

Consultation Paper

CP25/26*

Consequential Handbook changes
following the proposals in CP25/17

September 2025

How to respond

We are asking for comments on this Consultation Paper (CP) by **17 October 2025**.

You can send them to us using the form on our [website](#).

Or in writing to:

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- an account of the representations we receive, and
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Chapter 1

Summary

- 1.1** The advice gap means that millions of people could be missing out on the longer-term benefits of investing and making better decisions about their investments and pensions.
- 1.2** To help consumers better navigate their financial lives, we set out a framework for a new form of support in our consultation paper (CP25/17); targeted support. Targeted support would allow firms to provide suggestions to groups of consumers with common characteristics, to help them make financial decisions.
- 1.3** In our consultation we said that our proposals interact with various rules in the FCA Handbook, and that we would consult on additional consequential amendments to our rules to ensure that our proposals work with the existing requirements. We are consulting on these additional proposals in this paper.
- 1.4** CP25/17 has closed, and we thank stakeholders for their detailed and constructive feedback. We received 116 responses with broad support for our proposals. There were areas where some respondents suggested we make some changes. We will respond to this feedback in our Policy Statement which we aim to publish in December.
- 1.5** We do not expect all firms will offer targeted support, but we want to help those who do want to provide it to get ready quickly. Our Pre-Application Support Service (PASS) has opened to firms planning to apply for targeted support permissions. This is a voluntary support service and is distinct from applying for a permission itself. We want to help firms prepare high quality applications ahead of the gateway opening in March 2026. More details can be found on our [website](#).

Who this consultation is for

- 1.6** This consultation will interest:
- All firms subject to Conduct of Business sourcebook (COBS) 19 requirements.
 - Pensions and investment firms including fund and wealth managers, platforms and self-invested personal pension (SIPP) operators.
 - Pension trustees and trust-based pension schemes.
 - Banks, building societies and other firms such as friendly or mutual societies.
 - Financial advice firms.
 - Trade bodies, professional and consultancy firms.
 - Groups representing consumers' interests and those who support consumers with their decision making.

What we want to change

- 1.7** We are proposing changes in 3 areas to:
- Ensure that our proposed targeted support framework interacts effectively with existing rules, such as those relating to pensions choices.
 - Refine some of the proposals set out in CP25/17, such as those around commissions and charging.
 - Ensure that the proposed new targeted support activity aligns with the wider regulatory framework, such as reporting requirements.
- 1.8** **Table 1** below provides an overview of the main changes we are consulting on.
- 1.9** **Chapter 2** provides detail about our proposed changes. These are all shown in the draft Handbook text in **Appendix 1**.
- 1.10** Our cost benefit analysis is set out in **Annex 2**.

Table 1: Summary of proposed changes or clarifications

| Sourcebook and chapter | Overview of proposals |
|--|--|
| Glossary terms | <ul style="list-style-type: none">• Modifying certain definitions to refer to targeted support. |
| Senior Management Arrangements, Systems and Controls sourcebook (SYSC) 25 – Senior managers and certification (SMCR) regime: Management responsibilities maps and handover procedures and material | <ul style="list-style-type: none">• Adding targeted support to the examples of the business activities and functions of an SMCR firm to consider when preparing a management responsibilities map. This is to help ensure that firms have clear organisational structures for overseeing targeted support. |
| COBS 1 – Application | <ul style="list-style-type: none">• Clarifying how the rules for selling or advising on structured deposits apply when providing targeted support.• Aligning specific rules about outsourcing insurance distribution activities to a third-party processor where targeted support is provided, so that the rules are consistent with those which apply where a personal recommendation is provided. |

| Sourcebook and chapter | Overview of proposals |
|--|--|
| COBS 2.3, 6 and 9B – charging and remuneration | <ul style="list-style-type: none"> • Clarifying the proposed application of our rules on charging and remuneration in COBS 6.1B-6.1F to targeted support. • Clarifying the interaction of the inducement rules in COBS 2.3 and 2.3A with our proposed requirements on charging and commission in COBS 9B. • Amending the non-MiFID inducement rule so that the disclosure requirement applies when providing targeted support. • Clarifying that the requirement to ensure that clients understand how a firm is remunerated for targeted support extends to all clients. • Proposing that issuers and product providers cannot offer or pay commissions in relation to targeted support. |
| COBS 7 – Insurance distribution | <ul style="list-style-type: none"> • Confirming that the demands and needs requirements under COBS 7 will apply and clarifying the interaction with COBS 9B rules. |
| COBS 10 – Appropriateness | <ul style="list-style-type: none"> • Confirming that COBS 10 appropriateness tests are not required when delivering targeted support. |
| COBS 14 – Providing product information to clients | <ul style="list-style-type: none"> • Aligning specific rules about disclosing information where targeted support is provided with those that apply where a personal recommendation is provided. |
| COBS 15 – Cancellation | <ul style="list-style-type: none"> • Applying to targeted support the cancellation rules which apply to a personal recommendation. |
| COBS 16.6 – Communications to clients – life insurance, long term care insurance and drawdown pensions | <ul style="list-style-type: none"> • Clarifying that relevant pension scheme operators must, alongside current suggestions, signpost to targeted support in their annual statements. Firms must include any charges in relation to targeted support in the written statement accompanying costs and charges information. |
| COBS 19 – Pensions supplementary provisions | <ul style="list-style-type: none"> • Proposing that, where firms already provide information about the support that is available to consumers, firms must also suggest consumers consider obtaining targeted support. Firms can direct customers to their own targeted support service. • Confirming that existing provisions, such as the stronger nudge to Pension Wise guidance and investment pathways, will continue to apply. |
| Insurance: Conduct of Business sourcebook (ICOBS) | <ul style="list-style-type: none"> • Clarifying how conduct rules apply to firms providing targeted support in relation to insurance contracts. |
| Pensions Dashboards: Conduct of Business sourcebook (PDCOB) 12 – Post-view services | <ul style="list-style-type: none"> • Proposing that pensions dashboard service firms cannot offer or provide targeted support as a post-view service (PVS), and that they should ensure consumers do not perceive a PVS as targeted support. |

| Sourcebook and chapter | Overview of proposals |
|--|---|
| Supervision manual (SUP) 16 – Reporting requirements | <ul style="list-style-type: none"> Applying reporting requirements, such as those under Regulated Activity Group 8, to firms that only have a targeted support permission. Integrating references to targeted support in relevant reports. |
| Dispute Resolution: Complaints sourcebook (DISP) 1 – Complaints reporting rules | <ul style="list-style-type: none"> Changing the 'advising, selling and arranging' complaints category on the complaints return form to read 'advising, selling, arranging and targeted support' so that firms are clear where to report complaints about targeted support. |
| Collective Investment Schemes sourcebook (COLL) 6 / Investment Funds sourcebook (FUND) 1 | <ul style="list-style-type: none"> Amendments to guidance to confirm that references to 'investment advice' in the permitted business of Alternative investment fund managers (AIFMs) and management companies for an Undertakings for Collective Investment in Transferable Securities (UCITS ManCos) include targeted support. |
| Credit Unions sourcebook (CREDS) 3A – Shares, deposits and borrowing / COBS 9B.4 | <ul style="list-style-type: none"> Proposing to not permit firms to provide targeted support in relation to credit union deferred shares and subordinated debt. |

Next steps

- 1.11** We welcome feedback on our proposals by **17 October 2025**. Please use the form [here](#) or write to us at cp25-26@fca.org.uk.
- 1.12** We plan to publish a Policy Statement and final rules in December where we will respond to feedback from both CP25/17 and this consultation.
- 1.13** The application of the FEES sourcebook to targeted support – including the appropriate fee blocks, basis of calculation, and any related Handbook amendments – will be consulted on as part of the FCA's FEES Policy consultation, due to be published in November 2025.

Chapter 2

Consequential amendments to the Handbook

- 2.1** Introducing targeted support will impact some existing provisions in the FCA Handbook. In this Chapter, we explain the proposed amendments to these areas. We have kept any changes to a minimum and propose a proportionate approach. The draft rules and guidance are set out in Appendix 1.

Changes to the Glossary of definitions

Definition of 'distribute' in DISC

- 2.2** The Consumer Composite Investments (CCI) regime will apply to any firm that manufactures or distributes a CCI to retail investors in the UK. In December 2024 and April 2025, we consulted on our proposals for a new product information regime for CCIs.
- 2.3** In our consultation (CP24/26) we proposed that the defined term 'distribute' (as used in the Glossary) should have a specific meaning in the context of Product Disclosure sourcebook (DISC) where the CCI rules will sit. We now propose a small change so that the definition refers to the provision of targeted support as well as other types of investment advice. This will ensure that firms providing targeted support for CCI products are subject to the proposed disclosure obligations in DISC and support consumers in understanding the investments they are buying.

Definition of Lifetime ISA charges

- 2.4** The definition of 'lifetime ISA charges' refers to any fee or charge levied in connection with the opening or operation of a lifetime ISA. It excludes fees or charges for providing a personal recommendation or relating to qualifying investments held in the ISA. We propose to amend this definition to clarify that charges related to providing targeted support (should they arise) should not be included within the lifetime ISA charge. We consider that this distinction will promote transparency for consumers by separating the costs for targeted support from those linked to the ISA product itself and is consistent with the approach taken to fees and charges for providing a personal recommendation.

Definition of ICD claim

- 2.5** We propose to amend the definition of an Investor Compensation Directive (ICD) claim to clarify that it does not include claims involving the provision of targeted support where this would otherwise constitute an investment service.

Definition of corporate finance business

- 2.6** In CP25/17 we proposed that targeted support should be classified as designated investment business, meaning that it could be captured under the current definition of 'corporate finance business'. We plan to amend the definition of 'corporate finance business' to exclude targeted support. We propose an equivalent change to the Glossary of Chapter 3 of the Interim Prudential Sourcebook for Investment Business (IPRU-INV 3).

Definition of marketing

- 2.7** We propose to refer to providing a ready-made suggestion in the marketing definition which applies for the purposes of rules in the Collective Investment Schemes Sourcebook (COLL).

Question 1: Do you agree with the proposed amendments to the Glossary definitions? If not, please set out your reasons.

Changes to SYSC

SYSC 5: Employees, agents and other relevant persons

- 2.8** We propose a minor amendment to SYSC 5 to confirm that the requirements for employee competence and knowledge apply to the provision of targeted support in the same way as they apply to personal recommendations and MiFID-derived activities. Firms must ensure that staff involved in the design, delivery and oversight of targeted support have the necessary skills and expertise to deliver the service effectively and meet regulatory expectations.

SYSC 19G: MIFIDPRU Remuneration Code

- 2.9** We do not propose to add targeted support to the list of activities of business units described under SYSC 19G.5.3R (4). This means the relevant individual with managerial responsibility for the business unit carrying out targeted support activities would not necessarily be deemed to be a material risk taker.
- 2.10** We remind firms of their obligation to consider whether or not a staff member is a material risk taker according to SYSC 19G.5.1R. Firms would still need to consider if their targeted support activities carried out by their staff have a material impact on the risk profile of the firm or on the assets that the firm manages and apply the rules in SYSC 19G in accordance with their assessments.

SYSC 25: Senior managers and certification regime: Management responsibilities maps and handover procedures and material

- 2.11** We also propose to amend SYSC 25 Annex 1 to refer to targeted support. Adding targeted support to the list of examples of the business activities and functions of an SMCR firm for the purposes of preparing a management responsibilities map in SYSC 25 Annex 1 aligns with the purpose in SYSC 25.1.6G. This should help to ensure that firms have clear organisational structures for overseeing targeted support.

Question 2: Do you agree with the proposed amendments to SYSC? If not, please set out your reasons.

Changes to COBS

- 2.12** We propose amendments to the COBS sourcebook to clarify how existing rules apply to targeted support.

COBS 1: Application

- 2.13** We propose that where COBS applies to firms selling, or advising a client in relation to, a structured deposit, this is understood as including providing targeted support. This is consistent with our proposed approach to applying MiFID-derived requirements to targeted support and our understanding that the proposed new regulated activity is likely to extend to structured deposits.
- 2.14** We propose that the third party processor (TPP) rules in COBS 1 Annex 1 should not apply to targeted support, consistent with the approach for personal recommendations. Where a firm is providing targeted support, the consumer should be given accurate information about the identity of the firm providing that targeted support service.

Question 3: Do you agree with the proposed application of the rules on structured deposits and on TPPs in COBS 1 to targeted support? If not, please set out your reasons.

COBS 2.4: Reliance on others

- 2.15** COBS 2.4.5G explains that where a firm is required to perform a suitability assessment (under COBS 9A) or appropriateness assessment (under COBS 10A), it can generally rely on the suitability assessment carried out by another firm that is subject to COBS 9A.
- 2.16** Where a firm is required to perform a suitability assessment, we do not think it would be appropriate for the firm to rely on any targeted support provided by another firm (under COBS 9B). However, we are interested in hearing about any cases where a firm would want to rely on targeted support provided by another firm, where the first firm is required to carry out an appropriateness assessment under COBS 10/10A.

