



Cardano Risk Management Limited Response



CMA Consultation paper: Draft
definitions of Investment
Consultancy services and
Fiduciary Management

09 November 2018

Overview

In our response to the Provisional Decision Report, Cardano discussed the merits of clarifying definitions to ensure that the remedies are applied consistently and as intended. This was also an area of focus during our Provisional Decision Report response hearing.

1. Comments

Our comment on the investment consulting service definition is below:

Paragraph 1. - the definition of 'investment consultancy service' does not include advice in relation to the appointment of a fiduciary manager. This addition would support the extension of the regulatory perimeter to include advice on fiduciary management in the supporting remedies.

Our comments on the fiduciary management service definition are below:

Paragraph 4.(a) – these seem nonspecific, to be concise and also consistent with the investment consulting definition, this could state:

a. the provider provides advice that falls under the definition of 'investment consultancy service' 1.(a), (c), (d) or 2; and

Paragraph 4.(b). –The inclusion of a timeframe might allow for interpretation that enables remedies to be avoided. We suggest the removal of the timeframe such that the it reads as follows:

b. following the provision of advice under 4.a., 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.

Our comment on paragraph 7 - definition of 'interconnected body corporate' is below:

As provision of advice by a provider to the trustee could be by a body corporate interconnected with the trustee (as per the FCA "OPS firm" definition), the definition of 'interconnected body corporate' will need to include those interconnected with the trustee.

