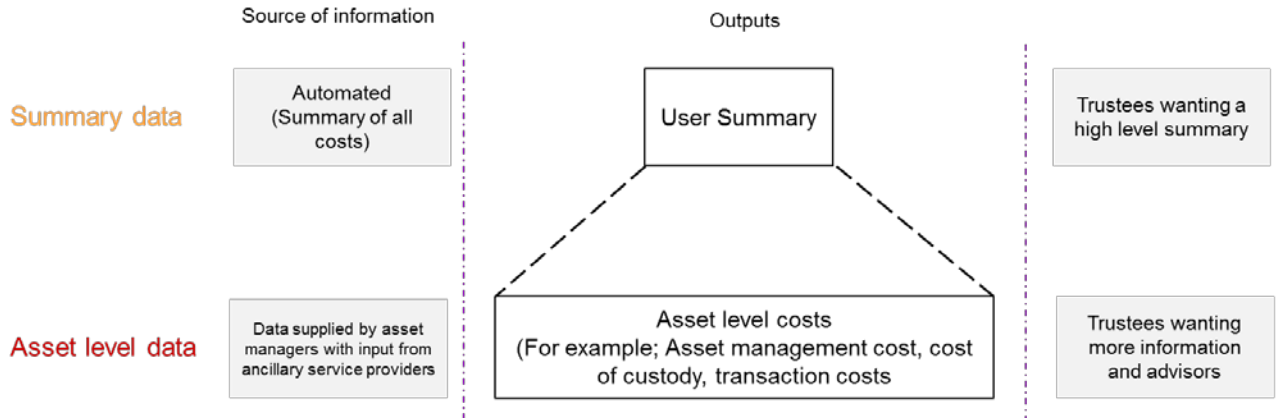


Further commentary on the update on the IDWG's progress at December 2017

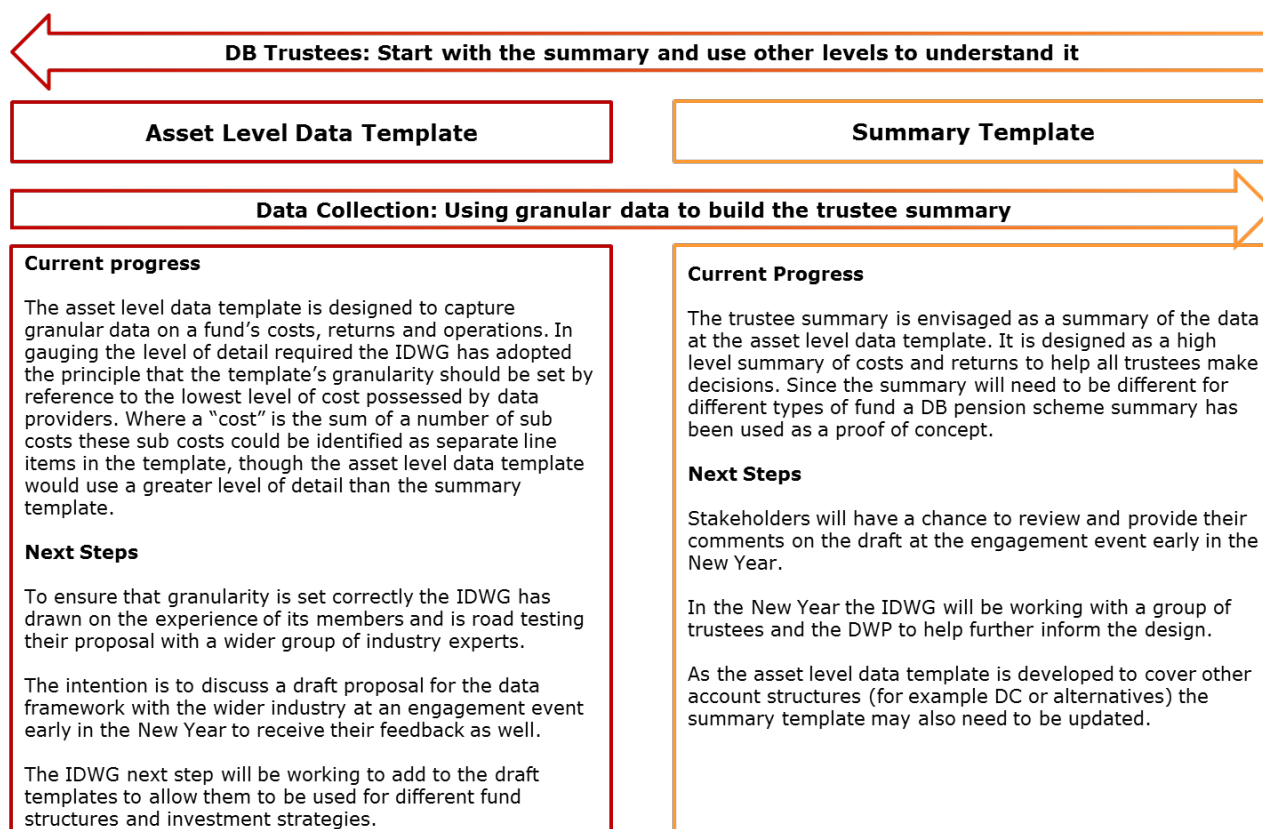
Framework for data collection and aggregation