Question 4: Are there cases where a firm may need to carry out an appropriateness assessment in relation to a transaction recommended by another firm through targeted support? If yes, please provide examples.

COBS 2.3, COBS 2.3A, COBS 6.1B-F, COBS 9B.8 and COBS 9B.8A: Charging and remuneration

- 2.17** In CP25/17 we proposed that our requirements on adviser charging and remuneration in COBS 6.1A would not apply to firms providing targeted support. Instead, we proposed to include relevant requirements on a stand-alone basis in COBS 9B.8.
- 2.18** We also said that the requirements for costs and charges disclosures in COBS 6.1 and 6.1ZA would apply to firms that charge for targeted support. We also indicated that our inducement rules in COBS 2.3 and COBS 2.3A would apply, in so far as they relate to the payment, receipt or provision of monetary or non-monetary benefits.
- 2.19** We now propose:
- to clarify how existing provisions in COBS 6.1B, 6.1C, 6.1E and 6.1F would apply to targeted support; and
 - some further changes to the requirements on which we consulted in COBS 9B.8. Some of these promote better alignment between the proposals we consulted on in CP25/17 and our draft rules in COBS 9B.8. Others reflect policy development or are based on the feedback we received.

COBS 9B.8: Accepting payments made by or on behalf of clients

- 2.20** In CP25/17 we said that our proposed rule against commissions would not prevent a firm from accepting payments made by or on behalf of a client. We are refining this proposal to clarify that permitted payments include those that facilitate the payment of a charge for the provision of targeted support.

COBS 9B.8: Cross-subsidisation

- 2.21** To enable firms to offer targeted support without an explicit charge in a commercially viable way, we proposed allowing firms to use cross-subsidisation to recover the costs of providing targeted support. Our draft rules allow firms to cross-subsidise by accepting intra-group payments from their associates which are reasonably representative of the costs of providing targeted support.
- 2.22** Some firms may structure their targeted support arrangements so that the costs of providing it are recovered through a combination of an explicit charge and cross-subsidisation. We are now refining our proposed rule to clarify that firms can accept intra-group payment from their associates which are 'no more than is' reasonably representative of the costs of providing targeted support. This change should enable firms to use partial cross-subsidisation to recover the costs of providing targeted support.

- 2.23** We are also clarifying that a firm can meet the costs of providing targeted support through the firm's other business lines and through other legal entities in the firm's group. This is consistent with the proposals we consulted on.
- 2.24** We have proposed additional guidance on the interaction of our proposed charging rules with the inducement rules in COBS 2.3 and COBS 2.3A. These are likely to be relevant to firms making or receiving intra-group payments in relation to targeted support.

COBS 9B.8: Disclosures about costs, charges and remuneration

- 2.25** We consider that the Consumer Duty and our existing rules (including those in PRIN 2A, the inducement rules in COBS 2.3 and 2.3A and the rules on disclosing information to clients in COBS 6) should address potential harms which could emerge from firms' remuneration arrangements. We continue to consider the extent to which specific disclosures are required in our targeted support rules and whether existing requirements or the Consumer Duty deliver an appropriate degree of protection to consumers.
- 2.26** In CP25/17 we said that firms which do not charge for targeted support must ensure that clients understand the basis on which the firm is remunerated for providing the service. This disclosure is intended to ensure that clients can consider how a firm's financial arrangements may impact the targeted support which the firm provides.
- 2.27** We proposed this requirement in the context of the cross-cutting obligation in PRIN 2A.5 to support retail customer understanding by ensuring that communications equip retail customers to make effective and properly informed decisions. Having considered this proposal further, we think that this could also be relevant to firms which charge for targeted support.
- 2.28** We propose that the requirement to ensure the client understands how a firm is remunerated for targeted support extends to all clients. This change is to ensure that firms which recover the costs of providing targeted support through partial cross-subsidisation are also captured.
- 2.29** While we have proposed clarifying this provision, we are considering whether our approach to this disclosure is appropriate – ahead of finalising our rules. Feedback suggests the benefits of disclosing firms' cross-subsidisation arrangements to consumers may be limited. However, some respondents have said that cross-subsidisation may create conflicts of interest risks.
- 2.30** As we explain above, we are considering the extent to which the Consumer Duty and our existing rules are sufficient to address any potential harm which could emerge from remuneration arrangements. We welcome feedback on this.
- 2.31** Under the Consumer Duty we expect firms to ensure that their products provide fair value to retail customers in the target markets for those products (PRIN 2A.4.2 R) and that their communications equip retail customers to make effective, timely and properly informed decisions (PRIN 2A.5.3 R).

- 2.32** We consider that the Consumer Duty should ensure that firms structure product charges so consumers can understand the distinction between product charges and any other charges payable. We welcome further feedback on this.

COBS 9B.8: Other relevant requirements

- 2.33** In CP25/17 we set out interactions between our draft charging rules and other relevant requirements in our Handbook. We are now extending our proposed guidance to clarify that, for life policies, firms should also have regard to their obligations under COBS 7.3 in relation to demands and needs.

COBS 9B.8A: Requirements applying to issuers and product providers

- 2.34** In CP25/17 we proposed that firms cannot solicit or accept any fees, commissions or other monetary or non-monetary benefits in connection with their business of providing targeted support.
- 2.35** We are now consulting on not permitting issuers and product providers to offer or pay commissions (or other payments or benefits) in relation to targeted support. This is consistent with our existing approach to commissions in relation to personal recommendations in COBS 6.1B.5 R. We want to ensure that the restriction on commissions does not fall solely on firms providing targeted support.
- 2.36** We propose that the restriction on paying commissions does not apply to (i) payments on behalf of clients, including those that facilitate the payment of a charge for the provision of targeted support, (ii) payments to associates which are no more than is reasonably representative of the cost of providing targeted support, or (iii) minor non-monetary benefits.

Question 5: Do you agree with the proposed amendments to COBS 9B.8 and COBS 9B.8A? If not, please set out your reasons.

COBS 2.3 and 2.3A: Inducement requirements

- 2.37** In CP25/17 we proposed that our inducement rules in COBS 2.3 and COBS 2.3A would apply to firms providing targeted support, in so far as they relate to the payment, receipt or provision of monetary or non-monetary benefits.
- 2.38** In this CP we propose guidance to clarify the interaction between the inducement requirements and our draft rules in COBS 9B. Our proposed guidance signposts readers to the specific requirements in COBS 9B, which set out when it is acceptable for a firm to receive or pay commissions (or other payments and benefits) in relation to targeted support.
- 2.39** It also clarifies that the requirements in COBS 2.3 and COBS 2.3A remain potentially relevant where a firm pays or accepts any monetary or non-monetary benefits, which are permitted under our draft rules in COBS 9B.8 and 9B.8A. This includes the scenario where firms receive payments from their associates in relation to the provision of targeted support.

- 2.40** We also propose amending the non-MiFID inducement rule in COBS 2.3 so that the requirement to disclose the existence, nature and amount of relevant inducements to clients applies when providing targeted support. This is consistent with our existing approach to inducements when giving a personal recommendation in relation to a retail investment product. This aims to ensure that firms provide consumers with an indication of how they would be remunerated early in the sales process.
- 2.41** As we explain above, we are continuing to consider our broader approach to disclosure and will further consider these proposals in relation to COBS 2.3 and 2.3A in that context.

Question 6: Do you agree with the proposed amendments to COBS 2.3 and COBS 2.3A? If not, please set out your reasons.

COBS 6.1B: Retail investment product provider, operator of an electronic system in relation to lending, and platform service provider requirements relating to adviser charging and remuneration

- 2.42** We propose to confirm that the requirements in COBS 6.1B are not relevant to targeted support. This is because we plan to carry over relevant requirements (applying to issuers and product providers) to COBS 9B.8A.

COBS 6.1C: Consultancy charging and remuneration

- 2.43** The rules on consultancy charging in COBS 6.1C apply the principles of the adviser charging rules to firms that give advice, or provide services, to an employer in connection with group personal or stakeholder pension schemes. In general, we do not consider that the scope of services to which COBS 6.1C applies will be applicable to targeted support although we would welcome feedback on this. We therefore propose to indicate in guidance that COBS 6.1C is unlikely to be relevant to the provision of targeted support.
- 2.44** However, the disclosure requirement in COBS 6.1C.20AR makes provision for engaging directly with an employee to provide a personal recommendation on their employer's group scheme for which an adviser charge would be payable. We propose to amend this requirement so that it also refers to targeted support.

COBS 6.1E: Platform services: platform charges and using a platform service for advising

- 2.45** We envisage that a firm authorised to provide targeted support could choose to use the services of a platform service provider to facilitate the execution of a targeted support consumer journey. Where a targeted support firm does this, we consider that the platform service provider should reasonably expect to receive payment for providing such services.

- 2.46** So, we propose minor amendments to COBS 6.1E to facilitate this. This is consistent with the application of COBS 6.1E which allows platforms to be paid by intermediaries for the services they provide to such intermediaries.
- 2.47** As is the case for the provision of personal recommendations, we propose that firms must not use a platform service in relation to the provision of targeted support unless they are satisfied that the provider of the platform complies with the rules on charging for platform services.

COBS 6.1F: Using a platform service for arranging and advising

- 2.48** As firms providing targeted support could use platform services to facilitate the delivery of their service offering, we propose to amend COBS 6.1F to ensure that a firm that provides targeted support in relation to retail investment products takes reasonable steps to ensure that it uses a platform service which presents its retail investment products without bias.

COBS 6.4: Disclosure of charges, remuneration and commission

- 2.49** As we have proposed in CP25/17 to prohibit commission payments to be made in connection with targeted support, we propose to confirm that the requirements for firms to disclose commission payments for packaged products do not apply to targeted support.

Question 7: Do you agree with the proposed amendments to COBS 6.1B, COBS 6.1C, COBS 6.1E, COBS 6.1F and COBS 6.4? If not, please set out your reasons.

COBS 7: Insurance distribution

- 2.50** Firms must conduct a demands and needs assessment to ensure that a client only takes out a life policy that aligns with their demands and needs. For advised sales, firms also need to explain why the proposed life policy is best suited to those demands and needs before concluding a sale.
- 2.51** We propose that demands and needs rules should continue to apply where a ready-made suggestion recommends a new life policy. Given the proposed rules in COBS 9B on the design and delivery of targeted support, we consider it would be appropriate for the demands and needs rules in COBS 7 to apply. We have included a new provision in COBS 7 that explains the interaction with the COBS 9B rules and how firms can meet the obligations under COBS 7. We have included guidance in COBS 9B to reflect that COBS 7 will apply.

Question 8: Do you agree with the proposed amendments to COBS 7? If not, please set out your reasons.

COBS 10: Appropriateness

- 2.52** In CP25/17 we proposed the requirements for appropriateness tests in COBS 10/10A should not apply to targeted support, which will be subject to a bespoke set of requirements. In our draft rules we proposed amending COBS 10A to dis-apply the requirements when a firm is providing targeted support. The equivalent Chapter on assessing appropriateness for non-MiFID business (COBS 10) will be largely irrelevant to targeted support as we proposed that restricted mass market investments should not be included in ready-made suggestions. However, some products covered by COBS 10 are not subject to our marketing restrictions. So, we propose to confirm that the appropriateness test under COBS 10 does not apply where such products are included in targeted support suggestions.

Question 9: Do you agree with the proposed amendments to COBS 10?
If not, please set out your reasons.

COBS 14: Providing product information to clients

- 2.53** The requirements in COBS 14.2.1 R (2)(b)(iii) refer to providing objective and relevant information about a life policy whether or not a firm makes a personal recommendation. For clarity, we propose this rule should also refer to providing targeted support.
- 2.54** For consistency, we propose that firms offering targeted support should provide a key features document or a key features illustration, as required where a personal recommendation is provided. So, the exemption in COBS 14.2.8R would not apply to targeted support.
- 2.55** COBS 14 Annex 1 sets out the information that must be included in a key features document for a cash-only lifetime ISA or that a firm must otherwise provide when it sells or gives effect to a lifetime ISA (which is not cash-only). We propose to amend COBS 14 Annex 1 to reference targeted support charges where these are levied. This change will make things clearer for customers by making sure any costs are shown upfront and included in the Lifetime ISA estimates.

Question 10: Do you agree with the proposed amendments to COBS 14?
If not, please set out your reasons.

COBS 15: Cancellation

- 2.56** COBS 15 explains when customers can cancel their investment contracts without a penalty, and these rights can vary depending on whether or not a personal recommendation was given. Some products are exempt from cancellation rights, especially if their value can quickly change due to market conditions.
- 2.57** We want consumers to have the same cancellation rights that they would have if they had been given a personal recommendation. We therefore propose that cancellation rights under COBS 15 should apply to targeted support as they do to personal recommendations.

