Strategic review of markets remedies

Response to the Competition and Markets Authority

The Association of Investment Companies (AIC) is the trade body for the closed-ended investment company sector. We represent 276 investment companies, holding assets of over £233 billion on 31 January 2026. The AIC's members are predominantly listed on the Main Market of the London Stock Exchange, where they make up the largest single sector of the market by number of companies. They account for more than a quarter of the FTSE 250. Some of our members have their shares on the Specialist Fund Segment (SFS); others are quoted on AIM.

The AIC's members include investment trusts, Venture Capital Trusts (VCTs), UK Real Estate Investment Trusts (REITs) and non-UK companies. Our non-UK members are predominantly incorporated in Guernsey and Jersey.

Investment companies are collective investment vehicles which pool their shareholders' capital and invest in a portfolio of assets to spread risk and generate an investment return. Investments include listed securities and alternative asset classes, such as infrastructure, renewable energy, private equity, debt, venture capital and property. Investment in property can be direct or take the form of investment in a company owning property.

The AIC welcomes the opportunity to respond to the strategic review of markets remedies consultation published by the Competition and Markets Authority (CMA). The AIC's response is limited to the Statutory Audit Services Order 2014 (SASO) made under the Enterprise Act 2002 (EA02).

Removal of remedies that are no longer appropriate

The AIC supports the CMA's decision to launch a strategic review of market remedies, including reviewing the SASO.

The SASO was primarily designed to ensure FTSE 350 companies put their statutory audit services engagement out to tender at least every ten years.

Since the publication of the SASO the UK has adopted rules on the maximum engagement period for auditors. These rules are set out in the Statutory Auditors and Third Country Auditors Regulations 2017 and the Companies Act 2006. Broadly, Public Interest Entities (PIEs), which include FTSE 350 companies, must retender their audit engagement at least every 10 years, with no auditor being able to hold office for more than 20 years.

The SASO also provides that the statutory audit fee and the scope of the audit are to be agreed only between the audit committee, either acting collectively or through its chair, for and on behalf of the board of directors, and the auditor.

The UK Corporate Governance Code 2024 (the UK Code) applies to all companies listed in the commercial companies category or the closed-ended investment funds category, whether incorporated in the UK or elsewhere. This includes FTSE 350 companies.

The UK Code sets out the main roles and responsibilities of the audit committee. This includes following the Audit Committee and the External Audit: Minimum Standard (the Standard).

FTSE 350 companies are required to apply this Standard. The Standard provides that the tendering process should be led by the audit committee, this includes "*initiating a tender process, influencing the appointment of an engagement partner, negotiating the fee and scope of the audit, and making formal recommendations to the board on the appointment, reappointment and removal of the external auditors.*"

These changes in the regulatory environment mean that the SASO is no longer required as there are now other measures in place which address the original competition issue. Therefore, the AIC **recommends** the SASO is removed.

February 2026

To discuss the issues raised in this paper please contact:

Lisa Easton, Policy and Technical Manager [✂]

The Association of Investment Companies consents to this response being made public and to its name being included in any published list of respondents in relation to this consultation.