

FCA confirms asset managers can take ‘ad hoc’ research services from independent research providers with zero inducement risk

Press Release

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Speaking at The European Association of Independent Research Providers (Euro IRP) special members meeting in London, Andrew Bailey, CEO of the FCA, has confirmed that independent research providers can freely and openly pitch for business and provide ad hoc research services to asset managers, entirely without creating any inducement risk for the buy-side.

He said ‘irrespective of trial periods, independent providers can pitch for business and offer sample material on an ad-hoc basis without it being an inducement for an asset manager. We will also consider whether any changes to ‘trial periods’ may be beneficial to ensure they have the intended effect. While we cannot change the baseline restriction in MiFID II, we have exercised flexibility in our rules where we can and we do intend to be pragmatic about this’.

Andrew Bailey stressed that the FCA was focused on ensuring fair competition in the investment research marketplace, and that asset managers needed to exercise caution when faced with very low pricing from investment banks or other research providers, where such prices may potentially be linked to the provision of other services to the asset manager. (The full text of Andrew Bailey's keynote address at the Euro IRP members meeting is available on the [FCA website](#)).

Chris Deavin, Chair of Euro IRP commented, ‘we are very appreciative of the continuing focus from the FCA on the competitiveness of the investment research industry, and welcome Andrew Bailey’s confirmation of the zero inducement risk that asset managers have in taking research services from independent research providers. As all IRPs, by very definition, rely on the inherent quality of their services in order to be successful, we also fully support the FCA’s stated view that quality, rather than quantity of research, is the key metric that the buy-side should apply in evaluating their research services consumption’.

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Euro IRP

Euro IRP – The European Association of Independent Research Providers – represents the interests of independent investment research firms which are based in Europe, or which have clients or activities in Europe. Now with nearly 80 member firms, Euro IRP was founded in 2005 with the following four goals –

- To enhance the awareness and reputation of independent research
- To change the perception that research is free
- To work with regulators and investors to promote the awareness and acceptance of payment structures
- To improve the regulatory and fiscal environment in which independent research firms operate

For more information please visit the Euro IRP website: www.euroirp.com.