**Question 11: Do you agree with the proposed amendments to COBS 15?
If not, please set out your reasons.**

COBS 16.6: Communications to clients – life insurance, long term care insurance and drawdown pensions

- 2.58** COBS 16.6.8R relates to annual statements provided by relevant operators of personal pension schemes and stakeholder pension schemes. We propose to amend COBS 16.6.8R (2) so that consumers are informed in their annual statements that, alongside the current suggestions to review choices and seek support, it may also be in their best interest to consider getting targeted support. This includes informing the consumer that they can access information about targeted support on the MoneyHelper website. Firms that provide their own relevant targeted support service can signpost the consumer to it. This will give consumers access to additional reliable information and resources to make informed decisions about their pensions.
- 2.59** We also propose to amend COBS 16.6.10R (5) to confirm that, where a firm does not offer targeted support for free, the firm must include any relevant charges in the written statement accompanying costs and charges information.

**Question 12: Do you agree with the proposed amendments to COBS 16?
If not, please set out your reasons.**

COBS 19: Pensions supplementary provisions

- 2.60** We want consumers to be aware that targeted support is available, and for this service to be signposted at opportune moments. In line with the Consumer Duty, we also want firms to continue to deliver signposting in a way that supports consumer understanding.
- 2.61** With that in mind, we propose minor amendments to COBS 19 to give further clarity on the interaction with targeted support. There are two principles behind our proposed amendments:
- Where firms must provide information about the support that is available to consumers to help them make decisions around their pensions, firms must also suggest consumers consider obtaining targeted support. This includes informing the consumer that they can access information about targeted support on the MoneyHelper website. The intention is that targeted support is suggested with equal prominence alongside the suggestion to seek guidance and advice more generally, so consumers are aware of the range of support available. This would apply to all firms subject to the relevant COBS 19 rules. Firms that provide their own targeted support service are also able to signpost the consumer to it.
 - Existing COBS 19 rules to support consumer decision-making, such as the stronger nudge to Pension Wise guidance and investment pathways, will continue to apply to relevant firms. This includes where firms are providing targeted support.
- 2.62** While firms will have to comply with our existing COBS 19 rules, they will have flexibility to design their customer journeys to deliver targeted support in an effective way. It is

particularly important under the Consumer Duty that firms consider how to effectively introduce targeted support interventions into their existing pension consumer journeys in a way that supports consumer understanding. For example, a firm may choose to provide targeted support after the stronger nudge to Pension Wise but before providing the retirement risk warnings.

- 2.63** We welcome feedback on our principles above and the proposed additional rules and guidance to deliver them. We have set out below specific amendments on different aspects of COBS 19 to clarify the interaction with targeted support beyond suggesting clients consider obtaining it. We also explain our position on investment pathways further.

Retirement Risk Warnings

- 2.64** When identifying risk factors under the current provisions in COBS 19.7, firms may gather new information from a consumer. We propose to clarify that firms can use this new information to align consumers with pre-defined segments for the purposes of targeted support. We consider this will encourage firms to manage consumer journeys more effectively.

Cash warnings are not a substitute for targeted support

- 2.65** COBS 19.10 and 19.12 require firms to provide cash warnings in specified circumstances and, where appropriate, inform the consumer that the warning is not advice or a substitute for it. We propose that, where appropriate, the firm should also state the same about targeted support. This does not prevent firms providing targeted support and a cash warning at the same time where, for example, a consumer's cash holdings trigger a targeted support suggestion alongside a cash warning.

Default investment strategies in non-workplace pensions

- 2.66** COBS 19.12 requires firms to provide the option of a default investment strategy to non-advised consumers who are setting up a non-workplace pension. We propose that, where a consumer has received targeted support suggesting an investment strategy identical to the one that would have been offered as the firm's default option, the requirement in COBS 19.12 for that firm to offer a default option would not apply.

Investment Pathways

- 2.67** We have previously explained that the moment of accessing a pension for tax free cash is a moment when firms may choose to give targeted support. We have received feedback calling for amendments to investment pathways rules. We recognise that to ensure the most effective consumer journey, further thought needs to be given to the interaction between pathways and targeted support. We also need to take account of potential changes in light of the default pension benefit solutions under guided retirement which DWP proposes in its Pension Schemes Bill. Due to the uncertain nature of these interactions, we do not propose amendments to change our investment pathways rules at this stage. As an interim measure, we propose some guidance setting out that firms

should make consumers aware of the availability of targeted support. In addition, when offered the use of investment pathways, the consumer is presented with the option of selecting their own investments without using the pathways. We propose guidance to clarify that, when presenting this option, the firm can inform the consumer that it provides a relevant targeted support service that could help them choose their investments.

Question 13: Do you agree with the two principles behind our proposed amendments to COBS 19? If not, please set out your reasons.

Question 14: Do you agree with the proposed amendments to COBS 19? If not, please set out your reasons and potential alternative approaches.

Changes to ICOBS

2.68 We are proposing provisions in ICOBS to explain the interaction between providing targeted support and certain types of insurance contracts. This follows the approach in CP25/17 where support relating to products such as non-investment insurance contracts and pure protection insurance was beyond the scope of our targeted support proposals.

Question 15: Do you agree with our proposed amendments to ICOBS? If not, please set out your reasons.

Changes to PDCOB

2.69 We know that the pension dashboard may raise queries in consumers' minds, and through targeted support, firms will be able to support consumers with those queries.

PDCOB 8: Choice architecture

2.70 We do not propose any changes to the choice architecture rules in PDCOB 8 at this stage. We are working closely with the Money and Pensions Service (MaPS) as they develop the MoneyHelper pensions dashboard, particularly how the service will enable consumers to engage with targeted support. We intend to decide whether and how to amend PDCOB 8 after insights gained from development and testing of the MoneyHelper dashboard, and before we open the authorisations gateway for pensions dashboard service (PDS) applications.

PDCOB 12: Post-view services

2.71 Post-view services are unique to pensions dashboards and should not be conflated with other services that a consumer might find or choose to use after exiting the dashboard.

2.72 We propose to amend some requirements in PDCOB 12 to make clear that pensions dashboard service (PDS) firms cannot offer or provide targeted support as a post-view service (PVS). This is because our PDCOB rules, do not allow for transactions to be promoted or initiated within the pension dashboard service and explicitly require that PVS must not lead a consumer into a product or transaction. These rules are set consistent with the commitment Government that pensions dashboards will not be able to offer any functionality which enables transactions.

2.73 However, this does not prevent PDS firms from explaining within the dashboard what targeted support is and that it may be a service available to them, outside of the dashboard.

Question 16: Do you agree with our proposal not to amend PDCOB 8? If not, please set out your reasons.

Question 17: Do you agree with the proposed amendments to PDCOB 12? If not, please set out your reasons.

Changes to SUP 16

2.74 Most firms likely to provide targeted support will have permissions for other activities and so will have to meet reporting requirements for these wider activities. We do not propose to introduce any new reports. Instead, we propose changes to existing reporting requirements to capture data on customers who receive targeted support.

SUP 16.12: Integrated regulatory reporting

2.75 In CP25/17 we proposed to treat firms only authorised to provide targeted support as a new form of 'arranger' firm. These firms would be subject to IPRU-INV 3. We propose to assign this new activity to Regulated Activity Group (RAG) 8. This means that firms only authorised to provide targeted support will be required to submit the following reports:

- FSA029: balance sheet
- FSA030: income statement
- FSA033: capital adequacy

2.76 We have proposed additional guidance in the notes for completion of FSA030 and the Retail Mediation Activities Return (RMAR) to clarify where information related to targeted support should and should not be reported.

SUP 16.11: Product sales data

2.77 We collect product sales data for retail investments (PSD002) to give us a view of market activity and distribution channels. We propose small changes to confirm how firms should report sales made through targeted support.

2.78 SUP 16 Annex 21 requires firms to report whether their product sales are advised or non-advised sales. We propose to amend the notes within reporting fields to explain that sales made through targeted support should not be reported in the advised category. By distinguishing the categories in this way, we can keep a clear view of the investment products sold to consumers. We recognise that some product providers may not know whether a product sale is the result of targeted support, so are likely to report those sales as non-advised.

2.79 This classification is purely for reporting requirements and does not alter the fact that targeted support is a form of advice.

SUP 16.24: Retirement income market data

2.80 The retirement income regulatory returns (REP015 and REP016) allow us to monitor risks relating to sales of different products and product features, and different consumer actions such as full encashment.

2.81 As with our approach to PSD002, we want to separate data on consumers who have received individualised advice from consumers who have received targeted support. So, we propose to clarify in these forms that references to 'advised' do not include targeted support. For the category of customers that were not advised but took up pensions guidance, we propose amendments to make it clear that targeted support customers who have also received pensions guidance, should be reported in that category.

SUP 16.8: Persistency reports

2.82 The persistency report allows us to monitor how long stakeholder pensions and life insurance products remain active. We propose that such products effected through targeted support should be reported under the "Other" distribution category.

Other SUP 16 reports

2.83 We only intend to apply a small number of other reports to firms that are only authorised to provide targeted support. We have listed these in the table below.

Table 2: Additional reports for firms only authorised to provide targeted support

| Regulatory report | Purpose of application |
|--|--|
| Annual report and accounts (SUP 16.7A) | Firms subject to IPRU-INV 3 must submit annual report and accounts information which we use to monitor firms. |
| Verification of firm details (SUP 16.10) | We use firm details to ensure that a firm is presented with the correct regulatory return. |
| Annual financial crime report (SUP 16.23) | This gives us information about a firm's systems and controls in preventing financial crime. |
| Directory persons information report (SUP 16.26) | This allows a firm's customer to verify information about who is involved in the provision of a financial service. |

Question 18: Do you agree with the proposed application of SUP 16 reports to targeted support? If not, please set out your reasons.

Changes to DISP 1

2.84 In CP25/17, we proposed to apply our DISP sourcebook, which includes complaints reporting requirements at DISP 1.10. To confirm how eligible complaints related to targeted support should be reported, we propose to amend the 'advising, selling and arranging' category in DISP 1 Annex 1 to add a reference to targeted support.

Question 19: Do you agree with the proposed application of the DISP 1 complaints report to targeted support? If not, please set out your reasons.

Changes to CREDS 3A /COBS 9B.4

2.85 Given the relative complexity and associated risks of credit union deferred shares and subordinated debt we propose these products are treated in the same way as our proposals for restricted mass market investments, non-mass market investments and other investments (including mutual society shares) subject to restrictions on marketing or distribution in COBS 22. Therefore, we propose not to permit firms to provide targeted support involving credit union deferred shares or subordinated debt.

Question 20: Do you agree with the proposed amendments to CREDS and the accompanying amendment to COBS 9B.4? If not, please set out your reasons.

Changes to FUND 1/COLL 6

2.86 AIFMs and UCITS ManCos are permitted to carry out certain investment business in addition to their fund management activities, including "investment advice" in certain circumstances. For AIFMs, the permitted additional activities are set out in FUND 1.4.3 R, and for UCITS ManCos, the equivalent list is set out in COLL 6.9.9 R.

2.87 As these rules do not define the scope of 'investment advice', we propose to confirm that reference to "investment advice" also includes targeted support in this context. We are engaging with HM Treasury on whether consequential legislative changes are required to the Regulated Activities Order to ensure these firms have the relevant permissions to carry on this activity.

Question 21: Do you agree with the proposed amendments to FUND 1 and COLL 6? If not, please set out your reasons.

Question 22: Do you see other potential problems with our proposed amendments to the Handbook as set out in Chapter 2 of this CP or any omissions?

Transitional provisions

2.88 We do not propose to introduce transitional arrangements for the changes set out in Chapter 2. We consider that firms will have sufficient time to implement the necessary changes to their communications between publication of the final rules and the point in time when the authorisations gateway for targeted support opens.

Question 23: Do you agree with the proposed approach not to introduce transitional provisions? If not, please set out your reasons.

Annex 1

Questions in this paper

- Question 1:** Do you agree with the proposed amendments to the Glossary definitions? If not, please set out your reasons.
- Question 2:** Do you agree with the proposed amendments to SYSC? If not, please set out your reasons.
- Question 3:** Do you agree with the proposed application of the rules on structured deposits and on TPPs in COBS 1 to targeted support? If not, please set out your reasons.
- Question 4:** Are there cases where a firm may need to carry out an appropriateness assessment in relation to a transaction recommended by another firm through targeted support? If yes, please provide examples.
- Question 5:** Do you agree with the proposed amendments to COBS 9B.8 and COBS 9B.8A? If not, please set out your reasons.
- Question 6:** Do you agree with the proposed amendments to COBS 2.3 and COBS 2.3A? If not, please set out your reasons.
- Question 7:** Do you agree with the proposed amendments to COBS 6.1B, COBS 6.1C, COBS 6.1E, COBS 6.1F and COBS 6.4? If not, please set out your reasons.
- Question 8:** Do you agree with the proposed amendments to COBS 7? If not, please set out your reasons.
- Question 9:** Do you agree with the proposed amendments to COBS 10? If not, please set out your reasons.
- Question 10:** Do you agree with the proposed amendments to COBS 14? If not, please set out your reasons.
- Question 11:** Do you agree with the proposed amendments to COBS 15? If not, please set out your reasons.
- Question 12:** Do you agree with the proposed amendments to COBS 16? If not, please set out your reasons.
- Question 13:** Do you agree with the two principles behind our proposed amendments to COBS 19? If not, please set out your reasons.

