

Summary of discussion

Institutional Disclosure Working Group (IDWG)

Meeting 24 May 2018 (12:00 – 14:30)

Opening business

1. Members approved the minutes from the 18 April meeting, after some changes to better reflect the direction of travel in reducing the level of granularity in the template.

Mainstream account template discussion

2. The Chair and Secretariat provided an overview of the progress on the account level template to date, as well as decisions already made in terms of the principles that underpin the framework, and some detailed points that will be reflected in the guidance associated with the template.
3. Members discussed the timelines for the implementation of the work of the IDWG. Members noted that a period of months or years would be needed to fully implement the outputs. Members noted that the cost of producing the detail in the template should also be taken into account.
4. Members discussed the feedback received. Some were of the view that it was not sufficient to merit the level of detail that was being proposed in the template. Other members disagreed with this position, particularly citing their own view on the importance of the level of granularity for trustees' understanding and education.
5. It was agreed that thresholds over which information was expected to be included would also be an impractical solution to this problem, and instead that a greater level of aggregation should be decided upon. Some members were of the view that the information was not needed, useful or necessary to clients. Other members were of the view that it was important to include this level of detail. A compromise was reached whereby some of the detail would be aggregated in order to reach a consensus – specifically the removal of a breakdown of 'additional cost' elements.
6. Members agreed that the guidance for both the user and producers of the templates was crucial. The Group agreed that this guidance should make it clear that where individual fee arrangements (in the form of a set 'all-inclusive' charge) are agreed with clients, later disaggregation of the agreed 'total' cost should not then be made mandatory by the template.
7. Several detailed discussions were held on individual line items within the template including, but not limited to, average asset value, indirect transaction costs and certain

asset class definitions. Proposals for improvements to the template were made and will be included in the final version where possible and where agreed, or otherwise the associated debate will be reflected in the report to the FCA. Specifically, a new asset class delineation was agreed.

8. Members' views varied on the position and inclusion of returns data, which has been included in the template to provide the client with contextual information. Members will include a discussion of why they are recommending that returns data be included, and the presentation of that returns data in the report to the FCA. Members agreed that returns data should be included in a new separate section of the template rather than embedded within the cost data.
9. Members reached a consensus, then voted and approved the mainstream account template.

Other parts of the framework

10. The User template was noted to be complete.
11. The Private Equity sub-group provided an update. Further work was noted as needed before this work was fully integrated into the framework, but this work was progressing well. Some detailed elements of the progress were briefly discussed.

Closing business

12. The IDWG expects to make its final recommendations in a report to the FCA in June.