

UK Treasury - Asset Management Working Group Findings

The Asset Management Working Group has now published their [report](#) into promoting the asset management sector. The report says recent market turmoil has sent lawmakers and regulators back to the drawing board. The new rules which result will shape our financial landscape for years to come, the group says. The group urges policy makers to take account of the role and potential of the money management industry. It says too often in the past, the drafting of regulatory road maps gave disproportionate weight to the banking world.

The report highlights **three key recommendations**:

1. The industry must ensure that its clients have realistic expectations of what we can and cannot do. Be it through our advertising or investor education, the industry must ensure realistic expectations of risk and return. If it fails to do this, it will not fail to disappoint. If it disappoints too often, it will fail. This is not the responsibility of Government. This is the industry's responsibility.
2. The industry's retail client proposition is muddled by confusion and conflict within the distribution system for financial products. Cost of advice must be distinguished and distinguishable from the cost of the product. Who is paid by whom must become even more transparent. Within the UK the "RDR" is potentially a crucial step forward. Similar principles must be adopted throughout the EU if the investor is to benefit fully and our industry to enjoy a level playing field.
3. The UK should become the "domicile of choice" for collective schemes. The report says recent Government proposals for tax reform will level the playing field for choice of retail fund domicile going forward. The group urge Government and industry to openly debate the economic benefits of a tax advantaged (or at least tax neutral) asset management centre.