- Question 14:** Do you agree with the proposed amendments to COBS 19? If not, please set out your reasons and potential alternative approaches.
- Question 15:** Do you agree with our proposed amendments to ICOBS? If not, please set out your reasons.
- Question 16:** Do you agree with our proposal not to amend PDCOB 8? If not, please set out your reasons.
- Question 17:** Do you agree with the proposed amendments to PDCOB 12? If not, please set out your reasons.
- Question 18:** Do you agree with the proposed application of SUP 16 reports to targeted support? If not, please set out your reasons.
- Question 19:** Do you agree with the proposed application of the DISP 1 complaints report to targeted support? If not, please set out your reasons.
- Question 20:** Do you agree with the proposed amendments to CREDS and the accompanying amendment to COBS 9B.4? If not, please set out your reasons.
- Question 21:** Do you agree with the proposed amendments to FUND 1 and COLL 6? If not, please set out your reasons.
- Question 22:** Do you see other potential problems with our proposed amendments to the Handbook as set out in Chapter 2 of this CP, or any omissions?
- Question 23:** Do you agree with the proposed approach not to introduce transitional provisions? If not, please set out your reasons.
- Question 24:** Do you agree with our cost benefit analysis? If not, please set out your reasons.
- Question 25:** Do you have any comments on our equality and diversity considerations?

Annex 2

Cost benefit analysis

Introduction

1. The Financial Services and Markets Act (2000) requires us to publish a cost benefit analysis (CBA) of our proposed rules. Specifically, section 138I requires us to publish a CBA of proposed rules, defined as 'an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made'.
2. This analysis presents estimates of the significant impacts of our proposals. We provide monetary values for the impacts where we believe it is reasonably practicable to do so. For others, we provide a qualitative explanation of their impacts. Our proposals are based on weighing up all the impacts we expect and reaching a judgement about the appropriate level of regulatory intervention.

The Market

3. Our CBA in CP25/17 explained the current state of the markets directly impacted by targeted support proposals, namely the markets for financial support, investments and pensions. We do not consider that the markets have changed substantially since the publication of our consultation in June 2025.

Problem and rationale for intervention

4. The introduction of targeted support will interact with various provisions in the FCA Handbook. These changes are set out in this consultation.
5. The proposed changes support the effective functioning of the new regime as they give firms clarity on our proposed rules and its interaction with their other regulatory obligations. The proposed reporting framework will allow us to monitor outcomes from targeted support and support our supervision of firms offering the service.

Our proposed intervention

6. We have proposed several changes to sourcebooks within the FCA Handbook, including amendments to COBS 19 to require firms to signpost customers to information about targeted support and aligning some of the charging rules for targeted support with existing provisions in COBS 6.

Baseline and key assumptions

7. Our baseline and key assumptions are as set out in CP25/17. In this consultation paper, we only consider changes in addition to those set out there.
8. Based on engagement with, and surveys to, firms, we assumed that targeted support may be provided by approximately 17 large firms, between 19 to 54 medium-sized firms, and between 26 and 60 small firms. We assumed that these firms are currently authorised to carry out other regulated activities and are therefore required to submit returns accordingly.
9. Additionally, all firms subject to the relevant COBS 19 provisions will need to comply with the proposed requirements to signpost customers to targeted support. This applies whether the firm will offer targeted support or not. For estimation purposes, we have used REP015 and REP016 data from 2024 to generate a suitable population size for this group of firms. Around 200 pension providers submitted both reports, and we will use this population of firms to estimate the total costs to this group.
10. We recognise that some pensions providers will offer targeted support and would therefore already be included in the initial baseline. The costs set out in the sections below are relatively low and we consider that any inflated costs due to the overlap in firm populations will not be significant.
11. Lastly, we do not anticipate new firms to enter the market in the short-term following implementation. This is because the conduct and prudential requirements of the regime will generally mean that vertically integrated firms will be in the best position to offer their service for free at the point of use (due to their ability to recover costs through cross-subsidisation, for example). The competition trade-offs are explained in greater detail in CP25/17.

Assessment of costs and benefits

12. In the sections below, we have assessed the costs and benefits from the proposed policy changes.

Benefits

Benefits to firms

13. We expect that much of the rule changes give firms greater clarity about how the new regime for targeted support proposed in CP25/17 would interact with existing Handbook requirements.
14. We judge that it is not reasonably practicable to quantify these benefits.

Benefits to consumers

15. We expect that our additional proposals on cost disclosures will help ensure that consumers understand how the provision of targeted support may impact what they pay for products and platform services.
16. The additional signposting requirements where firms must direct customers to targeted support and a MoneyHelper webpage will give consumers access to additional reliable information and resources to make informed decisions about their pensions.
17. We judge that it is not reasonably practicable to quantify these benefits.

Costs

Expected costs to firms

18. For firms offering targeted support we have calculated costs based on 17 large firms, 54 medium-sized firms and 60 small firms providing targeted support, in line with the figures set out in the baseline and key assumptions section above. We estimate that the total one-off cost for these firms is around £0.45m. The cost per small, medium and large firm is £714, £4,032 and £10,920 respectively.
19. For all firms subject to the relevant COBS 19 requirements we have calculated costs for this group of firms based on the population of 201 firms that submitted REP015 data in 2024. There are 102 small firms, 75 medium-sized firms and 24 large firms. We estimate that the total one-off cost for these firms is around £0.64m. The cost per small, medium and large firm is £714, £4,032 and £10,920 respectively.
20. Further detail on these costs is set out below.

Familiarisation costs

21. We use our standardised cost model (SCM) to estimate such one-off costs for FCA-regulated firms. There are 40 pages of policy documentation excluding the legal instrument. Assuming 300 words per page and a reading speed of 100 words per minute, it would take 2 hours to familiarise themselves with the proposals. We assume that the document will be read only by compliance staff; 6 staff in large firms, 4 in medium and 1.5 in small firms.
22. Firms that wish to provide targeted support will need to familiarise themselves with the proposals set out in this CP and will incur familiarisation costs. We estimate that the familiarisation costs for these firms is £0.05m.
23. All firms subject to the COBS 19 requirements (whether they will offer targeted support or not) will also need to read the CP and so will incur familiarisation costs. We estimate that the familiarisation costs for these firms is £0.07m.

Legal costs (gap analysis)

- 24.** The legal instrument is 57 pages and both firms wishing to provide targeted support and all firms subject to the COBS 19 requirements will need to read the legal instrument. We anticipate that 4, 2 and 1 legal staff will read the legal instrument in large, medium, and small firms respectively.
- 25.** Based on this, we calculate legal costs for those firms that wish to provide targeted support at £0.40m and for firms subject to the COBS 19 requirements at £0.56m.

Costs relating to changes in reporting requirements

- 26.** Rather than creating standalone reporting categories for targeted support, we have confirmed where the new activity will be integrated within 20 existing categories which firms already populate in their returns. We consider that this approach aligns with how we expect firms to report the activity in any case. For example, firms would have likely reported targeted support sales within the 'non-advised' category under PSD002, which we intend to expand to 'non-advised and targeted support' for clarity.
- 27.** Additionally, PSD002 data is currently submitted by the product provider and the proposed amendments will not change who is required to report. Similarly, REP015 and REP016 reports will continue to be submitted by providers of pensions and retirement income products once the proposed amendments are in place. Our proposed amendments to the DISP 1 complaints reporting follows a similar rationale, in that complaints data on targeted support will fall into the most relevant category of 'Advising, selling and arranging' for which we propose to refer to targeted support.
- 28.** Because of our decision to use existing returns, albeit with minor amendments, we do not envisage there being material infrastructure and systems costs to firms from incorporating targeted support in their returns.
- 29.** Other costs from the proposals
- Signposting requirements: We consider that the requirement for firms to add targeted support to their signposting communications may increase costs but will be of minimal significance and is therefore not quantified.
 - Changes in cost disclosure requirements: For firms that will charge customers for their targeted support service, we want to ensure all customers (not just those that are not subject to a charge for the provision of targeted support) to understand how the firm will be remunerated for the service (e.g. through partial cross-subsidisation). We expect very few firms to charge an explicit fee for targeted support, so we consider that the costs of this requirement will have been largely covered by the estimates in CP25/17, with little to no impact on most firms.

Expected costs to consumers

- 30.** There will be no additional costs for consumers.

Expected costs to the FCA

31. We anticipate some very minor initial transitional costs reflecting changes to reporting systems to reflect the integration of targeted support; these have not been included.
32. Table 1 below sets out a summary of the costs and benefits related to this CP.

Table 1 – Summary table of benefits and costs

| Group affected | Item description | Benefits (£) | | Costs (£) | |
|--|------------------|--------------|---------|-----------|---------|
| | | One off | Ongoing | One off | Ongoing |
| Firms | | | | | |
| Familiarisation costs (COBS 19 requirement) | Direct | | | £0.07m | |
| Familiarisation costs (firms offering targeted support) | Indirect | | | £0.05m | |
| Legal costs (gap analysis) (COBS 19 requirement) | Direct | | | £0.56m | |
| Legal costs (gap analysis) (firms offering targeted support) | Indirect | | | £0.40m | |
| Consumers | | | | | |
| N/A | | | | | |
| FCA | | | | | |
| N/A | | | | | |
| Total | | | | £1.08m | |

33. The present value of the costs is £1.08m. This is equivalent to the total 'one off' costs of the policy which are incurred in the first year and therefore have a discount factor of 1.00. As we have not quantified any benefits, net present social value of the policy is -£1.08m. The costs incurred by firms offering targeted support are indirect as targeted support is a permissive regime for firms (firms would not be mandated to offer the service). However, the costs incurred by firms due to the COBS 19 requirement are direct (as firms incur them whether they offer targeted support or not).
34. Whilst a break-even analysis has not been conducted, given the relatively low cost associated with this intervention, the benefits associated with the intervention would only need to be very modest for a net positive outcome.
35. The present value of the direct costs is £0.64m. Annualising this present value gives an Equivalent Annual Net Direct Cost to Business (EANDCB) of £0.07m.

Wider economic impacts, including on secondary objective

- 36.** In our CBA in CP25/17, we discussed the wider economic impacts of targeted support in the financial support, investments and pensions markets. Our proposals in this CP support the effective functioning of the targeted support regime.

Monitoring and evaluation

- 37.** The monitoring and evaluation approach as set out in CP25/17 also covers the proposals set out in this CP. We will assess the targeted support regime following implementation to understand whether and to what extent it has achieved the outcomes we expect to see. In the longer term, we will also evaluate how the service impacts specific consumer groups and the shape of consumer investments more broadly in the UK.

Question 24: Do you agree with our cost benefit analysis. If not, please set out your reasons.

Annex 3

Compatibility statement

Compliance with legal requirements

1. This Annex records the FCA's compliance with several legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).
2. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules (a) is compatible with its general duty, under section 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, (b) so far as reasonably possible, advances the secondary international competitiveness and growth objective, under section 1B(4A) FSMA, and (c) complies with its general duty under section 1B(5)(a) FSMA to have regard to the regulatory principles in section 3B FSMA. The FCA is also required by s 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
3. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (section 1B(4)). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.
4. In addition, this Annex explains how we have considered the recommendations made by the Treasury under s 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties.
5. This Annex includes our assessment of the equality and diversity implications of these proposals.
6. Under the Legislative and Regulatory Reform Act 2006 (LRRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules).

The FCA's objectives and regulatory principles: Compatibility statement

7. The proposals set out in this consultation are primarily intended to advance the FCA's operational objective of protecting consumers, market integrity and promoting effective competition in the UK market.
8. The proposals, the Advice Guidance Boundary Review and related work, aim to be transformative and exemplify our determination to deliver smarter regulation, underpinned by the Consumer Duty, that helps consumers and supports innovation and growth. Key to their success is rebalancing how we think about and manage risk, as we outlined in Our Strategy 2025-2030. This theme is central to our approach.
9. The proposals in this consultation paper advance the FCA's operational objective of securing an appropriate degree of consumer protection. This includes ensuring that consumers understand what they will pay for targeted support and how firms' remuneration structures could impact the delivery of targeted support. Also, the signposting requirements where firms must direct customers to targeted support and a MoneyHelper webpage, should give consumers more access to reliable information and resources.
10. The proposals also advance our operational objective of protecting and enhancing the integrity of the UK financial system. We aim to ensure that the proposed targeted support activity interacts effectively with the wider regulatory framework and to minimise disruption to firms seeking to comply with their existing obligations. We also consider that restricting firms from providing targeted support in relation to credit union deferred shares and subordinated debt, in the way that we proposed for other investments subject to marketing or distribution restrictions, will help to preserve market integrity. The integration of targeted support within the FCA's regulatory reporting framework will support our supervisory functions and help us to continue to monitor harms that may arise in the consumer investments sector.
11. The proposals in this consultation also advance our secondary objective of supporting the competitiveness and growth of the UK. Our proposals aim to increase consumer engagement with markets and support better decision-making, which in turn will boost productive investment and support the UK's growth.

Compatibility with the duty to promote effective competition in the interests of consumers

12. In preparing the proposals as set out in this consultation, we have had regard to the FCA's duty to promote effective competition in the interests of consumers.
13. Our proposals seek to advance effective competition in the interest of consumers in the market in the same way as set out in our compatibility statement in CP25/17.

