



Direction

To: [] (the "firm")

Ref: []

Of: []

Date: []

Handbook Version as in force from 6 April 2014

Power

1. This direction is given by the FCA under section 138A of the Act.

Duration

2.
 - (1) This direction comes into effect on [date].
 - (2) This direction ceases to have effect after 31 December 2016.

Rule modified

3. The FCA directs that the rules listed below apply to the firm with the modifications shown. The modifications are subject to the conditions set out in paragraph 6.
4. In the table below, underlining indicates the insertion of new text and striking through indicates deleted text.

Rule	Modification
COBS 13 Annex 2 2.3R	<u>Subject to COBS 13 Annex 2 2.4R below, A a standardised deterministic projection</u> must be calculated using rates that accurately reflect the investment potential of the product and do not exceed the following maximum rates of return with the lower and higher rates each maintaining a differential of 3% relative to the intermediate rate
COBS 13 Annex 2 2.4R	Exceptions ... A standardised deterministic projection: ... (2) may be calculated using a lower rate of return if a retail client requests it:- (3) <u>may in respect of the funds listed in Annex A of this direction be calculated using a lower rate which maintains a differential of less than 3% relative to the intermediate rate where this accurately reflects a contractual obligation to the policyholder provide a minimum rate of return.</u>



COBS 13 Annex 2 5.1R	<p>..</p> <p>(2) a statement:</p> <p>(e) of the sum of any actual <i>premiums</i> charges for any rider benefits or increased underwriting risks (where these have been charged); and</p> <p>(f) (for <i>personal pension schemes</i> and <i>stakeholder pension schemes</i>) of the assumptions used to calculate the regular income and that the <i>client</i> may choose when to take this income (if that is the case); and</p> <p><u>g) that the projection takes account of the existence of contractual obligations.</u></p> <p>...</p>
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Guidance

5. This Direction is given by the FCA on the basis of the firm complying and continuing to comply with its wider obligations under COBS 4 when communicating with its clients. A failure to do so could lead to the FCA revoking this Direction and could give rise to other regulatory actions available to the FCA.

Interpretation

6. Interpretative provisions (including definitions) of the *Handbook* apply to this direction in the same way they apply to the *Handbook*.

Waivers Team
 Authorisations
 Financial Conduct Authority