



Financial Markets Law Committee (“FMLC”)

Buy-side Scoping Forum

Date: Thursday 13 July 2017

Time: 1.30pm to 2.45pm

Location: Bank of England, Threadneedle Street, London EC2R 8AH

In Attendance:

Monica Gogna (Chair)	Ropes & Gray International LLP
Philip Bartram	Travers Smith LLP
Iain Cullen	Simmons & Simmons LLP
Christopher Dearie	MJ Hudson
Julian Eustace	Schroders Investment Management Ltd
Owen Lysak	Clifford Chance LLP
Palvi Shah	J.P. Morgan Asset Management
Emma McClean	FMLC
Thomas Willett	FMLC

Regrets:

Matthew Baker	Berwin Leighton Paisner LLP
Antony Bryceson	AB Trading Advisors
David Gasperow	Orbis Investment Advisory Limited
Mark Kalderon	Freshfields Bruckhaus Deringer LLP
Jiří Król	The Alternative Investment Management Association Limited (AIMA)
Jon May	Marshall Wace LLP
Martin Parkes	BlackRock Investment Management (U.K.) Limited
Howard Trust	Schroders Investment Management Ltd

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Minutes:

1. Introduction

- 1.1. Monica Gogna opened the meeting and gave a brief introduction

2. Discussion concerning the [Final Report](#) by the Financial Conduct Authority (“FCA”) on the Asset Management Market Study.

- 2.1. One member considered the FCA’s recommendation (at paragraph 1.27 of the Final Report) that industry and investor representatives agree a standardised template of costs and charges for asset managers. It was highlighted that the lack of distinction between retail and alternative fund fee reporting templates could present issues of uncertainty. A single template designed to standardise fee reporting and compliance by asset managers might not be able to accommodate all applicable fees. One participant stressed that a single template might not work and that separate templates could be formed in order to overcome these issues.

3. Key outstanding issues regarding MiFID II implementation for asset managers.

- 3.1. The recording of telephone conversations was highlighted as a particular unresolved issue in relation to MiFID II. A Forum member emphasised that it was still unclear as to how this legislation would translate in practice. The members suggested that more guidance as to what should be recorded would be helpful and that the Forum could approach the Committee with a recommendation to draft a letter to the FCA endorsing a narrow definition of what amounts to a conversation which relates to arranging and that it should be limited to, for example, execution conversations only. Alternatively, it was agreed that this matter might be dealt with through output from the FMLC MiFID II Working Group.

4. The FCA response to the FMLC’s list of [recommendations](#) regarding their initial [Interim Report](#) on the Asset Management Market Study (Philip Bartram).

- 4.1. In the FCA’s final report on their Asset Management Market Study, Philip Bartram outlined how they failed to acknowledge any concerns highlighted in the FMLC’s letter to the FCA regarding their initial interim findings.
- 4.2. The definitions of “institutional investor” and “retail investor” and the types of funds and segregated discretionary management mandates were highlighted by the FMLC as lacking specificity in the Interim Report. These terms, however, were not clarified in the

FCA's Final Report. The Forum members agreed to continue monitoring developments from the FCA, but felt this did not constitute a major area of concern.

5. Administration:

a. Schedule for remaining meeting of 2017; and

b. Forward agenda for 2018.

5.1. A participant suggested that the Financial Stability Board (“**FSB**”) and International Organization of Securities Commissions (“**IOSCO**”) could be approached by the FMLC Secretariat to potentially speak on leverage post-Brexit. It was suggested that U.S. regulation in the asset management field might also be an interesting future topic.

5.2. With regards to the Schedule for the remaining meetings of 2017, a Forum member suggested that the Q3 October meeting might fall short of satisfactory attendance owing to the implementation of MiFID II and that a meeting in November could be arranged in place of the October and December Forum meetings which are currently on the Forward Schedule.

5.3. A round table event between the FMLC's High Level Advisory Group on Brexit and the Buy-side Scoping Forum was also suggested, as the participants believed that the two could share much relevant expertise.

6. Any other business.

6.1. One Forum member highlighted that the European Securities and Markets Authority (“**ESMA**”) had published sector-specific opinions on supervisory convergence in the context of Brexit for [investment firms](#) (the “**Investment Firms Opinion**”) and [investment managers](#) (the “**Investment Managers Opinion**”) respectively. These deal with a variety of topics, including delegation and outsourcing. It was suggested that there could be a future agenda item regarding possible conflicts between the Investment Managers Opinion and the text of Directive 2011/61/EU on Alternative Investment Fund Managers (the “**AIFMD**”) with regard to delegation and outsourcing.