In preparing the proposals set out in this consultation, the FCA has had regard to the regulatory principles set out in s 3B FSMA.

The need to use our resources in the most efficient and economic way

- 14.** Our proposals are consistent with, and would foster, an efficient and economic use of our resources. We have sought to leverage existing approaches, including the Consumer Duty, to introduce new rules in a proportionate manner and reduce complexity in the Handbook.

The principle that a burden or restriction should be proportionate to the benefits

- 15.** Our proposals are designed to facilitate the provision of new types of services for the benefit of consumers, within a proportionate regulatory framework, with clear expectations on firms. Overall, we expect there to be minimal changes to existing requirements on firms.
- 16.** Our cost benefit analysis (CBA) in Annex 1 sets out our assessment of the costs and benefits of our proposals. Whilst a break-even analysis has not been conducted, given the relatively low cost associated with this intervention, the benefits associated with the intervention would only need to be very modest for a net positive outcome.

The need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) [and section 5 of the Environment Act 2021 (environmental targets)]

- 17.** Our overall proposals for targeted support may help support compliance with the Government's net zero and environmental targets but only as we set out in CP25/17.

The general principle that consumers should take responsibility for their decisions

- 18.** Our proposals provide a framework that would enable the provision of services to support consumers with a choice of how they interact with the market in the pursuit of their investment and retirement goals.
- 19.** As set out in CP25/17, we recognise that some risks arising from this framework will fall on consumers, for example if they misunderstand the nature of a targeted support service or take actions beyond what is suggested to them. We have sought to mitigate these risks further in this CP through measures including our disclosure requirements for costs and charges and signposting requirements. However, we recognise that rebalancing our approach to risk is necessary to ensure that more consumers receive vital support to make decisions on their pensions and investments.

The responsibilities of senior management

20. Our proposals would not alter the responsibilities of senior management, and we are content that our proposals do not undermine the principle of senior management responsibility for compliance with the requirements which we are proposing.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

21. Our proposals recognise the differences in the nature and objectives of the businesses affected by these proposals that the FCA regulates. As discussed in CP25/17, which this CP is supplemental to, the proposals may potentially favour those firms whose businesses are vertically integrated. However, after carefully considering the trade-off between competition and our policy aim of increased consumer engagement and considering the proposals set out in CP25/17, on balance we believe these proposals are appropriate and accompanied by effective consumer safeguards.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information

22. We propose that firms only authorised to provide targeted support should submit a directory persons information report. This is desirable in order to allow firms' clients to verify information about who is involved in the provision of a financial service. Directory persons data for firms regulated solely by the FCA and by both the FCA and PRA is published on the Financial Service Register.

The principle that we should exercise our functions as transparently as possible

23. In developing these proposals, we have acted as transparently as possible. In 2023, with the Treasury, we opened a discussion in DP23/5 under the AGBR on whether and how we could build a framework that better supports a range of consumers. We subsequently consulted on how to take forward some of the AGBR proposals in pensions in CP24/7. Ahead of CP25/17, we engaged extensively with stakeholders, including through our policy sprint. Throughout the process of developing our proposals for the targeted support regime, we have engaged, and will continue to engage, with the Financial Services Consumer Panel, the Small Business Practitioner Panel, the Practitioner Panel and the Prudential Regulation Authority.
24. In formulating these proposals, the FCA has had regard to the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s.1B(5)(b) FSMA).

- 25.** We do not expect the proposals in this paper to have any meaningful impact on the extent to which businesses can be used for a purpose connected with financial crime.

Treasury recommendations about economic policy

- 26.** In our view we believe our proposals are consistent with the aspects of the Government's economic policy to which we should have regard.
- 27.** In the remit letter from the Chancellor of the Exchequer to the FCA on 14 November 2024, the Chancellor recommended that the FCA should pursue our operational objectives, whilst also pursuing a growth agenda supported by informed and responsible risk-taking by both firms and customers and enabling consumers to access appropriate advice and products that will allow them to benefit from economic growth.
- 28.** We have had regard to the letter and its recommendations, and we have worked closely with the Treasury. We consider that our proposals in this consultation, which build upon those set out in CP24/27 and CP25/17, reflect an appropriate balance of these objectives, including improving consumer access to advice and products by focusing on a segment of the market who currently struggle to gain access to existing avenues of support, whilst ensuring a more proportionate regulatory burden. We believe our proposals will help consumers make more informed, timely and effective decisions.

Expected effect on mutual societies

- 29.** The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies, though we recognise some mutual societies may choose to offer targeted support.

Equality and diversity

- 30.** We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, and to foster good relations between people who share a protected characteristic and those who do not. As part of this, we ensure the equality and diversity implications of any new policy proposals are considered.
- 31.** While our proposals for targeted support generally have the potential to impact different protected groups (as described in CP25/17), the proposals we are consulting on now will have limited impact.
- 32.** We propose that where firms provide information about the support that is available to consumers to help them make decisions around their pensions, firms also suggest consumers consider obtaining targeted support. Older consumers who currently receive pensions communication will be signposted to targeted support in these future

communications. We consider that this will provide more support and enable better decision making for this group of consumers.

Legislative and Regulatory Reform Act 2006 (LRRRA)

- 33.** We have had regard to the principles in the LRRRA for the parts of the proposals that consist of general policies, principles or guidance. We consider that our proposals are transparent, accountable, proportionate, and consistent. For example, we are proposing a proportionate framework that enables support to be delivered effectively to a large number of consumers.
- 34.** We have had regard to the Regulators' Code for the parts of the proposals that consist of general policies, principles, or guidance. We consider that our proposals are consistent with the principles of the code. This consultation is a way for firms to let us know their views on our proposals. We have identified the potential risks of not taking action by articulating potential harms. This consultation paper and instrument will allow firms to understand the requirements applicable to them. We are also transparently setting out what our policy aims are so that firms can take those into account.

Question 25: Do you have any comments on our equality and diversity considerations?

Annex 4

Abbreviations used in this paper

| Abbreviation | Description |
|--------------|--|
| AGBR | Advice Guidance Boundary Review |
| AIFMs | Alternative Investment Fund Managers |
| CCI | Consumer Composite Investments |
| COBS | Conduct of Business sourcebook |
| COLL | Collective Investment Schemes sourcebook |
| CP | Consultation Paper |
| CREDS | Credit Unions sourcebook |
| DISC | Product Disclosure sourcebook |
| DISP | Dispute Resolution: Complaints sourcebook |
| DWP | Department for Work and Pensions |
| FCA | Financial Conduct Authority |
| FSCS | Financial Services Compensation Scheme |
| FUND | Investment Funds sourcebook |
| HMT | His Majesty's Treasury |
| ICD | Investor Compensation Directive |
| ICOBS | Insurance: Conduct of Business sourcebook |
| ISA | Individual Savings Account |
| MiFID | Markets in Financial Instruments Directive |
| NMMIs | Non-Mass Market Investments |
| PASS | Pre-Application Support Service |

| Abbreviation | Description |
|---------------------|--|
| PDCOB | Pensions Dashboards: Conduct of Business sourcebook |
| PDS | Pensions Dashboard Service |
| PRIN | Principles for Businesses |
| PRs | Personal Recommendations |
| PVS | Post-View Service |
| RAG | Regulated Activity Group |
| RMAR | Retail Mediation Activities Return |
| RMMIs | Restricted Mass Market Investments |
| SMCR | Senior Managers and Certification Regime |
| SUP | Supervision manual |
| SYSC | Senior Management Arrangements, Systems and Controls |
| TPP | Third Party Provider |
| UCITS ManCos | Management company for an Undertaking for Collective Investment in Transferable Securities |

Appendix 1

Draft Handbook text

**ADVICE GUIDANCE BOUNDARY REVIEW (TARGETED SUPPORT)
INSTRUMENT 2025**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137R (Financial promotion rules);
 - (c) section 137T (General supplementary powers);
 - (d) section 139A (Power of the FCA to give guidance);
 - (e) section 247 (Trust scheme rules); and
 - (f) section 261I (Contractual scheme rules);
 - (2) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (3) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the FCA Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

| (1) | (2) |
|--|---------|
| Glossary of definitions | Annex A |
| Senior Management Arrangements, Systems and Controls sourcebook (SYSC) | Annex B |
| Interim Prudential sourcebook for Investment Businesses (IPRU-INV) | Annex C |
| Conduct of Business sourcebook (COBS) | Annex D |
| Insurance: Conduct of Business sourcebook (ICOBS) | Annex E |
| Pensions Dashboards: Conduct of Business sourcebook (PDCOB) | Annex F |
| Supervision manual (SUP) | Annex G |

| | |
|--|---------|
| Dispute Resolution: Complaints sourcebook (DISP) | Annex H |
| Collective Investment Schemes sourcebook (COLL) | Annex I |
| Credit Unions sourcebook (CREDS) | Annex J |
| Investment Funds sourcebook (FUND) | Annex K |

[*Editor's note:* All of the Annexes to this instrument take into account the proposals and legislative changes suggested in the consultation papers 'The MiFID Organisational Regulation' (CP24/24), 'A new product information framework for Consumer Composite Investments' (CP24/30), 'Further proposals on product information for Consumer Composite Investments' (CP25/9) and 'Supporting consumers' pensions and investment decisions: proposals for targeted support' (CP25/17), as if they were made final.]

[*Editor's note:* References in the Annexes to this instrument to the new regulated activity of providing targeted support are to be confirmed once legislation has been laid before Parliament.]

Amendments to material outside the Handbook

- E. The Perimeter Guidance manual (PERG) is amended in accordance with Annex L to this instrument.

Notes

- F. In the Annexes to this instrument, the notes (indicated by “**Note:**” or “*Editor's note:*”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Advice Guidance Boundary Review (Targeted Support) Instrument 2025.

By order of the Board
[date]

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

Amend the following definitions as shown.

[*Editor's note:* This Annex also takes into account the changes introduced by the Public Offers of Relevant Securities (Operating an Electronic System) Instrument 2025 (FCA 2025/32), which comes into force on 19 January 2026.]

- | | |
|---|--|
| <i>corporate finance business</i> | <p>(a) <i>designated investment business</i> (other than <i>operating an electronic system for public offers of relevant securities</i> <u>and providing targeted support</u>) carried on by a <i>firm</i> with or for:</p> <p>...</p> <p>(b) <i>designated investment business</i> carried on by a <i>firm</i> as a <i>principal</i> for its own account where such business:</p> <p>...</p> <p>(ii) does not involve transactions with or for, or <i>advice on investments</i> <u>or the provision of targeted support</u> to, any other <i>person</i> who is a <i>retail client</i> in respect of such business;</p> <p>(c) <i>designated investment business</i> carried on by a <i>firm</i> as <i>principal</i> for its own account if such business:</p> <p>...</p> <p>(ii) does not involve <i>advice on investments</i> <u>or the provision of targeted support</u> to any <i>person</i> who is a <i>retail client</i>;</p> <p>...</p> |
| <i>distribute</i> | <p>...</p> <p>(7) (in <i>COBS</i> 6, <i>COBS</i> 13, <i>COBS</i> 14 and <i>DISC</i>)</p> <p>(a) in relation to an <i>authorised person</i>, means to carry on any of the following activities:</p> <p>(i) <i>sell</i>, or offer to <i>sell</i>, an <i>investment</i>;</p> <p>(ii) <i>deal</i>, or <i>arrange a deal</i> in an <i>investment</i> with or for an investor where the investor is to enter into the <i>deal</i> as buyer; or</p> |

(iii) *advise* on the merits of entering an *investment*, including to recommend the *investment*; or

(iv) *provide targeted support* involving a recommendation of an *investment*;

(b) (in *DISC* only) in relation to an *unauthorised person*, means to carry on any of the designated activities specified by regulation 5(1)(b), (c) and (d) of the *Consumer Composite Investments Regulation*.

ICD claim a claim:

(a) against a *MiFID investment firm* (including a *credit institution* which is a *MiFID investment firm*), or, where applicable, a successor of such a *firm*; and

(b) in relation to:

(i) any *investment services and activities* other than the making of a *personal recommendation* or providing targeted support;

...

[Note: Article 2(2) of the *Investor Compensation Directive*]

lifetime ISA charges

any fee or charge made to a *retail client* in connection with the opening or operation of a *lifetime ISA*, whether levied by the *firm* or any other *person*, but excluding any fees or charges:

(a) payable by or on behalf of a *retail client* to a *firm* in relation to the provision of a *personal recommendation* or targeted support by the *firm* in respect of the *lifetime ISA*; and

(b) relating to the qualifying investments held in the *lifetime ISA* (including in relation to the provision of a *personal recommendation* or targeted support in respect of those investments).

marketing

(1) (in *COLL*) (in relation to marketing *units* in a *regulated collective investment scheme* in a particular country or territory):

(a) *communicating* to a *person* in that country or territory an invitation or inducement to become, or offer to become, a *holder* in that *regulated collective investment scheme*;

(b) *giving advice on investments (except P2P agreements)* or providing a ready-made suggestion to, or arranging (bringing about) a deal in an investment for a *person* in that country or territory to become a *holder* in that *regulated collective investment scheme*.

