

## FCA PUBLISHES TWO PAPERS WHICH HERALD NEW ERA OF TRANSPARENCY

- Wholesale Sector Competition Review
- Feedback statement on DP14-3, use of dealing commission

(London, 25 February 2015) – ingage, the investor relations company, today welcomed the FCA's Wholesale Competition Review and the feedback statement on DP14-3 (the use of dealing commission), published on the 19<sup>th</sup> February. Commenting on the two papers, both designed to investigate anti-competitive practices in the industry, Michael Hufton, Managing Director of ingage, said:

“For ingage and other new entrants offering innovative services, transparency and value to their customers, the Wholesale Sector Competition Review is a breath of fresh air in an otherwise stifled market. While investment banks may claim there is fair competition in their industry, that competition exists only between the banks themselves, while new players are crowded out by those same banks bundling the costs of their services. This practice of bundling means the end customer cannot see the cost of each service, and any new company offering a services that falls within the ‘bundle’ is left trying to compete with a nominally free offering.”

Unbundling costs and seeing for the first time exactly what they are paying for can only be a good thing for customers in the long run, as they will only pay for the services they require at a competitive and fair price. The FCA calculates that the cost of fees paid in 2013 by UK corporate clients alone for corporate investment banking and corporate banking services was **£10bn** – excluding services provided to non-UK corporate clients or institutional clients. How much will this be reduced when each service is priced fairly?

In the feedback statement on their DP14-3 paper, the regulator confirmed their support for ESMA's proposals in MiFID II which outlaws the use of dealing commission to pay for research. They also set a clear expectation that they expect to see firms looking at changes now, not waiting until the 2017 deadline.

Michael Hufton concluded: “The competition mandate is a new one for the FCA and is staffed by experts from outside the financial services industry. Far from fearing their scrutiny, the industry should embrace it and accept that a new way of working will result in better value for their customers and a chance for real innovation in a market unchanged for over 30 years.”

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