

Summary of discussion

Institutional Disclosure Working Group (IDWG)

Meeting 18 April 2018 (12:15 - 13:30)

Opening business

1. Members approved the minutes from the 19 March meeting.

Template Sub Group Update

2. The majority of the meeting was spent discussing the outputs and updates from the template sub-group. The Chair and members of the template sub-group were in agreement that significant progress had been made over recent weeks to remove those fields which, on balance, the Group felt were unnecessary, less useful or less material from the template.
3. As a result of this progress they reported back on some of the outstanding questions, particularly where the merit or otherwise of fields' inclusion had been debated, and sought views from the rest of the Group on their proposals.
4. Specific discussions focused on how issues relate to certain asset classes, for example the question of purchases and sales for FX and derivatives.
5. Additionally, there was discussion relating to how certain vehicles, including ETFs, investment trusts and pooled funds, are accommodated in the template. This discussion also included the potential use of an 'other' column. Some members supported the use of 'other' where costs cannot be broken down, whereas others were of the view that this increases the likelihood that costs could be missed by investors and is not as helpful or transparent as it could be.
6. There was general agreement that supporting explanatory notes should provide the information for investors to challenge the manager if necessary. Generally there was agreement that the templates should be designed with the intention that they are useful for all institutional investors regardless of the context.
7. The feasibility of completion and the intention for future automation of data collection were noted by members of the Group. DCPT was discussed as a potential basis from which future automation could be built.
8. Much of the discussion related to rows or content that would need to be explained to the recipient of the completed templates. This included, for example, where figures included in the template for context may match or differ from figures otherwise

received by clients in different disclosures from their service providers. An example of where this could happen was any figures that are described as 'net' of costs, or 'implicit cost' rows. Generally speaking the importance of clear and transparent definitions and, if appropriate, specific supporting explanatory notes was agreed.

9. The Group had a detailed discussion in relation to the reporting of performance fees and reporting periods, considering whether costs should be reported on an actual paid basis/cash flow or an accruals basis.
10. The main group agreed that further discussion was needed on some detailed issues, some of which were to be dealt with at subgroup level, and other issues to be considered by written procedure after the meeting.

Private equity subgroup update

11. The private equity subgroup reported back on their work, talking through their most recent paper. It was noted that some specific questions from the Chair were to be discussed in the next subgroup meeting, though they expected to report back to the main group and align their input to the account template as soon as possible.

Template testing and granularity of fields

12. The Group agreed that further template testing would happen as soon as possible so that interested stakeholders could share their views on the newest iteration of the template. Specifically, volunteers would be asked to comment on the level of granularity of some of the items included in the current draft template. This was to inform the Group's view on the merit of some of the fields and, particularly, their materiality and/or usefulness.