

FCA Publishes Policy Statement on Further Asset Management Market Study Remedies

Friday, February 15, 2019

On February 4, the UK Financial Conduct Authority (FCA) published a Policy Statement on further remedies to promote competition in the asset management sector, following its asset management market study (AMMS) (see the June 30, 2017 edition of [Corporate & Financial Weekly Digest](#) for further details on the FCA's Final Report on AMMS).

In its Policy Statement, the FCA confirms that it will proceed (with minor drafting amendments) with its remedies on the basis on which it had consulted. The FCA will introduce new rules and guidance which will:

1. explain how authorized fund managers (AFMs) should describe fund objectives and investment policies to make them more useful to investors;
2. require AFMs to explain how or why their funds use particular benchmarks or, if they do not use a benchmark, how investors should assess the performance of a fund;
3. require AFMs who use benchmarks to refer to them consistently across all fund documentation;
4. require AFMs who present a fund's past performance to do so against each benchmark used as a constraint on portfolio construction or as a performance target; and
5. clarify that where a performance fee is specified in a fund's prospectus, it must be calculated on the basis of the fund's performance after deducting all other fees.

Appendix 1 to the Policy Statement sets out the Collective Investment Schemes Sourcebook (Miscellaneous Amendments) Instrument 2019, which amends the FCA Handbook's Conduct of Business Sourcebook (COBS) and its Collective Investment Schemes Sourcebook. The FCA also clarifies how COBS applies to the key investor information documents and that this change went into effect on February 4.

Appendix 2 to the Policy Statement contains final non-FCA Handbook guidance about the description of fund objectives and investment policies that applies to all UK-authorized funds.

The rules and guidance on benchmarks in the FCA Handbook will go into effect on May 7 for new funds, and on August 7 for existing funds. The FCA's rules on performance fees will go into effect on August 7.

The FCA expects AFMs to take its guidance into consideration when reviewing fund documentation from February 4.

The FCA's Policy Statement is available [here](#).

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