

5 January 2017

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Dear Michael

TRANSACTION COST DISCLOSURE IN WORKPLACE PENSIONS

The Pensions and Lifetime Savings Association (the Association) welcomes the FCA's consultation paper and its aim to improve standards and the disclosure of transaction costs.

These are issues which we have campaigned on for some time, and one where our members are keen to see improvements from the market. It has become increasingly clear that inadequate reporting or visibility of the 'true' costs of transaction costs can have a real impact on scheme performance and member outcomes. Improving both understanding and access to information is therefore vital.

The consultation is a positive step toward delivering that goal.

On the whole, we believe that the framework set out is practical and captures the majority of transaction costs. We do however have a number of specific technical questions e.g. the approach to slippage costs, where we would welcome further discussion.

Whilst we recognise the FCA's concerns, with regard to mandating the presentation of disclosure costs, we believe it is critical that the methodology for cost disclosure develops in a clear, consistent and comparable manner. This will ensure the policy objective can be delivered and avoid the risks (such as arbitrage), costs and complexity associated with both developing and using differing models of reporting.

We therefore recommend that the Disclosure Code currently being developed by Investment Association with the pensions industry is brought into the FCA's code and rules, when it has been tested and finalised later this year.

To proceed without reaching a consensus model for disclosure would in our view risk failing to meet the very goals the consultation has set out to deliver.

Yours sincerely

Joe Dabrowski
Head of Governance & Investment

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