

Summary of discussion

Institutional Disclosure Working Group (IDWG)

Meeting 22 February 2018 (09:30-12:00)

Opening business

1. New and future members were noted.
2. Members approved the minutes from the 16 January meeting.

Feedback from the stakeholder event

3. Members briefly discussed the constructive feedback that they had received from attendees at the IDWG event in early February. They noted that there was a desire to see the template in more detail and when further progress has been made. The full prototype has been shared with all attendees and other stakeholders on request.
4. The Group agreed to consider whether an update event should be run when the outputs of the IDWG are finalised.

Template testing

5. Initial feedback from the template testing was discussed and work allocated as a result. Examples of this work include developing anonymised worked examples of completed templates, creating more detailed guidance, tightening up the terminology used, contextual information and considering the implications for pooled funds.
6. Members agreed that it was inappropriate for costs to be reported as 'zero' in the template. Members noted that instead the cost should be either reported as 'not applicable' or the recipient should be signposted to where the cost is allocated or reported elsewhere in the template. Members agreed that there are some costs which cannot be broken down any further. Members also agreed that where costs are incorporated in the manager's fee, rather than separately deducted, then this service does not need to be broken down in the template.
7. Some members noted that even if an aggregated cost is reported this helps reassure users that the cost is included, and notes where it is captured within the template. Members were of the view that aggregated and 'total' costs enable clients to compare charges across the market, and that in some cases defining individual costs isn't valuable. Several members were of the view that as long as all the costs were included this was the most important outcome.

8. Other members noted that this may limit the ability of the recipient to understand the breakdown of some costs that they may be interested in interrogating. Another member noted that it is important to understand what level of information is demanded by the user of the templates and that this could mean that numbers should be broken down on request when challenged by the recipient.
9. User template testing results show that users are looking for clear and explicit definitions of the terms used in the template. Members will consider whether descriptive items embedded in the template would be helpful.
10. The reference template needs to be finalised in line with the agreed framework.
11. Testing was noted as ongoing and further feedback is expected.

Updates by asset class

12. Members discussed the asset classes that need more development including private equity, property, commodities, derivatives and foreign exchange. For each of these asset classes proposals for next steps were made and agreement reached on owners to progress the identified work.

DC issues

13. Members discussed potential significant differences between the DB and DC space. Differences that were discussed included the many-to-many nature of relationships in this space, the scale of the data requirements for collection and dissemination, existing data delivery solutions, implications for frequency of data collection, price discovery issues and the impacts of intermediation and distribution models and the FCA's rules on cost disclosure.
14. It was agreed that many of these potential issues will need to be addressed or solutions proposed in order to progress with delivering an appropriate template. A sub-group was created in order to work on these.

Other topics

15. The members discussed various considerations on future communications of aims and outputs of the IDWG, including several areas that might merit further clarification. Members noted the importance of coherently explaining the work of the IDWG to the external stakeholders.