

21st September 2018

Investment Platforms Market Study,
Strategy & Competition Division,
Financial Conduct Authority,
12 Endeavour Square,
London,
E20 1JN.

Dear Sirs

MS17/1 Platforms market study

Please find attached TISA's response to the FCA's recent market study on this subject. We are of course happy to discuss any issue raised in our response, which seeks to reflect the views of our members.

MS17/1 identifies many genuine issues within the platform industry that are generally recognised by its practitioners. We have responded as fully and as helpfully as we can, although in some areas the FCA's proposed remedies will need more detailed explanation before we can comment definitively.

We are pleased to note the many positive things the FCA had to say about the industry, and it is against that backdrop that our comments are made.

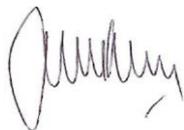
We note from the document that the FCA intends to undertake further study. We particularly encourage this in four areas:

1. The FCA's comments regarding the potential harm caused by orphan clients holding large cash balances for extended periods does not appear to be based on any empirical research into why clients make the decision to hold cash. MS17/1 seems to assume that large cash balances are prima facie evidence of clients' inertia or ignorance. Putting aside the obvious comment that many client portfolios are in fact cash ISAs, this seems to us a questionable assumption based on high-level statistical analysis rather than any convincing evidence. We do not agree with the FCA's suggestion that orphan clients are easily identifiable. We would like the FCA to address these weaknesses in its study. We also have misgivings in relation to the FCA's suggestion that platforms should contact orphan clients to suggest that they review their cash position; this seems to us an unnatural extension of the platform's role and its relationship with its client, and a proposal that carries significant regulatory risk.
2. The FCA's concerns regarding model portfolios are understandable, insofar as they have been expressed. However, we are not able to respond to the FCA's concerns in any practical way without a better understanding of the possible remedies the FCA intends to propose; MS17/1

raises pertinent issues but makes only vague suggestions for further discussion, in what is a highly complex area.

3. We do not support the paper's suggestions with regard to extending the disclosure regime. We recommend that the recently implemented MiFID II disclosure regime should be allowed to bed in and work before trying to make further changes. We are also concerned that the FCA's default position is that more detailed disclosure of how and why fees are calculated and charged would increase clients' understanding. We do not accept this view; our belief is that ever more complex disclosure would have the opposite effect to the one desired by the FCA. We would like the FCA to take further opportunity to discuss with the industry its proposals in this regard. We have attached to this response the TISA Approach to Implementation for MiFID II Costs & Charges Disclosures. This sets out recommended disclosures for both pre sale (ex ante) and regular post sale (ex post) reporting. We understand the industry has adopted this approach, tailored as appropriate. These disclosures enable customers, both advised, and execution only, to make meaningful price comparisons. We believe this approach should be encouraged, not replaced.
4. We suggest that the FCA further explores the industry's own proposals for improving transfer times. The industry has made significant efforts in this area, which do not appear to feature in MS17/1. We would be very happy to discuss this further with the FCA. The FCA makes recommendations about transfers from platforms where the ceding platform holds a preferred share class. The industry developed a good practice in this area. We are pleased to attach this.

Yours faithfully

A handwritten signature in black ink, appearing to read "Jeffrey Mushens". The signature is fluid and cursive, with a distinct loop at the end.

Jeffrey Mushens, Technical Policy Director, TISA
E: jeffrey.mushens@tisa.uk.com
M: 07939 575093