
- As the IDWG templates are not yet published we are unable to confirm whether the same format should be adopted

We think the same structure should also be adopted by ICs. This would be a step forward for the wider industry and provide full transparency to trustees.

9. Remedy 5

Minimum requirements on firms for fee disclosure when selling fiduciary management

Ensuring consistent and comparable fee information as part of the tender process is made available is important. We believe that the adoption of the remedy will help trustees be able to better compare across the different providers.

The CMA's proposed fee breakdown is sufficient to meet the objective, with the following adjustments:

- Itemised fees covering:
 - FM fee
 - Asset Management fees
 - Other fees (other fees charged by the manager)
 - Other external costs (other costs incurred e.g. custodian)
- One-off fees
 - Estimated transaction costs
 - One-off fees for advice
 - One-off charges
- Exit fees
 - Explicit fees that would be incurred from a change in provider
 - Clear statement of estimated transaction costs

We think the same structure should also be adopted by ICs. This would be a step forward for the wider industry and provide full transparency to trustees. Fees can be assessed based on the ICs preferred portfolio for that client so there should be no reason why all market participants cannot adopt this remedy.

10. Remedy 6

Standardised methodology and template for reporting past performance of fiduciary management services to prospective clients

A FM performance standard is a must-have for the industry. A transparent standard will ensure trustees are better placed to make informed decisions. This should help to achieve better outcomes. We believe the proposed remedy should go further and be applied to investment consultants as well, giving much needed transparency to the industry.

IC Select along with the CFA institute have made much progress developing a FM performance standard. FMs have inputted into this process as part of a consultation process. The IC Select / GIPS performance standard is close to being completed and we will continue to support the process and hopefully finalise ahead of the CMA's proposed timetable.

However, as the standard has not been finalised, we are not able to categorically state that it should be adopted by the industry. Given this, we propose that, concurrent to the work being done by IC Select, the process of setting up implementation group in line with the CMA's proposal should be set up.

Our response to the questions are set out below:

- FM providers are best placed to develop the standard alongside an independent body such as the CFA
 - The CFA should chair the meetings
 - The following entities should be invited to the meetings
 - CMA
 - TPR
 - Independent TPEs
- All FMs who are active in the market should be invited to be part of the group
- It should be funded by the FMs in proportion to their market share
 - This could either be by AUM or client numbers
- The CFA and TPR should provide a backstop should the Implementation Group not be able to agree
 - The CMA should be involved in these discussions

Once an agreed standard is in place, its use should be mandatory.

We think that this is just as important for trustees making decisions when appointing an IC. The same standard should also be adopted by ICs.

11. Remedy 7

Duty on trustees to set their investment consultants strategic objectives

We believe best practice is for trustees to articulate and document their investment beliefs and objectives. Strategic objectives should be set for investment consultants and fiduciary managers.

In particular:

- Objectives should focus on improvement in the funding ratio or deficit over defined periods of time, taking the sponsoring employer's covenant into account
 - For example, trustees could identify target and required returns expressed as a margin over the return on their liabilities consistent with their long-term funding objective
 - This becomes a clear performance objective which becomes a clear metric in which to assess success or otherwise
- Trustees should also identify target and maximum levels of risk expressed as tracking error of the solvency ratio.

Having clear objectives has the following benefits:

- Makes it easier to monitor progress toward specific and measurable outcomes, and to explain deviations from plan
- Facilitate clearer accountability between trustees and their ICs or FMs which should drive better outcomes for defined benefit pension schemes and their members
- Measure and monitor the performance of their ICs

ICs should also be required to explicitly set out the outcome-driven objectives for the services they offer. In particular, they should set out the need that they are trying to meet with the service. By doing this, it will allow the trustees and ICs to reach implicit agreement and shared understanding of the desired outcome of services sold, making it easier to monitor progress and explain deviations from plan.

Our response to your questions are set out below:

- Trustees should be responsible for setting objectives for their investment consultants
 - As described above, these objectives should be linked to improvements in the funding position
 - These funding related objectives can be adopted by the ICs
 - By doing this, the ICs are clearly aligned with the requirements of the trustees
- If the above performance related objectives are set, a suitable timeframe is 5 years
 - This allows for performance to be assessed over a typical market cycle
- All trustees should have clear objectives regardless of the size of the scheme
- Having clear performance objectives means that performance can be assessed on an ongoing basis
 - Formal reviews should take place over the 5-year period

- If non-performance objectives are set, a 3-year time frame is appropriate

12. Remedy 8

Establish basic standards for how investment consultants and fiduciary managers report performance of recommended asset management 'products' and 'funds'

Standards should apply to the reporting of recommended asset management products and funds. As with the FM performance standard this will allow for a better comparison across ICs and FMs.

Our response to your questions are set out below:

- We think the CMA has covered the main areas to focus on when setting a standard for establishing a basic standard in which to report the performance of recommended asset management products and funds
- An implementation committee similar to Remedy 6, with sufficient independent oversight, would be useful to ensure a consistent standard is agreed and adopted
- All manager and related fees should be deducted to make the gross to net fees conversion
- Deductions should include:
 - Base fees
 - Performance fees
 - Admin costs associated with any fund structures

13. Recommendation A

Extension of FCA regulatory perimeter

We support the extension of the FCA perimeter to include ICs and FMs. This will help ensure that they are subject to consistent, proportionate regulation that reflects market developments and addresses the competition findings of this investigation.

Extending the perimeter should:

- Provide greater protection for trustees
- Result in a more consistent application of the remedies
- Align the basis on which services are provided with, what we believe is, the current understanding and expectation of trustees
- Achieving better customer outcomes

We make the following observations:

- Care will need to be taken to make it clear which activity falls under the extended perimeter and it is clearly defined (revision to the definition of 'designated investment business') and relates the activity to 'designated investments' only. This will also require a new definition for 'Investment Consulting', 'Fiduciary Management' and also 'strategic investment advice' and 'manager selection'
- The extended perimeter should apply to all advice in connection with designated investments, whether directly (currently regulated) or indirectly (such as strategic advice, or appointing a FM)
 - We believe this should capture the work undertaken by TPEs
 - Trustees should expect the same investment regulation applies to all firms involved in providing a service to them

Our response to your remaining questions are set out below:

- Remedies 2, 4, 5, 6, and 8 should be included within the FCA's overall conduct requirements
 - New rules will be required to ensure a consistent response to the proposed remedies by ICs and FMs
 - Most firms already operate under the FCA or DPB regimes, bringing additional services under the Handbook should not create material additional costs when compared to the costs of complying with the remedies
- Changes should be phased over a minimum period of 12 months following the completion of the expected consultation process

14. Recommendation B

Enhanced trustee guidance and oversight of Remedy 1

We set out our comments in our response to Remedy 3.

Our proposal for monitoring compliance is set out in our response to Remedy 1.

If the CMA does decide that FMs shouldn't accept mandates unless they can prove it has been competitive then compliance should be considered within the existing FCA firm categorisation supervision and enforcement regimes.

