

Dev Gandhi (LCP)

From: Stephen Budge (LCP)
Sent: 09 August 2023 19:00
To: [REDACTED]
Cc: [REDACTED]
Subject: LCP Comment on FCA Policy Statement PS23/7: Broadening retail and pensions access to the long-term asset fund (LTAF)

Dear FCA

In response to your request for comment in Policy Statement PS23/7, Broadening retail and pensions access to the long-term asset fund, rather than respond to each of your specific questions, we provide a general comment in relation to the four questions raised.

In our view, we do not believe it is appropriate to be considering the removal of the FSCS protection from a brand new fund authorisation and product range as we believe it sends the wrong message to retail investors and members of pension schemes intending to use these funds. While we do not disagree with the logic and rationale for reviewing the coverage of the FSCS protection for these types of investments, our view is that the timing could hold back retail investor and pension scheme interest, and put pressure on take-up of these funds at an important time in the development of the LTAF product launches.

We suggest that LTAFs should initially be covered by the FSCS protection, as currently, but that the FCA should make a public statement that this coverage will be reviewed after 12-24 months when it can be determined whether the level of FSCS coverage is indeed influencing risk taking across the financial system and whether the advice around LTAFs has developed successfully and is functioning as expected.

We'd be happy to discuss this further with you if that would be helpful.

Yours sincerely

Stephen

Stephen Budge
Partner, DC Investment Consulting

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[REDACTED]

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