

The UK Proposes To Extend the Ability To Bundle Payments for Research

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The UK's Financial Conduct Authority ("FCA") is proposing to extend the payment optionality it has proposed for institutional investors to pooled funds, including UCITS management companies, full scope UK Alternative Investment Fund Managers ("AIFMs"), small authorised UK AIFMs and residual collective investment scheme operators and investment platform providers.

Earlier this year, the FCA finalised new rules to allow investment firms purchasing research for segregated mandates to bundle those payments with purchases of execution services (see our note on this [here](#)). In [CP24/21](#), the proposal to extend this payment option for other asset managers mirrors that afforded to investment firms, and will similarly sit alongside the methods already available which include payment from the firm's own resources or from a dedicated research payment account. Asset managers will also be required to meet the same requirements to take up this option, including:

- establishing a written policy on joint payments;
- formulating a research budget based on expected amounts of third-party research and having a cost allocation structure that operates fairly;
- periodically assessing value for money;
- taking responsibility for the operation and administration of research payment accounts; and
- making appropriate disclosures to investors about joint payments.

Next steps

Responses are due by 16 December 2024.