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Investment Consultants Market Investigation
Competition and Markets Authority
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13 March 2019

Dear Praful

RESPONSE TO THE DRAFT INVESTMENT CONSULTANCY AND FIDUCIARY MANAGEMENT MARKET INVESTIGATION ORDER 2019

We have carefully considered the draft investment consultancy and fiduciary management market investigation order 2019 and our main observation relates to the definition of "investment consultancy services" and "fiduciary management services".

As we noted in our response dated 21 August 2018 to the CMA's Investment Consultants Market Investigation Final Report (the **Final Report**), we welcome the CMA's focus on transparency and we support the proposed measures that help clients' awareness of: (i) market choice when purchasing fiduciary management services through mandatory tendering; (ii) the total cost of their investment arrangements and exactly what services are included; and (iii) performance of a fiduciary manager through a standardised reporting methodology. However, we believe a clear definition of fiduciary management service is critical to the application of these remedies.

We understand fiduciary management services to mean the combination of the provision of investment advice and the implementation of that advice. We therefore believe that there is no need, in respect of fiduciary management services, to differentiate between these types of services provided under the current proposed definitions of "investment consultancy services" and "fiduciary management services" as fiduciary managers provide the same type of services as investment consultants but are then appointed for implementation. We would therefore suggest using the same breakdown of the types of services for both but include the following additional wording in the definition of "fiduciary management services":

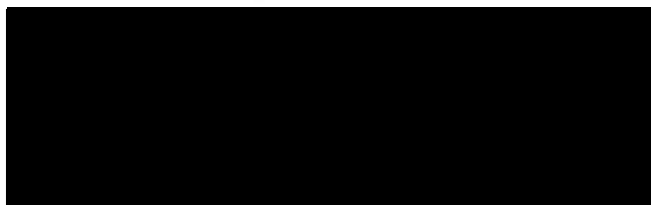
"and within 12 months from the date on which the advice in (a) – (d) (as applicable) is last provided, the Provider (or an Interconnected Body Corporate of the Provider) is appointed by the Pension Scheme Trustees to implement such advice in respect of all or some of the pension scheme's assets, acting pursuant to the written authority and discretion delegated by the Pension Scheme Trustees to do so and irrespective of whether the investment decisions require the consent of, or are subject to veto by, the Pension Scheme Trustees."

We would also suggest including clarificatory wording in the:

- i. "fiduciary management services" definition that this does not capture pure asset management products where the management of the funds could fall under the definitions, for example diversified growth funds which have a long term strategic benchmark or a tactical asset allocation strategy; and
- ii. "investment consultancy services" definition to make clear that it does not capture fiduciary management providers who only provides these type of services when they are combined with implementation services as otherwise fiduciary managers could be inadvertently caught under the IC-FM definition.

We would be happy to discuss our comments in further detail.

Yours sincerely



Charles Prideaux

Global Head of Product and Solutions