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FCA raised concerns with ACDs twice before collapse

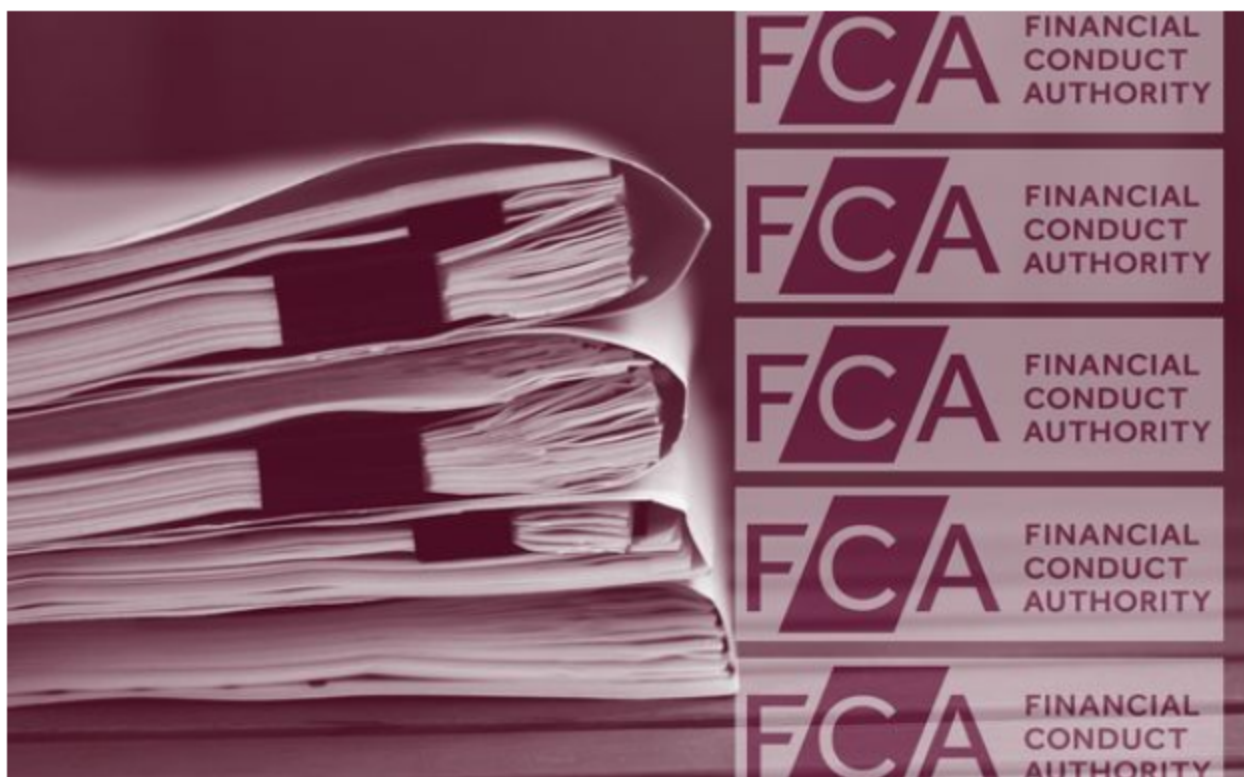
Kept details private

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The Financial Conduct Authority (FCA) raised concern with authorised corporate directors (ACD) in 2012 and 2014, highlighting issues with their supervision of fund managers.

According to the *Daily Telegraph*, the watchdog wrote to ACDs demanding they take action on both occasions but chose to keep this out of the public eye.

It is not confirmed whether Link Fund Solutions, the ACD overseeing Woodford's failed vehicle, was one of the firms contacted.

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charging structures are understood to have been some of the accusations laid at the doors of ACDs, along with poor risk management frameworks.

An FCA review, concluded in 2017, led to new rules which include a requirement of ACDs to appoint at least two independent directors on their boards.

Smith & Williamson, an authorised corporate director, has confirmed that the FCA has now launched an investigation into the ACD market, with the firm receiving a site visit and a questionnaire.

Industry experts are hoping this review will take aim at the conflict of interest between ACD's and their funds, owing to the fact they are technically hired by those they oversee.

Former pensions minister Baroness Ros Altmann told *The Telegraph*: "It just is so pitiful to see the lack of care and concern for ordinary retail investors.

"Either Link did not fulfil its remit, which should have included warning customers of alerting the regulator. Or if that was not their remit, then why is the FCA allowing that to be the case?"

A spokesperson for Link commented: "The [authorised corporate director] must above all protect the interests of investors in a fund and oversee regulatory compliance. In discharging its duties, [Link Fund Solutions] continues to act in full accordance with its legal and regulator obligations, including maintaining its strictly independent stance."

An FCA spokesperson added: "We finalised our ground-breaking *Asset Management Market Study* in June 2017. This detailed assessment drew on economic analysis of the market and issues identified through supervision. It led to a series of far-reaching remedies designed to improve competition in the industry by putting customer value at its heart.

"In terms of Woodford, we have clearly set out the FCA's role and the actions we have taken in detailed correspondence to the Treasury Select Committee and have nothing further to add at this stage.

"We continue to investigate the activities that led to the suspension of the [Woodford Equity Income fund]."