



# FCA publishes its second set of rules following its Asset Management Market Study

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The Financial Conduct Authority (FCA) has published new rules and guidance to improve the quality of the information available to consumers about the funds they invest in.

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The asset management industry plays an important role in the UK's economy. Asset managers seek returns for investors by investing in a variety of assets. Over £1 trillion is managed for individual investors and £3 trillion on behalf of UK pension funds and other institutional investors. The FCA's asset management market study presented evidence of weak price competition in many areas of the asset management industry. This means lower returns for savers, pensioners and other investors.

The FCA has acted to tackle the issues found. In April 2018, the FCA introduced new rules to ensure fund managers act as agents of investors in their funds. Today's rules and guidance complement that work by helping consumers understand more about how their money is being managed, so that they can make better investment decisions.

The new rules and guidance:

- set out how fund managers should describe fund objectives and investment policies to make them more useful to investors
- require fund managers to explain why or how their funds use particular benchmarks or, if they do not use a benchmark, how investors should assess the performance of a fund
- require fund managers who use benchmarks to reference them consistently across the fund's documents
- require fund managers who present a fund's past performance to do so against each benchmark used as a constraint on portfolio construction or as a performance target, and
- clarify that where a performance fee is specified in the prospectus, it must be calculated based on the scheme's performance after the deduction of all other fees

Christopher Woolard, the FCA's Executive Director of Strategy and Competition, commented:

'We're working to make competition work better in the asset management market and protect those least able to actively engage with their investments. Today's remedies build on those we've already introduced and will make it easier for investors to choose the best fund for them and help them achieve their investment objectives'.

There is other work ongoing as a result of the Asset Management Market Study. In late November 2018, the Cost Transparency Initiative was launched as an independent group working to improve cost and charges transparency for institutional investors. This progressed the work already undertaken by the Institutional Disclosure Working Group. The FCA also continues to work with the Competition and Markets Authority on their findings from their investigation into investment consultancy.

## Notes to editors

1. [PS19/4: Asset Management Market Study - further remedies](#)
2. [Asset Management Market Study](#)

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Asset management market study