

11 September, 2019

Louise Spicer,
Regulatory Policy,
The Pensions Regulator,
Napier House,
Trafalgar Place,
Brighton.
BN1 4DW

By Email to: FMandICguidance@tpr.gov.uk

Dear Ms Spicer,

CFA UK response to the The Pensions Regulator (TPR)'s consultation paper on new draft guidance for pension trustees

The CFA Society of the UK (CFA UK) is pleased to take this opportunity to respond to your consultation on draft guidance in response to the CMA recommendations on fiduciary management and investment.

[CFA UK](#) is a professional organisation whose mission is to build a better investment profession in order to serve society's best interests. It aims to do this through the promotion of the highest standards of ethics, education and professional excellence. Our members can be found working in both the investment consultancy and fiduciary management sectors. Further highlights of CFA UK and our global umbrella organisation, [CFA Institute](#), are provided in Appendix 1.

CFA UK strongly supports the issuance of this guidance from the TPR as a means to help trustees understand their obligations under the CMA Order (and successor legislation) and to provide practical guidance on implementation.

Our Pensions Expert Panel – comprised professionals working in pension fund investment management and advice – has reviewed the draft guidance on governance models, tendering for fiduciary management and investment advice, and objective setting for investment consultancy. The Panel views the guidance as clear, comprehensive, practical and consistent with our view of best practice. The use of case studies is a valuable means to bring the guidance to life in a practical way. In particular, CFA UK endorse the importance of setting out the potential conflicts of interest that can arise in the context of investment advice and fiduciary management and the ways they can be mitigated.

The one area where we have a specific comment is in relation to the guidance on setting strategic objectives for providers of investment consultancy services. The guidance sets out clearly the scope of potential investment consultancy services and the requirements of the order. The case study provides a useful example of a detailed balanced scorecard that could be applied to consultancy services. However, the guidance could be clearer about how a high level overall strategic objective could be set rather than a detailed service level

agreement. The objective could relate to, for example, scheme funding or member outcomes.

We are happy for our name to be included in the list of respondents. Our response is not confidential.

Yours sincerely,



Will Goodhart,
Chief Executive
CFA Society of the UK



Andrew Burton
Professionalism Adviser
CFA Society of the UK

With thanks to contributions from:

Natalie Winterfrost, CFA
Alexander Beecraft, CFA
Alistair Byrne, CFA
Paul Evans, CFA
Stephen O'Neill, CFA
Kirren Sihota, CFA

and for overview from the CFA UK Professionalism Steering Committee

Appendix 1: About CFA UK & the CFA Institute

CFA UK: serves nearly 12,000 leading members of the UK investment profession.

- The mission of CFA UK is to build a better investment profession and to do this through the promotion of the highest standards of ethics, education and professional excellence in order to serve society's best interests.
- Founded in 1955, CFA UK is one of the largest member societies of CFA Institute (see below) and provides continuing education, advocacy, information and career support on behalf of its members.
- Most CFA UK members have earned the Chartered Financial Analyst® (CFA®) designation, or are candidates registered in CFA Institute's CFA Program. Both members and candidates attest to adhere to CFA Institute's Code of Ethics and Standards of Professional Conduct.

CFA Institute: is the global association for investment professionals.

- The mission of CFA Institute is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.
- It awards the Chartered Financial Analyst® (CFA), and Certificate in Investment Performance Measurement® (CIPM) designations worldwide; publishes research; conducts professional development programs; and sets voluntary, ethics-based professional and performance-reporting standards for the investment industry.
- As of 1st February 2019, CFA Institute had more than 165,000 members in 162 markets, of which more than 160,000 hold the Chartered Financial Analyst® (CFA) designation.

Appendix 2: Recent CFA UK Publications on Value for Money & ESG:

A) Position Papers:

- Value for Money: A Framework for Assessment (November 2018):
<https://www.cfauk.org/-/media/files/pdf/pdf/5-professionalism/3-research-and-position-papers/value-for-money--a-framework-for-assessment.pdf>

B) Recent Consultation Responses:

i) Value for Money

- Response to the FCA regarding CP18/9: Consultation on Further Remedies – Asset Management Market Study (June 2018):
<https://www.cfauk.org/-/media/files/pdf/pdf/5-professionalism/2-advocacy/responses/cfa-letter-to-karen-northey.pdf?la=en&hash=D330FBFA4E022E4392EC47A7AE395EEDE44E8EC5>
- Response to the FCA regarding MS17/1.2: Investment Platforms Market Study:
<https://www.cfauk.org/-/media/files/pdf/pdf/5-professionalism/2-advocacy/responses/cfa-letter-to-kate-blatchfordhick-final.pdf?la=en&hash=96A9B1F1AE37C588706DE59377574D38FC8D24CA>

ii) ESG

- Response to the FRC and FCA joint discussion paper (DP19/1) “Building a regulatory framework for effective stewardship” (April 2019):
https://www.cfauk.org/-/media/files/pdf/professionalism/cfa-letter-to-fca-on-dp19_01-final.pdf?la=en&hash=9A937D561C3D2451047CBD7A3982C7D242B355E6
- Response to FRC’s consultation on the proposed revision to the Stewardship Code (March 2019):
<https://www.cfauk.org/-/media/files/pdf/pdf/5-professionalism/2-advocacy/responses/cfa-uk-response-to-the-frcs-consultation-on-the-stewardship-code.pdf?la=en&hash=DE129C5EF548A241711060A40B0C1DB56154C82A>
- Response to FCA consultation CP19/07 on proposals to improve shareholder engagement (March 2019):
<https://www.cfauk.org/-/media/files/pdf/pdf/5-professionalism/2-advocacy/responses/cfa-uk-response-to-the-fcas-consultation-on-proposals-to-improve-shareholder-engagement.pdf>
- Response to FRC’s consultation on proposed revisions to the UK Corporate Governance Code and the future direction of the Stewardship Code (Feb 2018):
<https://www.cfauk.org/-/media/files/pdf/pdf/5-professionalism/2-advocacy/responses/cfa-letter-to-catherine-horton-28-feb-2018--final.pdf?la=en&hash=CF53FFB72384C08CF5D6D7BC85E310C6EBF4320A>

- Response to the Investment Association's consultation on sustainability & responsible investment (March 2019):
<https://www.cfauk.org/-/media/files/pdf/pdf/5-professionalism/2-advocacy/responses/cfa-letter-to-jess-foulds-at-the-ia.pdf?la=en&hash=0A01E51C384079642F147E97B58B091EE86382B8>
- Response to the FCA regarding Discussion Paper (DP18-08) Climate Change & Green Finance (January 2019):
<https://www.cfauk.org/-/media/files/pdf/pdf/5-professionalism/2-advocacy/responses/cfa-letter-to-shamamah-deen-31jan19-final.pdf?la=en&hash=1D3FE7C8D43E0FF339F4CCE9FC884BF4FE3D0C37>

C) Other:

- CFA UK's Certificate in ESG Investing:
<https://www.cfauk.org/esg>
- 5 steps to help trustees navigate their ESG responsibilities (May 2019):
<https://www.cfauk.org/pi-listing/5-steps-to-help-trustees-navigate-their-esg-responsibilities>
- What does ESG mean for investing (May 2019):
https://www.cfauk.org/-/media/files/pdf/pdf/1-study-with-us/esg/certificateinesginvesting_may19.pdf