

HM Treasury
PRIIPS and UK Retail Disclosure

Management and Investment Resources

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PRIIPS and UK Retail Disclosure consultation response

Dear Sirs,

I am submitting these comments as an active investor in the shares of public companies so my main interest is in the impact of the proposals on private investors.

I give the answers to your detail questions below (answers in red).

I have only answered the questions below that are clear and relevant to my interests.

List of questions

Q1: Do you agree with the description of the various problems with the PRIIPs Regulation as stated above? Are there any other aspects of the regulation that you would like to raise as the government moves beyond PRIIPs into a new retail disclosure regime?

Answer: I agree with the problem description. Performance predictions are inherently problematic and should not be given. KIDs do not provide any useful additional information to investors and personally I ignore them completely.

Q2: Do you agree with the principles set out in paragraph 3.2? If not, please explain.

Answer: I agree with the principles suggested.

Q3: Do you agree that retail disclosure should aim to ensure that an investor is empowered to make well-informed decisions related to the product that they are purchasing, rather than focusing on comparability? If not, please explain.

Answer: I agree.

Q4: Do you agree that disclosure requirements should be flexible, with prescriptive requirements for format and structure only when deemed necessary by the FCA? If not, please explain.

Answer: In general I agree with this statement although I would emphasise that prescriptive requirements should be made as simple as possible.

Q5: Are you content with the decision to resolve the UCITS interaction through empowering the FCA to determine a future retail disclosure regime, as discussed above?

Answer: Yes.

Q6: Do you agree that there is no need to maintain any PRIIPs-related retail disclosure elements in legislation? If not, please explain.

Answer: I believe the FCA has sufficient powers to enforce a coherent disclosure framework.

Q7: Upon revocation of the PRIIPs Regulation, do you agree with the government's view that the FCA will not require any new additional powers to deliver a retail disclosure regime in line with the objectives stated in Chapter Five? If not, please explain.

Answer: I agree.

Q8: Are there any wider obstacles that prevent or discourage firms from offering investment products from different jurisdictions to UK retail investors, and what actions would you suggest that the government take on this issue?

Answer: The obstacles are primarily arising from the effort and expense currently involved in creating and maintaining a KID. This is due to the complexity of the regulations on the format and content. I suggest there needs to be a wholesale simplification to reduce the cost. Simplification would also assist retail investors to understand the information and make them more willing to study the information.

Q9: Do you have any views on digital disclosure, and in particular to what degree do you think a less prescriptive disclosure regime will facilitate innovative disclosure formats going forward?

Answer: It is difficult to comment on the use of digital disclosure without more information on what is being proposed. As regards a "less prescriptive regime" any disclosure rules need to be clear, unambiguous and simple. Allowing more flexibility as regards format and presentation will not be helpful and would undermine the use of XML or other digital encoding standards.

Q10: Do you have views on other priorities for retail disclosure reform that the government and FCA should consider in future? Similarly, are there other challenges or trends in retail disclosure that regulators and policymakers should consider?

Answer: A priority is to keep retail disclosure as simple and uncomplicated as possible. At present too much information is provided which tends to overwhelm the retail investor. There are only a limited number of factors that any retail investor can take into account as they will typically not take a long time in evaluating an investment. At present the deluge of information is apparently more in the interests of protecting the providers than anything else.

Yours sincerely

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Managing Director