

David Cheesman
Finance Division – Fees Policy
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

By email to: cp14-26@fca.org.uk

Date: 4 February 2014

Dear David,

RE: CP14/26 - Regulatory fees and levies: policy proposals for 2015

ABOUT THE INVESTMENT ASSOCIATION

The Investment Association represents UK investment managers. We have over 200 members who manage more than £5 trillion for clients around the world. Our aim is to make investment better for clients so they achieve their financial goals, better for companies so they get the capital they need to grow, and better for the economy so that everyone prospers.

We cover every link in the investment chain:

- We work with investors, helping them to understand the industry and the options available to them. We know investing can seem daunting, so we work hard to make it clear and accessible.
- We work with investment managers, promoting high standards and the need to put clients first. Our work includes helping members to manage money efficiently and communicate effectively.
- We work with the companies we invest in, helping them to achieve better long-term results and, ultimately, greater returns for investors and the economy.
- We work with regulators and governments around the world. We've built close, trusting relationships with these bodies and play an active role in shaping the rules that govern the industry.

The Investment Association's purpose is to ensure that investment managers are in the best possible position to help people build resilience to financial adversity, achieve their financial objectives and maintain a decent standard of living as they get older. It is also to help investment managers maximise their contribution to economic growth through the efficient allocation of capital.

The Investment Association

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RESPONSE FROM THE INVESTMENT ASSOCIATION



We welcome the opportunity to respond to the above consultation and would like to make the following comments:

Chapter 4 Pensions Guidance Levy – proposals for further consultation

We maintain our belief that option three (discussed in full in CP14/11) is potentially the best option for allocating the overall levy across the five retirement-guidance fee blocks because it most closely links the benefits of the more informed consumers that the guidance could produce with the firms that will be most likely to benefit.

We are therefore disappointed the FCA has continued with its proposals for option two which is likely to result in an inconsistent and arbitrary distribution of costs, since it bears so little resemblance to the overall proportion of FCA resources applied to meet its statutory objectives in relation to the regulated activities covered by the fee-blocks in question.

However as you rightly mention, some of those contributing towards the retirement advice may not necessarily be providing retirement products, but as the pension industry is changing from April 2015, we would like to see a review of the contribution to this levy sometime in the future. We appreciate it can be difficult to apportion costs as the pension guidance is a new concept and any beneficiaries across the industry will not be known for some time.

Chapter 11 – other fees and levies

We welcome the clarification of how firms calculate their fee tariff data for the fee-block A9 and would like to see this definition as part of Annex 1A Part 3 in FEES 4 rules. This definition will allow firms to report their own fee data in the knowledge that other participants are reporting data using the same parameters.

Thank you for the opportunity to comment on your policy proposals. I am available at your convenience to discuss anything in this letter at susan.wright@theinvestmentassociation.org or on +44 (0)20 7831 0898.

Yours sincerely,

Susan Wright
Regulatory & Compliance Specialist