



## Trades Union Congress

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date: 31 October 2013  
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Dear Stephen,

### **IMA statement of recommended practice**

I am writing to you to express the TUC's concern about the IMA's proposals on disclosure of transaction costs. We are not alone in our disquiet; the Pension Regulator has also described the IMA's suggestions as inadequate.

In our view the IMA's proposed template for disclosure is not fit for purpose as it omits to include a number of significant areas of pensions charging. These include important areas such as exchange rate and bid-offer spreads, transaction costs in underlying funds where funds invest in funds, fund manager retained profits from stock lending and fund manager retained interest on cash balances. We are particularly concerned that the IMA suggest that declaration of the portfolio turnover rate should be optional.

The TUC believe that despite the IMA's publically professed concern about pensions charging the commercial interests of IMA members are being prioritised over the need to find a workable solution to the current widespread under-reporting in this area. Given this, it is vital that the FRC acts to ensure that the reporting regime for pensions charging moves beyond the limited proposals that have currently been set out by the IMA. Without full transparency, it will simply not be possible to improve market operation in the consumer interest, in the way that a growing body of authorities and political representatives recognise is urgently required.



I look forward to hearing from you on this important issue, and trust that you will be able to act to facilitate the introduction of an improved reporting regime.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicola Smith', written in a cursive style.

**Nicola Smith**

Head of Economic & Social Affairs Department