

FYI another letter sent to Stephen

Re: IMA Statement of Recommended Practice (SORP)

We, the undersigned cross party Parliamentarians, are concerned that the Investment Managers Association (IMA) are proposing a disclosure requirement with respect to transaction costs incurred by fund managers which fails to declare important heads of costs.

We recognise that the IMA now accept the principle that transaction costs should be declared. However, we think that it is misleading for accounts to state that they include transaction costs but fail to disclose costs which fall into the following categories: bid-offer spreads (including bid offer spread on currency transactions); the transaction costs incurred by underlying funds; the profits made by funds when stock-lending is undertaken; and interest retained by fund managers on cash balances.

The government is auto-enrolling millions of people into workplace pension schemes. Their contributions, their employers' contributions and tax payers' money in the form of tax relief will be invested with fund managers. It is imperative that the funds deliver good value and are seen to deliver good value.

We expect the Financial Reporting Council to ensure that the accounting standards employed by fund managers are accurate and fair. A disclosure regime that claims to disclose transaction costs but omits major types of transaction cost does not meet these requirements.

Yours sincerely,

Dame Anne Begg MP
David Mowatt MP
Lord John McFall
Debbie Abrahams MP
Nigel Mills MP
Pamela Nash MP
Baroness Jeannie Drake
Gregg McClymont MP
Frank Field MP