26 May 2017

FAMR Team
25 The North Colonnade
Canary Wharf
London E14 5HS

Dear Sir/Madam,

I am writing in my capacity as Chief Executive of the UK Sustainable Investment and Finance Association with regard to the guidance consultation relating to implementation of FAMR.

The UK Sustainable Investment and Finance Association is the membership association for sustainable and responsible investors in the UK. We promote and support responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment. UKSIF was created in 1991 to bring together the different strands of sustainable and responsible finance nationally and to act as a focus and a voice for the industry. UKSIF has around 240 members and affiliates with assets under management of around £7tn. Our members include financial advisers, institutional and retail fund managers, pension funds, banks, research providers and NGOs. We also run a separate chapter of UKSIF, the Ethical Investment Association (EIA) for financial advisers. More information about our work is available at www.uksif.org and www.ethicalinvestment.org.uk.

Q1: Do you agree with the guidance set out in this section?

We are disappointed that there is no inclusion or reference to clients' values or motivations relating to social investment or to environmental, social or governance concerns. Retail investors should be able to reflect their values in their investments and there is a clear public demand: UKSIF-commissioned polling during 2015 Good Money Week revealed that 54% of the public wanted to "make a difference" as well as a return.[1] In the past we have called on the FCA to require financial advisers and firms to ask a question about social motivations or ESG at the fact finding stage.[2] Although the FCA decided against requiring advisers to establish whether clients have other, non-financial motivations, we see value in including this in best-practice guidance.

Q6: Is there anything else that could be added to the guidance in relation to fact finds that would be helpful?

COBS 9.2.1(2)(c) requires a firm to obtain the necessary information regarding a client's investment objectives in order for a suitable recommendation to be made. As we have already stated, financial advisers and firms can and should do far more to identify clients' motivations with regard to environmental, social or governance concerns. Given streamlining advice is unlikely to improve the current situation we recommend including a specific question as an example of good practice within the guidance itself. This may be as simple as:

"*Do you have personal values or beliefs for example relating to environmental, social or governance concerns, that you wish us to take account of in our work for you?*"

---

[1] UKSIF press release, "*Make our money count*", October 2015 at http://uksif.org/2015/10/19/make-our-money-count-public-demand-for-sustainable-pensions-savings-reaches-record-high/
[2] UKSIF's response to the FCA's call for input on the regulatory barriers to social investment is available at http://uksif.org/wp-content/uploads/2016/03/UKSIF-response-to-FCA-regulatory-barriers-to-social-investment.pdf

Q12: Do you agree with these examples in this Annex? In particular, do you agree with the range of information which might be excluded by firms in the particular scenario outlined?

The example information should contain a question on the client's motivations in regard to ESG and social investment as outlined above.

I hope the above views are clear. If you have any questions on this or require any further information please do not hesitate to contact me via fergus.moffatt@uksif.org.

Yours faithfully,

Simon Howard
Chief Executive
UK Sustainable Investment and Finance Association (UKSIF)