



FCA statement on the launch of the Cost Transparency Initiative (CTI)

Statements | Published: 07/11/2018 | Last updated: 07/11/2018

The FCA is pleased to note today's announcement which launches a new body to deliver a template for the disclosure of costs and charges to institutional investors. This will lead to improvements in the ability of institutional investors to access and assess critical information on costs.

On 7 November the [Cost Transparency Initiative](#) (CTI) was launched. The CTI is an independent group working to improve cost transparency for institutional investors with the responsibility for progressing the work already undertaken by the Institutional Disclosure Working Group (IDWG). The CTI is supported by Pensions and Lifetime Savings Association (PLSA), Investment Association (IA) and Local Government Pension Scheme Advisory Board (LGPS SAB) and was recommended as part of the IDWG's report to the FCA on 15 June 2018. The IDWG was set up to support consistent and standardised disclosure of costs and charges to institutional investors.

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

"We welcome the launch of the Cost Transparency Initiative and have passed on the IDWG's report and draft templates in full. The CTI has the right experience, resources and market coverage, and will represent a broad and balanced range of suppliers and clients of the institutional asset management industry to deliver results in the market and continue to build on the momentum created by the IDWG.

"The FCA has been asked to join the Cost Transparency Initiative as an observer and we look forward to our continuing involvement in this area."

Background

We launched the IDWG as part of the [Asset Management Market Study](#) remedies package.

We want to see more consistent and standardised disclosure of costs and charges to institutional investors. We think a standardised disclosure template should provide institutional investors with a clearer understanding of the costs and charges for a given fund or mandate. This should allow investors to compare charges between providers and give them a clear expectation of the disclosure they can expect. We appointed Dr Chris Sier to chair a working group of industry and investor representatives on institutional disclosure, with a view to agreeing a template. The IDWG recommendations to us sit alongside and support several other recent interventions which should also impact the way institutional investors interact with their asset manager.

The main focus of the IDWG was on the provision of helpful information to assist institutional investors by detailing what costs they are paying. It has not focused specifically on creating a method of delivering compliance with MiFID and other requirements. However the IDWG templates have been designed to be aligned with the relevant disclosure obligations in MiFID II. So while firms must continue to ensure that they individually meet all relevant regulatory requirements, if these templates are completed in a comprehensive and accurate way, including all costs and associated charges, the information in the templates should assist firms in meeting those requirements.

Details of the IDWG recommendations can be found on the [IDWG webpage](#), which also includes links to other relevant information.