- ...
- non-advised client* (in COBS 19 and PROD 6) a *retail client* in relation to whom a *firm* has not:
- (1) been able to determine, on reasonable grounds, that the ~~client~~ *client* has received, or will receive, a *personal recommendation* or investment management services for the purposes of COBS 19.12.5R; or
 - (2) provided *targeted support* recommending investment into its *default option* for the purposes of COBS 19.12.5AR.
- third party processor* (1) A *firm* (“Firm A”) which carries on *home finance activities*, *funeral plan distribution* or *insurance distribution activities* other than *advising on life policies* and *providing targeted support*, or all of these, for another *firm* (or an *appointed representative*) (“Firm B”) under a properly documented *outsourcing* agreement, the terms of which provide that when Firm A carries on any of these activities (“the outsourced activities”) for Firm B:
- ...
- (2) A *firm* (“Firm C”) which carries on *home finance activities*, *funeral plan distribution* or *insurance distribution activities* other than *advising on life policies* and *providing targeted support*, or all of these, for a *third party processor* within (1) (“Firm A”), where:
- ...

Annex B

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text.

5 Employees, agents and other relevant persons

5.1 Skills, knowledge and expertise

...

Knowledge and competence

5.1.5AA R SYSC 5.1.5ABR applies to a *common platform firm* and a *third country firm*:

...

(2) in respect of any natural persons (“relevant individuals”) who, on behalf of the *firm*:

(a) make *personal recommendations* or provide targeted support to *clients* in relation to *financial instruments* or *structured deposits*; or

...

...

25 Senior managers and certification regime: Management responsibilities maps and handover procedures and material

...

25 Examples of the business activities and functions of an SMCR firm

Annex 1

| Business areas and management functions | Explanation |
|---|---|
| ... | |
| (4) Financial or investment advice | This includes <i>advising on investments</i> and <u><i>providing targeted support</i></u> . |
| ... | |

Annex C

Amendments to the Interim Prudential sourcebook for Investment Businesses (IPRU-INV)

In this Annex, underlining indicates new text and striking through indicates deleted text.

[*Editor's note:* This Annex also takes into account the changes introduced by the Public Offers of Relevant Securities (Operating an Electronic System) Instrument 2025 (FCA 2025/32), which comes into force on 19 January 2026.]

3 Financial resources for Securities and Futures Firms which are not MiFID Investment Firms

...

Appendix 1 GLOSSARY OF TERMS FOR IPRU(INV) 3

...

...

corporate finance business means -

(a) *designated investment business* (other than ~~operating an electronic system for public offers of relevant securities~~ operating an electronic system for public offers of relevant securities and providing targeted support) carried on by a *firm* with or for:

...

(b) *designated investment business* carried on by a *firm* as a *principal* for its own account where such business:

...

(ii) does not involve transactions with or for, or *advice on investments* or the provision of targeted support to, any other *person* who is a *retail client* in respect of such business;

(c) *designated investment business* carried on by a *firm* as *principal* for its own account if such business:

...

(ii) does not involve giving advice on investments or the provision of targeted support to any person who is a private customer;

...

...

Annex D

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

1 Application

1.1 General application

...

Structured deposits: further provisions

...

1.1.1AF G ...

1.1.1AG G Unless the context otherwise requires, reference to ‘advising’ (as that word is afforded its natural meaning) a *client* in relation to a *structured deposit* includes *providing targeted support* in relation to a *structured deposit*.

...

1 Annex 1 Application (see COBS 1.1.2R)

Part 1: What?

Modifications to the general application of COBS according to activities

| | | | |
|-----|---|--|---|
| ... | | | |
| 6. | Use of third party processors in life insurance mediation distribution activities | | |
| 6.1 | R | If a <i>firm</i> (or its <i>appointed representative</i> or, where applicable, its <i>tied agent</i>) outsources <i>insurance distribution activities</i> to a <i>third party processor</i> : | |
| | | (1) | the <i>firm</i> must accept responsibility for the acts and omissions of that <i>third party processor</i> conducting those outsourced activities; and |
| | | (2) | any <i>COBS rule</i> requiring the <i>third party processor’s</i> identity to be disclosed to <i>clients</i> must be applied as a requirement to disclose the <i>firm’s</i> identity; |

| | | |
|-----|--|--|
| | | unless the <i>third party processor</i> is giving <i>personal recommendations</i> in relation to <i>advising on investments (except P2P agreements)</i> <u>or providing targeted support</u> . |
| ... | | |

2 Conduct of business obligations

...

2.3 Inducements relating to business other than MiFID, equivalent third country or optional exemption business and insurance-based investment products

...

Rule on inducements

2.3.1 R A *firm* must not pay or accept any fee or commission, or provide or receive any non-monetary benefit, in relation to *designated investment business* carried on for a *client* other than:

...

(2) a fee, commission or non-monetary benefit paid or provided to or by a third party or a *person* acting on behalf of a third party, if:

...

(b) the existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, is clearly disclosed to the *client*, in a manner that is comprehensive, accurate and understandable, before the provision of the service;

(i) this requirement only applies to business other than the carrying on by a *UK UCITS management company* of the *collective portfolio management* activities of investment management and administration for the relevant *scheme* if it includes:

...

(B) giving advice, or providing services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*; or

(C) providing targeted support;

...

...

...

...

Guidance on inducements

...

2.3.6A G ...

2.3.6B G COBS 9B.8 (Charging and remuneration) and COBS 9B.8A (Issuer and product provider requirements relating to charging and remuneration) set out specific requirements as to when it is acceptable for:

- (1) a firm to receive commissions, fees or other benefits from third parties (or a person acting on behalf of a third party) in relation to the firm's business of providing targeted support; and
- (2) a firm which is an issuer or product provider to offer or pay commissions, remuneration or benefits of any kind to another firm, or to any other third party for the benefit of that firm, in connection with that firm's business of providing targeted support.

2.3.6C G Notwithstanding the restrictions in COBS 9B.8 and COBS 9B.8A, the requirements in this section remain potentially relevant where a firm pays or accepts, or provides or receives, monetary or non-monetary benefits which are not prohibited by those sections. This might include where a firm providing targeted support receives a payment from an associate in relation to that provision of targeted support.

...

2.3A Inducements relating to MiFID, equivalent third country or optional exemption business and insurance-based investment products

...

2.3A.4 G ...

Relationship with charging rules in relation to the provision of targeted support

2.3A.4A G A firm which provides targeted support :

- (1) in the course of carrying on MiFID, equivalent third country or optional exemption business; or
- (2) in relation to an insurance-based investment product,

is also required to comply with the rules in COBS 9B.8 (Charging and remuneration).

2.3A.4B G A firm is required to comply with the *rules* in this section and in COBS 9B.8A (Issuer and product provider requirements relating to charging and remuneration) where:

- (1) the *firm*:
 - (a) is an *issuer* or product provider; and
 - (b) carries on *MiFID*, *equivalent third country* or *optional exemption business*, or carries on *insurance distribution activities*, in relation to those activities; and
- (2) the *firm* is considering offering or paying any monetary or non-monetary benefits to, or for the benefit of, another *firm* in connection with that *firm's* business of *providing targeted support* (or any related services).

2.3A.4C G Notwithstanding the restrictions in COBS 9B.8 and COBS 9B.8A, the requirements in this section remain potentially relevant where a *firm* pays or accepts, or provides or receives, monetary or non-monetary benefits which are not prohibited by those sections. This might include where a *firm* *providing targeted support* receives a payment from an *associate* in relation to that *provision of targeted support*.

...

4 Communicating with clients, including financial promotions

...

4.7 Direct offer financial promotions

...

Warrants and derivatives

4.7.6 R (1) A *firm* must not *communicate* or *approve* a *direct offer financial promotion*:

- (a) relating to a *warrant* or *derivative*;
- (b) to or for *communication* to a *retail client*; and
- (c) where the *firm* will not itself be required to comply with the *rules* on appropriateness (see COBS 10 and 10A);

unless the *firm* has adequate evidence that the condition in (2) is satisfied.

- (2) The condition is that the *person* who will *arrange* or *deal* in relation to the *derivative* or *warrant* will comply with the *rules* on appropriateness or equivalent requirements for any application or

order that the *person* is aware, or ought reasonably to be aware, is in response to the *direct offer financial promotion*.

(3) Paragraph (1) does not apply if:

- (a)** the *firm* has provided the *retail client* with a *personal recommendation* or *ready-made suggestion* in relation to the *warrant* or *derivative* to be promoted; or
- (b)** the *retail client* has confirmed before the promotion is made that they have received a *personal recommendation* or *ready-made suggestion* from another *firm* in relation to the *warrant* or *derivative* to be promoted.

...

6 Information about the firm, its services and remuneration

...

6.1B Retail investment product provider, operator of an electronic system in relation to lending, and platform service provider requirements relating to adviser charging and remuneration

Application - Who? What?

...

6.1B.3 G ...

6.1B.3A G This section does not apply to a *firm* in circumstances where a *retail client* receives *targeted support* in relation to a *retail investment product* (but see *COBS 9B.8A*).

...

6.1C Consultancy charging and remuneration

Application - Who? What?

- 6.1C.1 R
- (1)** This section (other than *COBS 6.1C.20AR*) applies to a *firm* that gives advice, or provides services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*.
 - (2)** Without prejudice to (1), this section does not apply to a *firm* that makes a *personal recommendation* to a *retail client* in relation to a *retail investment product*.
 - (3)** *COBS 6.1C.20AR* applies to a *firm* which makes a *personal recommendation* or *provides targeted support* to an employee on

their employer's group personal pension scheme or group stakeholder pension scheme.

- 6.1C.1A G This section refers to 'giving advice' (as that phrase has its natural meaning). However, this section (other than COBS 6.1C.20AR) is unlikely to be relevant to a firm in relation to providing targeted support.

...

Disclosure to employees

- 6.1C.20 R A firm must take reasonable steps to ensure that its *representatives*, when making contact with an employee with a view to giving a *personal recommendation or providing targeted support* on ~~his or her~~ their employer's *group personal pension scheme* and/or *group stakeholder pension scheme*, inform the employee:
- A
- (1) that the firm will be providing a *personal recommendation or targeted support* on a *group personal pension scheme* and/or *group stakeholder pension scheme* provided by the employer;
 - (2) whether the employee will be provided with a *personal recommendation or targeted support* that is restricted to the *group personal pension scheme* or *group stakeholder pension scheme* provided by the employer or the recommendation will also cover other products; and
 - (3) that the employee will have to pay an *adviser charge* (if applicable) unless the *representative* is making contact pursuant to an agreement made between the firm and the employer under which the firm is remunerated by *consultancy charging* or a fee payable by the employer.

...

6.1E Platform services: platform charges and using a platform service for advising

...

Exceptions

- 6.1E.6 R A platform service provider or its associates may solicit and accept payments from a firm, other than a retail investment product provider which is in the business of:
- (1) ~~a firm, other than a retail investment product provider, which is in the business of making personal recommendations to retail clients in relation to retail investment products; and/or~~

- (2) ~~a firm, other than a retail investment product provider, which is in the business of arranging or dealing retail investment products for retail clients; and/or~~
- (3) providing targeted support.

...

Using a platform service when advising

- 6.1E.9 R A firm must not use a platform service as part of a personal recommendation to a retail client or in relation to the provision of targeted support in relation to a retail investment product unless it has satisfied itself that the platform service provider, and its associates, only receive remuneration for business carried on in the UK which is permitted by the rules in this section.

...

6.1F Using a platform service for arranging and advising

Client's best interests rule and using a platform service

...

- 6.1F.1 R ~~A firm which:~~
- (1) This rule applies to a firm which:
 - (a) arranges for retail clients to buy retail investment products;
or
 - (b) makes personal recommendations or provides targeted support to retail clients in relation to retail investment products; and.
 - (2) A firm which uses a platform service for that a purpose in (1) must take reasonable steps to ensure that it uses a platform service which presents its retail investment products without bias.

~~must take reasonable steps to ensure that it uses a platform service which presents its retail investment products without bias.~~

...

6.4 Disclosure of charges, remuneration and commission

Application

- 6.4.1 R This section applies to a firm when it sells or arranges the sale of a packaged product to a retail client and the firm's services to sell or arrange

are not in connection with the provision of a *personal recommendation* or provision of targeted support.

...

7 Insurance distribution

...

7.3 Additional insurance distribution obligations

Demands and needs

...

7.3.5 R ...

7.3.5A R Where an *insurance distributor* is distributing a *life policy* as part of a *ready-made suggestion*, a *firm* will be deemed to meet the requirements in COBS 7.3.1R to COBS 7.3.5R through the processes it has in place to provide targeted support where those processes:

(1) comply with COBS 9B; and

(2) are consistent with the outcomes under COBS 7.3.1R to COBS 7.3.5R.

...

9B Targeted Support

...

9B.2 Application

Who? What?

9B.2.1 R ...

9B.2.1A R COBS 9B.8A applies to a *firm* which is an *issuer* or *product provider*.

...

9B.4 Design of targeted support service

...

