

Summary of discussion

Institutional Disclosure Working Group (IDWG)

Meeting 19 March 2018 (09:00-12:00)

Opening business

1. Members approved the minutes from the 22 February meeting.

The adoption, maintenance and future of the IDWG work

2. Members discussed progress to date including how work to date has focused on what will be disclosed (the template) rather than how the work of the IDWG will be delivered. One of the outstanding questions for the work of the IDWG is therefore the route to market and how the work will be governed so that it has longevity.
3. It was noted that in the first instance the FCA has always intended for this work to be market-driven and so does not anticipate putting in place formal regulatory requirements around any of the work of the IDWG at this time. The Group discussed other options to introduce new requirements for market participants to use the outputs of the IDWG. These included rules or guidance which place obligations on the institutional investors (e.g. pension schemes, trustees), investment consultants or asset managers. Members suggested other regulatory/legislative bodies that could potentially introduce these requirements, and particularly noted those with ongoing work in this area. There was some disagreement within the Group about whether additional rules would be necessary given existing disclosure requirements.
4. The LGPS board meeting was reported to have in principal agreed to adopt the IDWG template when finalised.
5. The Group discussed the importance of institutional investors understanding the benefits of adopting the outputs of the IDWG as this would drive demand on the user side of the market. It was agreed that the templates need to be appealing and useful to the user as a minimum.
6. Some members were in favour of the development of some kind of 'kitemark'/quality marker that could be used by those managers who are using the IDWG outputs; they felt that this would help users but also drive demand for the outputs on the provider side of the market. It was agreed that the ease with which the template can be completed would make adoption more likely for asset managers.
7. The Group discussed the need for a sponsor and future overseeing body with some members feeling that ideally this would be an existing body or bodies, and considered

initial ideas for the configuration of its members. The view was also expressed that ownership and membership of this body should be a balance of both users and suppliers of data. The Group discussed responsibilities of the future body including ownership of templates and monitoring of data collection. Other initial thoughts included proposing a review cycle for the overseeing body that would result in only infrequent changes to the template.

8. There was general agreement that many parties/bodies could have roles to play for different parts of the recommendations for adoption and maintenance of the template in order to future proof it. The Group will continue to consider options.

Template testing and feedback

9. A new sub-group to consider the feedback on the account level template was agreed and the composition proposed. This was in part because some of the feedback received indicated that the level of granularity for some items may not be workable from an asset manager perspective. It was also noted that the level of granularity needs to be balanced with what will be useful from the users' perspective; some discussion was had about whether the templates should only include information that users currently find useful or should also include information that is important users see.
10. The Group agreed that the user template will need to be reviewed as a result of feedback and any changes to the account template. Planned work includes adding explanatory notes to the user template.
11. Feedback was provided by members on the elements of the template which cover derivative positions and updates to the template were recommended. Further consideration of these issues was noted as important.

Updates by topic and asset class

12. The sub-group working on private equity reported back to the Group on their progress. It was agreed that it may be appropriate to recommend that in the case of non-EU funds either the IDWG template or the ILPA template should be used.
13. The Group discussed alternative asset classes and how these should be formatted to be incorporated into the current template, and how the contextual information currently included in the templates may or may not apply.
14. A larger defined contribution sub-group was launched and tasked with reviewing the current material on DC as the Group need to do further work on the issues raised.
15. The Group noted that the work on fiduciary managers needs to link with the CMA findings in this space, though existing IDWG work should cover the fiduciary space.