The framework is intended to be comprehensive. The summary disclosure is intended to help all users' decision making and is being designed with the needs of different investor types in mind. The disclosure will be based on the underlying granular information of the costs associated with delivering the investment to the user. These asset level costs are the building blocks which are aggregated to generate the user summary, the IDWG anticipates that some users and their advisors may also find the more detailed schedules useful.

The IDWG has to date considered DB pension cost disclosure as a test case for the robustness of the progress on the underlying detail, and for understanding the costs from the perspectives of both the providers and users of this information on costs.

Data Framework Structure: An example based on a DB pension example



In time the IDWG will review undertake similar exercises for other types of disclosure template user.

Single templates compared with multiple templates

The IDWG has considered the degree to which the disclosure template could be split into different, smaller templates for specific asset classes. Some members of the IDWG have also suggested, for example, different disclosure templates designed for the specific needs of different investor types taking into account the levels of support available to them and striking the balance between the benefits of fuller information with simpler more accessible disclosure information. However, the IDWG has also agreed that there are practical benefits of one combined and simple template. The IDWG has agreed to continue to make progress on the underlying materials and will decide at a later date whether one or multiple disclosure templates is most suitable as their final recommendation. The IDWG therefore welcomes thoughts on this.

Consideration of regulatory requirements

The IDWG has aligned their work within the context of the existing regulatory landscape, as well as existing work from other initiatives in this space. The IDWG has and will continue to confirm that the recommendations align with regulatory requirements upon both asset managers and users as the design develops. In order to inform their view on relevant regulatory requirements the IDWG has reflected members' experience, engaged with outside stakeholders and undertaken their own research.

Data collection practicalities

The IDWG has noted the need to consider how practical it will be for firms to provide the information that could be requested as part of the template. Final recommendations will reflect the IDWG's understanding of the practical issues of data collection.

Stakeholder engagement, including with end users

The IDWG has discussed how to maximise the effectiveness of the disclosure template and is engaging with stakeholders outside of the IDWG. Sub-working groups have researched specific topics in more detail and fed back into the IDWG's work on the overall approach and draft disclosure template. This has included existing work on institutional disclosure and engagement with representatives in the alternatives space. The IDWG is also mindful of how the aggregation of costs and the presentation and format of the disclosure will impact on the effectiveness of that disclosure for the recipient, and their final recommendations will reflect their views on these matters. The IDWG has initially prioritised pension fund trustees as an institutional investor type and has made early recommendations on the basis of their understanding of the data needs of these users for their decision-making.

The membership of the IDWG represents different parts of the market and the IDWG has and will continue to engage with many other relevant stakeholders. This, along with plans to road test and discuss the recommendations from January 2018 onwards, is intended to encourage more providers to offer disclosures using the template and for more users to demand this from their managers in due course. The IDWG has also recommended that the FCA and other regulators and organisations consider further how they might best support the adoption of the IDWG recommendations.

IDWG plans for 2018

As the IDWG progresses with the underlying detailed work, the focus will shift to making further disclosure recommendations, informed by feedback received from stakeholders and testing. The IDWG will also consider how data is collected at a later date, including the practicalities and any existing systems that could be utilised.

The IDWG will continue to work to their objectives and intend to make their final recommendations and report to the FCA following further discussions on a final template.