Investments subject to restrictions on retail distribution

9B.4.34 R A *ready-made suggestion* must not include a recommendation to buy or subscribe for:

...

- (2) a *non-mass market investment*; ~~or~~
- (3) an *investment* subject to a restriction on distribution or promotion in *COBS 22*; or
- (4) deferred shares issued by a credit union or credit union subordinated debt subject to the requirements in CREDs 3A.5.

...

9B.8 Charging and remuneration

9B.8.1 G (1) ...

- (1A) The costs of *providing targeted support* may be met through other business lines of the *firm* or by other legal entities within the *firm's group*.

...

Rule against commissions

...

9B.8.3 R *COBS 9B.8.2R* does not prevent:

- (1) a *firm* from accepting any payment made:
 - (a) by or on behalf of a *client* (including those that facilitate the payment of a charge for the provision of *targeted support* from a *client's* investment); or
 - (b) by an *associate* which is no more than is reasonably representative of the cost of providing *targeted support*;

...

9B.8.4 G ...

Disclosing the basis of remuneration

9B.8.4A R In meeting its obligation to equip *retail customers* to make decisions that are effective, timely and properly informed (*PRIN 2A.5.3R*), a *firm* must ensure that the *client* understands the basis on which the *firm* is remunerated for its provision of *targeted support*.

9B.8.4B G The purpose of the disclosure required by *COBS 9B.8.4AR* is to ensure that *clients* are able to consider the potential of a *firm's* financial arrangements to impact the *targeted support* which it provides.

Firms which do not charge for targeted support

- 9B.8.5 R (1) This *rule* applies to a *firm* that does not charge the *client* a fee for the provision of *targeted support*.
- (2) ~~In meeting its obligation to equip *retail customers* to make decisions that are effective, timely and properly informed (*PRIN 2A.5.3R*), a *firm* must ensure that the *client* understands the basis on which the *firm* is remunerated for its provision of *targeted support*. [deleted]~~
- (3) A *firm* must ensure that the arrangements by which it is remunerated for its provision of *targeted support* are consistent with its obligation to ensure that its *products* provide fair value (*PRIN 2A.4.2R*).
- 9B.8.6 G (1) ~~The purpose of the disclosure required by *COBS 9B.8.5R* is to ensure that *clients* are able to consider the potential of a *firm's* financial arrangements to impact the *targeted support* which it provides. [deleted]~~
- (2) ~~A disclosure made under *COBS 9B.8.5R*~~ When making a disclosure under *COBS 9B.8.4AR*, a *firm* that does not charge the *client* a fee for the provision of *targeted support* may describe the relevant arrangements in a generic way and need not set out specific details of the *firm's* arrangements to cover the costs of providing *targeted support*.

Charging for targeted support

...

- 9B.8.8 G (1) ...
- (2) In particular, a *firm* should not vary its charges for the provision of *targeted support* inappropriately according to provider or, for substitutable and competing products, the type of product.

...

Other relevant requirements

- 9B.8.10 G *Firms* are reminded of their obligations:

...

- (3) under the ~~rules~~ rules on inducements in *COBS 2.3* and *COBS 2.3A*, in so far as they relate to the payment or provision of monetary and non-monetary benefits; ~~and~~
- (4) *COBS 6.1* and *COBS 6.1ZA* in relation to the disclosure of information, including concerning a *firm's* costs and charges; ~~and~~
- (5) for life policies, the rules in *COBS 7.3* in relation to demands and needs.

...

Insert the following new section, COBS 9B.8A, after COBS 9B.8 (Charging and remuneration). All of the text is new and is not underlined.

9B.8A Issuer and product provider requirements relating to charging and remuneration

9B.8A.1 G *COBS 9B.2.1AR* specifies that this section applies to a *firm* which is an *issuer* or product provider.

9B.8A.2 G The *rules* applicable to *retail investment product* providers relating to adviser charging and remuneration (*COBS 6.1B*) do not apply in circumstances where a *retail client* receives *targeted support*.

9B.8A.3 R (1) A *firm* must not offer or pay (and must ensure that none of its *associates* offers or pays) any fees, commissions, or monetary or non-monetary benefits to another *firm*, or to any other third party for the benefit of that *firm*, in connection with that *firm*'s business of *providing targeted support* (or any related services).

(2) Paragraph (1) does not apply to:

- (a) payments made on behalf of a *client* (including those that facilitate the payment of a charge for the provision of *targeted support* from a *client*'s investment);
- (b) payments to an *associate* which are no more than is reasonably representative of the cost of *providing targeted support*; or
- (c) minor non-monetary benefits which meet the requirements of *COBS 6.1A.5AR*.

9B.8A.4 R *COBS 9B.8.2R(2)* and (4) also apply for the purpose of *COBS 9B.8A.3R*.

Amend the following text as shown.

10 Appropriateness (for non-advised services) (non-MiFID and non-insurance-based investment products provisions)

10.1 Application

...

10.1.2 R ...

(3) ...

- (4) This chapter does not apply to a *firm* that makes a *personal recommendation* or *provides targeted support* in relation to the relevant investment.

...

14 Providing product information to clients

...

14.2 Providing product information to clients

...

The provision rules for products other than consumer composite investments

- 14.2.1 R A *firm* that sells, or (where relevant) gives effect to:

...

- (2) a *life policy* to a *client*, must provide:

...

- (b) a *client* with objective and relevant information about the *policy*:

...

- (iii) whether or not the *firm* makes a *personal recommendation* or provides a *ready-made suggestion* to the *client* about the *life policy*;

...

...

...

...

Exception to the provision rules: key features documents and key features illustrations

- 14.2.8 R A *firm* is not required to provide a *key features document* or a *key features illustration*, if:

- (1) the *client* is buying or investing in response to a *direct offer financial promotion* without receiving a *personal recommendation* or a *ready-made suggestion* to buy or invest; and

- (2) the *firm* provides materially the same information in some other way.

...

14 Lifetime ISA information

Annex 1

| | | | |
|-----|---|--|---|
| | | This Annex belongs to <i>COBS</i> 13.3.1R(3) and <i>COBS</i> 14.2.1R(4A). | |
| | | Information which comprises the following: | |
| ... | | | |
| 3.4 | R | The explanations in <i>COBS</i> 14 Annex 1 3.3R(2) and <i>COBS</i> 14 Annex 1 3.3R(3) must include a statement that <i>lifetime ISA charges</i> taken into account in the table: | |
| | | (1) | may vary over time; and |
| | | (2) | exclude any fee or charge: |
| | | (a) | payable by or on behalf of a <i>retail client</i> to a <i>firm</i> in relation to the provision of a <i>personal recommendation</i> or <i>targeted support</i> by the <i>firm</i> in respect of the <i>lifetime ISA</i> ; and |
| | | (b) | relating to the qualifying investments held in the <i>lifetime ISA</i> (including in relation to the provision of a <i>personal recommendation</i> or <i>targeted support</i> in respect of those investments). |
| ... | | | |

15 Cancellation

...

15.2 The right to cancel

Cancellable contracts

- 15.2.1 R A *consumer* has a right to cancel any of the following contracts with a *firm*:

| Cancellable contract | Cancellation period | Supplementary provisions |
|----------------------|---------------------|--------------------------|
|----------------------|---------------------|--------------------------|

| | | |
|--|------------------|--|
| ... | | |
| Lifetime ISAs (advised but not at a distance): | | |
| <ul style="list-style-type: none"> • a non-<i>distance contract</i> to open or transfer a <i>lifetime ISA</i> | 30 calendar days | <p>These rights arise only following a <i>personal recommendation</i> <u>or ready-made suggestion</u> of the contract (by the <i>firm</i> or any other <i>person</i>).</p> <p>Exemptions may apply (see COBS 15 Annex 1)</p> |
| ... | | |
| Non-life/pensions (advised but not at a distance): a non- <i>distance contract</i> : | | |
| <ul style="list-style-type: none"> • to buy a <i>unit</i> in a <i>regulated collective investment scheme</i> (including within a <i>wrapper</i> or <i>pension wrapper</i>) • to open or transfer a child trust fund (<i>CTF</i>) • to open or transfer an <i>ISA</i> (other than a <i>lifetime ISA</i>) • for an <i>Enterprise Investment Scheme</i> | 14 calendar days | <p>These rights arise only following a <i>personal recommendation</i> <u>or ready-made suggestion</u> of the contract (by the <i>firm</i> or any other <i>person</i>).</p> <p>For a <i>unit</i> bought when opening or transferring a <i>wrapper</i> or <i>pension wrapper</i>, the 14 calendar day right to cancel applies to the entire arrangement.</p> <p>Exemptions may apply (see COBS 15 Annex 1).</p> |
| ... | | |

...

...

15 Exemptions from the right to cancel

Annex 1

| | | | |
|-----|-------------------------------------|--|--|
| ... | | | |
| | Exemptions for units (non-distance) | | |

| | | | |
|-----|---|---|--|
| 1.8 | R | There is no right to cancel a non- <i>distance contract</i> to buy a <i>unit</i> in a <i>regulated collective investment scheme</i> : | |
| | | ... | |
| | | (7) | if the <i>firm</i> has reasonable grounds for assuming that no <i>personal recommendation</i> or <i>ready-made suggestion</i> of the contract was provided by anyone carrying on <i>designated investment business</i> in the <i>UK</i> ; or |
| | | ... | |
| ... | | | |

16 Reporting information to clients (non-MiFID provisions)

...

16.6 Communications to clients – life insurance, long term care insurance and drawdown pensions

References to ‘advice’ or ‘regulated advice’

- 16.6.-1 G References to ‘advice’ or ‘regulated advice’ (as those terms are afforded their natural meaning) include *targeted support*, unless specified otherwise.

...

Income withdrawals - annual statements

- 16.6.8 R At intervals of no longer than 12 months, beginning on the date a *retail client* first takes a *pension commencement lump sum* or an *uncrystallised funds pension lump sum payment*, or first makes an *income withdrawal*, the relevant *operator* of a *personal pension scheme* or *stakeholder pension scheme* must:

...

- (2) inform the *retail client* that if their circumstances or retirement objectives have changed it may be in their best interests to:

...

- (c) take regulated advice to understand their options at retirement, including considering obtaining *targeted support*, and informing them that they can access information about *targeted support* on the *MoneyHelper* website; and

...

...

16.6.9 G ...

16.6.9A G (1) If the *firm* has reasonable grounds to consider that the *client* is in a situation which may be met by the *firm's targeted support* in accordance with COBS 9B.5.3R, it may inform the *client* about the availability of that service in addition to providing the information in the annual statement.

(2) When doing so, *firms* will need to ensure they comply with all relevant *data protection legislation* and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR).

Personal or stakeholder pension schemes in decumulation: actual costs and charges disclosure

16.6.10 R ...

(5) The *operator* must include a written statement with the costs and charges information, stating whether any adviser remuneration, including *adviser charges*, *consultancy charges*, charges in relation to the provision of *targeted support*, *commission* or *commission equivalent*, is included in the aggregated costs and charges figure.

...

...

19 Pensions supplementary provisions

...

19.4 Open market options

Definitions

19.4.1 R ...

19.4.1-A G References to 'advice', 'regulated advice' or 'financial advice' (as those terms are afforded their natural meaning) include *targeted support*, unless specified otherwise.

...

Single page summary document

...

19.4.6C R The single page summary document must include the following information:

...

- (10) a clear and prominent statement about the availability of *pensions guidance* including:

...

- (d) a recommendation that the *client* seeks appropriate guidance or advice to understand their options at retirement, including that the *client* considers obtaining *targeted support* and informing them that they can access information about *targeted support* on the *MoneyHelper* website; and

...

...

Reminder

- 19.4.9 R At least six weeks before the *retail client's* intended retirement date the *firm* must:

...

- (4) recommend that the *client* seeks appropriate guidance or advice to understand their options at retirement, including that they consider obtaining *targeted support* and informing them that they can access information about *targeted support* on the *MoneyHelper* website.

...

Signposting pensions guidance

- 19.4.16 R (1) When a *firm* communicates with a *retail client* about the *retail client's personal pension scheme, stakeholder pension scheme, FSAVC, retirement annuity contract or pension buy-out contract* which is provided by the *firm*, unless the circumstances in (2) apply, the *firm* must:

...

- (c) include a recommendation that the *client* seeks appropriate guidance or advice to understand their options at retirement, including that the *client* considers obtaining *targeted support*, and informing them that they can access information about *targeted support* on the *MoneyHelper* website.
- (2) A *firm* is not required to provide the *client* with the statement required in (1) where:

...

- (c) the *client* has already received advice (other than *targeted support*) from a *firm* on their open market options, for example from an independent financial adviser; or

...

19.4.17 G ...

19.4.17A G Where a *firm* has provided *targeted support* to the *client* on their options at retirement, references in COBS 19.4.16R to advice or *targeted support* mean in addition to the *targeted support* already received.

19.4.17B G (1) Where a *firm* has reasonable grounds to consider that a *client* is in a situation which may be met by the *firm's targeted support* in accordance with COBS 9B.5.3R, it may inform the *client* that it provides *targeted support* in addition to the information in COBS 19.4.16R(1).

