

# **Investment Consultants Market Investigation**

Consultation paper: Draft definitions of Investment Consultancy services and Fiduciary Management services for the purposes of potential remedies.

**2 November 2018**

The CMA inquiry group is continuing its review of the submissions received during the consultation on the Investment Consultants Investigation Provisional Decision Report (published in July 2018) and will proceed to prepare its final report, which is currently scheduled for publication in December 2018.

Respondents to the Provisional Decision Report consultation have made various submissions regarding the definitions of 'investment consultancy services' (IC services) and 'fiduciary management services' (FM services) for the purposes of remedies that the CMA may impose in any Order following the publication of its final report.

To assist the CMA's on-going consideration of potential remedies, the CMA is publishing working draft definitions of IC services and FM services and invites interested parties to submit their comments.

For the purposes of the present consultation, the CMA is seeking only high-level comments on the working draft definitions. Any draft Order would be subject to separate consultation in due course, when there would be an opportunity to comment on the detail of the definitions and other terms used in the Order.

Parties wishing to comment on the draft definitions should send their comments to [investmentconsultants@cma.gov.uk](mailto:investmentconsultants@cma.gov.uk) by **5pm on 9 November 2018**.

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## **DRAFT DEFINITIONS FOR THE PURPOSES OF POTENTIAL REMEDIES**

### ***Investment consultancy service***

1. 'Investment consultancy service' means the provision of a service to pension scheme trustees where the provider advises the trustees in relation to one or more of the following:
  - a. investments that may be made;
  - b. any matters in respect of which trustees are required by law to seek advice in relation to the preparation or revision of the Statement of Investment Principles;
  - c. strategic asset allocation;
  - d. manager selection.
2. This service may in addition include advice in relation to the investment strategy.
3. This service does not include the provision of advice by a provider to the trustees of a pension scheme of which the provider (or an inter-connected body corporate of the provider) is the principal or controlling employer.

### ***Fiduciary management service***

4. 'Fiduciary management service' means the provision of a service to pension scheme trustees where:
  - a. the provider advises the trustees on investments that may be made by or on behalf of the trustees; and
  - b. within 12 months from the date on which the advice in 4.a. is first provided, the provider (or an inter-connected body corporate of the provider) is appointed by the trustees to make investment decisions on behalf of the trustees on an on-going basis, in respect of all or some of the pension scheme's assets, acting pursuant to the written authority and discretion delegated by the trustees to do so and irrespective of whether the investment decisions require the consent of, or are subject to veto by, the trustees.

5. The reference in 4.b. to 'investment decisions' means decisions in relation to investments that may be made and includes but is not limited to decisions in respect of asset allocation and fund/manager selection.
6. A fiduciary management service does not include the provision of the services in 4.a. and 4.b. above by a provider to the trustees of a pension scheme of which the provider (or an inter-connected body corporate of the provider) is the principal or controlling employer.

**Note**

7. Terms such as 'pension scheme trustees' and 'interconnected body corporate' will need to be separately defined. At this stage, our focus is on the core definitions of the two services for the purposes of potential remedies that may be imposed to address the adverse effects on competition and resulting customer detriment identified in the CMA's provisional decision report (published July 2018).