

# RESPONSE TO DRAFT DEFINITIONS OF IC AND FM

08 November 2018

## Competition and Markets Authority

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Thank you for the opportunity to comment on your draft definitions of Investment Consulting and Fiduciary Management.

With regards to **Investment Consulting**, we understand the need to keep definitions broad so that they can evolve as the market evolves. We are concerned though that the current definition may not be clear that some current elements of Investment Consulting advice are included and/or that it includes services provided by non-traditional players, such as asset managers, to ensure that they are covered by any future regulation.

- › Asset managers providing asset-liability modelling as an add-on to an asset management service which then gets relied upon for the purposes of making investment decisions
- › Actuarial consultancies advising in areas that “cross-over” between actuarial and investment domains e.g. liability hedging, liability benchmark specification or asset transitions. We are concerned this advice may get relied upon while not being explicitly recognised as investment advice
- › Asset-liability modelling more generally (we would consider this to be investment consulting, as it typically gets relied upon to inform investment decisions)
- › Advice around long-term objectives and future investment strategy (“journey plan”) – this is an important core element of investment advice, so we believe it is important to recognise this as investment consulting
- › Periodic reporting on the performance of all of the above (i.e. managers, assets, strategic asset allocation). This is typically an investment consulting service although there will also be non-investment consultants providing some of all of these services
- › Training sessions on investment products (again these may currently be provided by other firms such as asset managers)

With regards to **Fiduciary Management**, we are concerned that the definition may only fit organisations that provide both investment consulting advice and fiduciary management as we believe that it should also include asset managers who offer fiduciary management via an Investment Management Agreement. We believe the key delineation between investment consulting and fiduciary management is the presence of an investment management agreement (“IMA”) between the client and the fiduciary management organisation.