- (2) When doing so, *firms* will need to ensure they comply with all relevant *data protection legislation* and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR).

...

19.7 Pensions nudge and retirement risk warnings

...

Application

...

19.7.3 R This section does not apply:

- (1) to a *firm* giving regulated advice, other than *targeted support*, to a *retail client* on options to access their pension savings;
- (2) if the *firm* (other than when providing *targeted support*) has already provided the retirement risk warnings to the *retail client* in relation to their decision to access their pension savings and the *firm* has reasonable grounds to believe that the retirement risk warnings are still appropriate for the *client*; or
- (3) if, as part of the provision of *targeted support*, the *firm* has already provided the retirement risk warnings to a *retail client* in relation to their decision to access their pension savings and the *firm*:
 - (a) has reasonable grounds to believe that the retirement risk warnings are still appropriate for the *client*; and

(b) has complied with steps 1 and 2 in accordance with COBS 19.7.8AR to COBS 19.7.10R.

19.7.3A R In this section, references to ‘advice’ or ‘regulated advice’ do not include targeted support.

19.7.3B G The effect of COBS 19.7.3AR is that this section applies to a *firm* providing targeted support, and that references in COBS 19.7.8AR, COBS 19.7.8DR, COBS 19.7.19R and COBS 19.7.20G to ‘advice’ or ‘regulated advice’ should be read so as to not include targeted support.

...

Step 2: identify risk factors

...

19.7.12 G ...

19.7.12A G (1) A *firm* may use the information provided during step 2 for the purpose of aligning a *client* with a pre-defined *consumer segment* in accordance with COBS 9B.

(2) When using information provided during step 2, *firms* will need to ensure they comply with all relevant *data protection legislation* and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR).

...

19.10 Drawdown, investment pathways and cash warnings

Definitions

19.10.1 R ...

19.10.1A G References to ‘advice’ or ‘regulated advice’ (as those terms are afforded their natural meaning) include *targeted support*, unless specified otherwise.

...

Step 1: offer use of investment pathways

...

19.10.15 R ...

19.10.15 A G Where a *firm* has reasonable grounds to consider that a *client* is in a situation which may be met by the *firm’s targeted support* in accordance with COBS 9B.5.3R, it may inform the *client* that it provides *targeted support* when it presents the *client* with option 2 in the first step.

...

Step 2: present investment pathway options

...

19.10.20 G If, after the *firm* completes step 2, the *retail client* does not select an *investment pathway* option the *firm* should:

...

- (2) provide a clear and prominent statement about the availability of advice and *pensions guidance*, including the availability of *targeted support*, and that information about *targeted support* can be accessed on the *MoneyHelper* website; and

...

Step 3: offer pathway investments

...

19.10.22 G If after the *firm* completes step 3 the *retail client* does not select a *pathway investment* the *firm* should:

...

- (3) provide a clear and prominent statement about the availability of advice and *pensions guidance*, including the availability of *targeted support*, and that information about *targeted support* can be accessed on the *MoneyHelper* website; and

...

...

Cash warnings

...

19.10.39 G The *firm* should also:

- (1) (if appropriate) inform the *retail client* that:
 - (a) this warning is not advice, and in particular that it is not *targeted support*, or a substitute for it;

...

...

- (4) remind the *retail client* (in line with the requirements in COBS 19.4) that the *retail client* can:

...

- (b) seek advice from a *FCA*-regulated financial adviser; ~~and~~
- (c) review information on the *MoneyHelper* website, available on <https://www.moneyhelper.org.uk>; and
- (d) access information about *targeted support* on the *MoneyHelper* website.

...

Warning on expiry of a fixed-term product

...

19.10.44 G The *firm* should also:

- (1) if appropriate, inform the *retail client* that this warning is not advice, and in particular that it is not *targeted support*, or a substitute for it;
- (2) remind the *retail client* (in line with the requirements in COBS 19.4) that they can:

...

- (b) seek advice from a *FCA*-regulated financial adviser; ~~and~~
- (c) review information on the *MoneyHelper* website available on <https://www.moneyhelper.org.uk>; and
- (d) access information about *targeted support* on the *MoneyHelper* website.

...

19.10.45 G ...

Availability of the firm's own targeted support service

19.10.45 A G (1) Where a *firm* has reasonable grounds to consider that a *client* is in a situation which may be met by the *firm's targeted support* in accordance with COBS 9B.5.3R, it may inform the *client* about the availability of that service in addition to providing the information in COBS 19.10.20G, COBS 19.10.22G, COBS 19.10.39G and COBS 19.10.44G.

- (2) When doing so, *firms* will need to ensure they comply with all relevant *data protection legislation* and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR).

...

19.12 Non-workplace pensions: default options and cash warnings

Definitions

19.12.1 R ...

19.12.1A G References to ‘advice’ (as that term is afforded its natural meaning) include *targeted support*, unless specified otherwise.

...

Exclusion from default option rules in relation to advised clients

19.12.5 R ...

19.12.5A R *COBS* 19.12.10R to *COBS* 19.12.22G do not apply in relation to a *non-workplace pension* where the *firm* has provided the *retail client* with *targeted support* which recommends the *retail client* invests their contributions or assets into the *default option* offered by the *firm*.

...

Cash warning: form and content

...

19.12.32 G The *firm* should also:

(1) inform the *retail client* that:

(a) the cash warning is not advice, and in particular that it is not *targeted support*, or a substitute for it; and

...

...

...

Annex E

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex, underlining indicates new text.

1 Application

...

1 Annex Application (see ICOBS 1.1.2R)

1

...

| Part 2: What? | | | |
|---|---|--|--|
| Modifications to the general application rule according to type of firm | | | |
| ... | | | |
| 3 | Pure protection contracts: election to apply COBS rules | | |
| 3.1 | R | ... | |
| <u>3.2</u> | <u>G</u> | <u>(1)</u> | <u>The effect of COBS 9B.2.3R is that a <i>firm</i> is required to comply with the rules in COBS which would apply to it if it were <i>advising on investments</i> where that <i>firm</i>:</u> |
| | | | <u>(a)</u> <u>has made the election to comply with COBS in 3.1R(1); and</u> |
| | | | <u>(b)</u> <u>provides targeted support in relation to a pure protection contract.</u> |
| | | <u>(2)</u> | <u>This is because <i>non-investment insurance contracts</i> are beyond the scope of the rules which apply to <i>providing targeted support</i> (see COBS 9B.2.1R).</u> |
| ... | | | |
| 5 | Travel insurance contracts | | |
| ... | | | |
| <u>6</u> | <u>Providing targeted support</u> | | |
| <u>6.1</u> | <u>R</u> | <u>A <i>firm</i> providing targeted support in relation to a <i>non-investment insurance contract</i> must comply with the rules in this sourcebook which would apply to it if it were <i>advising on a non-investment insurance contract</i>.</u> | |

| | | | |
|------------|----------|-----|--|
| <u>6.2</u> | <u>G</u> | (1) | <u>The provision of targeted support is subject to specific requirements in COBS 9B. Non-investment insurance contracts are beyond the scope of those rules.</u> |
| | | (2) | <u>A firm that provides targeted support in relation to a type of specified investment which is beyond the scope of application of the rules in COBS 9B is subject to the rules which would apply to that firm if it were advising on investments.</u> |

...

4 Information about the firm, its services and remuneration

4.1 General requirements for insurance intermediaries and insurers

...

Scope of service: insurance intermediaries

...

4.1.7 R ...

4.1.7A G Firms are reminded that the rules on providing targeted support (COBS 9B) do not apply in relation to non-investment insurance contracts.

...

Annex F

Amendments to the Pensions Dashboards: Conduct of Business sourcebook (PDCOB)

In this Annex, underlining indicates new text.

12 Post-view services

...

12.3 Permitted post-view services

12.3.1 R A *firm* must only offer or provide *post-view services* that:

...

- (4) do not include *investment advice*, *targeted support* or *advising on pension transfers and pension opt-outs*.

...

12.5 Disclosures to be provided to customers in relation to post-view services

...

12.5.2 G In order to ensure that the nature of the *post-view service* is not misleading and is capable of being understood by *customers*, a *firm* should consider including information which:

...

- (2) ensures that *customers* do not perceive *post-view services* as giving them *personal recommendations* or *ready-made suggestions*; and

...

Annex G

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

16 Reporting requirements

16.1 Application

...

- 16.1.3 R Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.15, SUP 16.22 and SUP 16.26)

| (1) Section(s) | (2) Categories of firm to which section applies | | (3) Applicable rules and guidance |
|-----------------------------|---|---|---|
| ... | | | |
| SUP 16.4 and SUP 16.5 | All categories of <i>firm</i> except: | | Entire sections |
| | ... | | |
| | (ia) | ... | |
| | (ib) | <u>a firm with permission to carry on only providing targeted support;</u> | |
| | ... | | |
| | (k) | a firm falling within a combination of (i), (ia), <u>(ib)</u> , (j), (ja), (jb) and (jc); | |
| | ... | | |
| ... | | | |

...

16.8 Persistency reports from insurers and data reports on stakeholder pensions

...

Records

...

- 16.8.24 G In order to comply with *SUP* 16.8.23R, a *firm* will as a minimum need to make and retain separate records for:

- (1) subject to (6), *life policies* and stakeholder pensions originally promoted:

...

...

- (5) the categories of *life policies* and stakeholder pensions referred to in *SUP* 16 Annex 6R; and

- (6) *life policies* and stakeholder pensions effected through the provision of targeted support (however originally promoted), for inclusion in the relevant form only under 'Other'.

...

16.12 Integrated Regulatory Reporting

...

Reporting requirement

...

- 16.12.4 R Table of applicable *rules* containing *data items*, frequency and submission periods

| (1) | | (2) | (3) | (4) |
|------------|--|------------------------|----------------------------|----------|
| RAG number | Regulated Activities | Provisions containing: | | |
| | | applicable data items | reporting frequency/period | due date |
| ... | | | | |
| RAG 8 | • making arrangements with a view to transactions in investments | ... | ... | ... |

| | | | | |
|-----|---|--|--|--|
| | <ul style="list-style-type: none"> • operating a multilateral trading facility • operating an organised trading facility • <u>providing targeted support</u> | | | |
| ... | | | | |

...

16.23 Annual Financial Crime Report

Application

...

16.23.2 R Table: Firms to which SUP 16.23.1R applies (subject to the exclusions in SUP 16.23.1R).

| | |
|---|--|
| ... | |
| a <i>firm</i> that has permission to carry on one or more of the following activities: | |
| | <i>advising on investments</i> <u>or providing targeted support</u> , provided that during the relevant financial year the <i>firm</i> : |
| (i) | held <i>client money</i> under CASS 5 (Client money: insurance distribution activity) and/or CASS 7 (Client money rules); and/or |
| (ii) | held <i>safe custody assets</i> under CASS 6 (Custody rules); |
| | ... |
| a <i>firm</i> that has reported total revenue of £5 million or more as at its last <i>accounting reference date</i> and has permission to carry on one or more of the following activities: | |
| | <i>advising on investments</i> ; |
| | <u><i>providing targeted support</i></u> ; |
| | <i>arranging (bringing about deals) in investments</i> ; |

| | |
|--|-----|
| | ... |
|--|-----|

...

16.30 Baseline Financial Resilience Report

Application

16.30.1 R This section applies to any *firm* except:

...

(4) a *PRA-authorised person*; ~~and~~

(5) a *supervised run-off firm*; and

(6) a firm with permission to carry on only providing targeted support.

...

16 Annex 18BG Notes for Completion of the Retail Mediation Activities Return ('RMAR')

Introduction: General notes on the RMAR

...

Defined terms

...

4. ...

4A. Insofar as the *RMAR* refers to 'advice' and 'advising', this does not include reference to *providing targeted support* and references to 'advisers' do not include *persons involved in providing targeted support*.

...

Scope

6. The following *firms* are required to complete the sections of the *RMAR* applicable to the activities they undertake as set out in *SUP* 16.12:

...

- (e) other investment *firms* that have *permission* to *advise on P2P agreements* and do not carry on that activity exclusively with or for *professional clients*;
- (f) *firms that have permission to provide targeted support.*

...

NOTES FOR COMPLETION OF THE RMAR

...

Section B: Profit & loss account

...

Guide for completion of individual fields

| | |
|--|--|
| ... | |
| Other income from regulated activities | <p>You should record here any income that has derived from the relevant <i>regulated activities</i> during the reporting period, which has not been recorded under commissions or fees, adviser charges or consultancy charges. <u>Any income derived from <i>providing targeted support</i> should only be recorded here.</u></p> <p>Such income may include interest on <i>client money</i>, where the <i>firm</i> is permitted to retain this, or payments made by product providers on a basis other than fees or commissions.</p> |
| ... | |

...

16 Annex 21R

Reporting Fields

This annex sets out the mandatory data reporting fields and *data elements* that a data report must include. This is the annex referred to in SUP 16.11.7R.

1 GENERAL REPORTING FIELDS

The following data reporting fields must be completed, where applicable, for all reportable transactions and submitted in a prescribed format.

| Data reporting field | