

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND
Pension Fund Panel Meeting 4 September 2017**

From: Mercer UK
Sent: 28 June 2017 15:51
To: Maule, Lachlan
Subject: Response to the FCA Asset Management Market Study

Response to the FCA Asset Management Market Study



**FCA ASSET MANAGEMENT
MARKET STUDY FINAL REPORT**

We are writing to you in response to the Financial Conduct Authority's (FCA) [Final Report](#) published today on the UK Asset Management industry. This is of particular relevance to our investment consulting and fiduciary management clients in the UK, but we want to ensure all our clients are aware of the outcome, as you may well see press commentary.

When issuing its interim report in November 2016, the FCA indicated that it proposed to make a market investigation reference to the Competition and Markets Authority (CMA) based on concerns about the market for investment consultancy services. It also indicated its willingness to consider commitments from investment consultants that addressed the FCA's concerns, such that a referral to the CMA would not be required. Mercer, Willis Towers Watson and Aon Hewitt, as the three largest consultancy firms in the UK, worked with external lawyers to submit a package of proposed measures referred to as [Undertakings in Lieu](#) (UILs) to the FCA.

The FCA has indicated that it is not minded to accept the UILs at the current time, but it has confirmed that, as part of a public consultation exercise, feedback on the proposals is invited until 26 July 2017. It expects to make a final decision on whether to make a market investigation reference to the CMA in September 2017.

Throughout the FCA Study, Mercer has sought to address the FCA's concerns directly with a package of proposals designed to achieve solutions that best reflect the interests of our clients. We believe that the combination of a mandatory tendering regime, performance and fee standards, and conflicts of interest protocols act as a powerful spur to competition. Mercer is committed to continue to make the market for investment consultancy services work well for our clients. We believe the package of undertakings offered by the industry will resolve all of the FCA's potential concerns and hope the FCA uses the consultation period to deepen its understanding of the market and develop conviction that the UILs are a strong response. We look forward to working with the FCA over the coming weeks to resolve their concerns without the uncertainty for clients involved in an extended market review by the CMA.

If you would like to discuss this further, please contact me.

Regards,
Fiona Dunsire,
CEO, Mercer UK

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