

14<sup>th</sup> July 2025

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Submitted via email to: [cp25-16@fca.org.uk](mailto:cp25-16@fca.org.uk)

**RE: CP 25/16: Quarterly Consultation No. 48, Chapter 7**

BlackRock<sup>1</sup> is pleased to have the opportunity to respond to Chapter 7 of the Financial Conduct Authority's Quarterly Consultation paper on Assessment of Value reporting requirements. BlackRock supports a regulatory regime that increases transparency, delivers on facilitating value for investors whilst maintaining robust standards of governance.

We welcome the opportunity to comment on the issues raised in Chapter 7 of this Consultation Paper and will continue to contribute to the thinking of the FCA on any issues that may assist in the final outcome.

We welcome further discussion on any of the points that we have raised.

Yours faithfully,

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<sup>1</sup> BlackRock is one of the world's leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

## Executive Summary

BlackRock welcomes the FCA's intention to reduce and simplify Assessment of Value (AoV) reporting requirements. We welcome the FCA's acknowledgement that the feedback to their 2024 Call for Input following the introduction of the Consumer Duty highlighted two significant issues with AoV reports:

- 1) low investor engagement with the public reports and,
- 2) cost of undertaking the AoV methodology in order to produce the annual public reports outweighs the benefits of producing the reports.

We strongly encourage the FCA to consider whether this review offers a broader opportunity to streamline the current piecemeal approach to data collection and distribution associated with three distinct but closely related regulatory regimes implemented in the UK in recent years to assess value in retail and pension markets, including:

- COLL AoV for investment funds,
- Consumer Duty Fair Value, and
- DC Pensions Value for Money (VfM).

Whilst the requirements for all three processes had their own logic during their formation, the current fragmentation and duplication of data requirements, especially those related to the AoV and Consumer Duty regulations often complicate the investment journey for retail investors. The various different data points / reports make it difficult for retail investors to understand their meaning in relation to their investments. Streamlining duplicative data fields for both input and output into fewer central data points within the European MiFID Template (EMT), would ensure consistency, reliability, and efficiency in reporting, benefiting manufacturers, distributors, and end consumers.

Additionally, implementing a well aligned, adaptable forward looking regulatory framework would reduce the regulatory burden on fund managers by eradicating any duplication in reporting requirements while retaining core protections for both investors and the market. This would enable the FCA to uphold its primary objective whilst progressing its secondary objective of ensuring the UK remains an attractive and competitive jurisdiction for investment managers to conduct business.

Therefore, we question whether the current proposals outlined in Chapter 7 of this Quarterly Consultation will truly achieve the FCA's objective of streamlining AoV reporting requirements. Without tackling the underlying data issues the risk remains that firms will have to continue to undertake a complex and lengthy methodology in order to produce a shorter "summarised" public report which continues to go unread by the majority of retail investors.

## Responses to questions

**7.1. Do you agree with our proposal to replace COLL 4.5.7R(8), COLL 8.3.5A(5) and COLL 15.5.3R(5) with a requirement that AFMs must include in the annual report a summary of the AoV and a conclusion of the assessment as to whether the charges out of scheme property are justified in the context of the overall value delivered by the scheme, and set out any remedial actions being taken as a result of the conclusion of the assessment of value.**

BlackRock is supportive of the FCA's objective to simplify the AoV reporting requirements given the low levels of investor engagement with the reports. This is further evidenced by research conducted by the IA in 2023-2024 which found little to no engagement from consumers with the final report. Whilst we are extremely supportive of the proposal to remove the obligation for AFMs to provide prescriptive detailed reporting against the seven specific criteria outlined in COLL 6.6.21R. We question whether the FCA's proposal to revise the current composite report to simply provide a brief summary of the findings, including costs and corrective actions is the most effective way to engage investors, or, even in this simplified format the reports will continue to go unread by the majority of consumers.

Instead, we encourage the FCA to consider taking a broader approach to simplifying and aligning the reporting requirements of various investor protection initiatives implemented in the UK over the past few years, as this would be more conducive to achieving the FCA's aim of streamlining the AoV reporting requirements as it would eliminate the duplicative nature of some of the reporting requirements outlined within various overlapping regulatory frameworks, resulting in far fewer documents and disclosures for the end investor to locate and digest, as all relevant data would be integrated into one central database and could be accessed by manufacturers to input data and intermediaries to obtain data for the output on their distribution platforms etc. offering a golden source of information, with confidence that the data is reliable and accurate.

At the very least, a more effective way to engage investors would be to create a fund specific summary on the dashboard of the fund's public product page. This means investors can easily locate and retrieve the summary of the funds they are invested in, as all the information is available in one central location that is both easy to access and navigate. Such an approach is likely to be far more beneficial to the end consumer, given the UK's low financial literacy rates, and having a more interactive approach to sharing AoV reporting requirements with investors may (alongside other initiatives) help improve consumer engagement and understanding.

## **7.2. Do you agree with our assumption that reducing the level of disclosure in this way will lead to a significant cost saving for AFMs?**

The cost saving resulting from reducing the level of disclosure as outlined by the FCA in this consultation is limited. Whilst the requirement to produce a detailed public disclosure will cease to be required, firms will still have to undertake all the same internal processes as usual to satisfy the AoV framework in order to produce the overall assessment. Therefore, the process will remain time and resource intensive as AFMs will still be required to produce detailed written reports as part of the overarching AoV process, including for review by the Board in order to help determine overall product value. We urge the FCA to reconsider whether the burden of regulatory compliance in this scenario is proportionate to both the outcome and the intensity of time and resource that has to be employed by firms in order to produce these reports. Again, we encourage the FCA to further consider streamlining the AoV requirements in order to better balance the regulatory requirements against the capital (in terms of time and resource) firms have to dedicate to produce the reports and the benefits to the end investor.

## **7.3. Do you agree that these proposals will facilitate the effective flow of information between manufacturers and distributors**

We do not anticipate that the proposals in this consultation will disrupt the flow of information between manufacturers and distributors. The existing EMT data framework already captures the relevant AoV and Consumer Duty metrics to produce the summarised composite reports proposed by the FCA.

We do see potential merit in allowing investors (and/or intermediaries acting on their behalf) to 'click through' on the dashboard of the funds public product page in order to obtain more details about aspects of the AoV process, particularly the methodology and metrics employed in determining value, should an investor have appetite to do so.