

**Department for Work and Pensions**  
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Submitted via email to: [pensions.investment@dwp.gov.uk](mailto:pensions.investment@dwp.gov.uk)

**RE: Broadening the investment opportunities of defined contribution pension schemes**

BlackRock<sup>1</sup> is pleased to have the opportunity to respond to the Department for Work and Pensions' consultation, Broadening the investment opportunities of defined contribution pension schemes.

**'Disclose and Explain' policies on illiquid investment**

We support DWP's proposed amendments to the Investment Regulations and Disclosure Regulations regarding policies on illiquid assets in Statements of Investment Principles and asset allocation disclosures, respectively. We agree that definitions for the asset allocation disclosure should be kept high level, with flexibility for schemes to show further breakdowns within the broad categories.

**Exempting performance-based fees from the regulatory charge cap: draft regulations and statutory guidance**

We support DWP's proposal to exempt well-designed performance-based fees from the list of charges covered in the charge cap. The charge cap continues to be an important and necessary accompaniment to auto-enrolment in workplace pensions – helping to engender trust in long-term savings and investments. We strongly support the overall cap staying in place. However, the new flexibility proposed by the DWP will make a meaningful difference to pension schemes' ability to access new sources of investment return, if they choose to.

We also support DWP's approach to the draft statutory guidance, and welcome the principles-based, non-prescriptive approach taken. As noted in our response to DWP's previous consultation, existing standards, regulations, and guidance on the design and use of performance fees is well-developed, and it is important that it applies consistently to any DC schemes choosing to use investment strategies with performance fees.<sup>2</sup>

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We welcome the opportunity to comment on the issues raised by this consultation and would be happy to further discuss any of the issues raised with the DWP.

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.

<sup>2</sup> See BlackRock's [response to Enabling investment in Productive Finance](#).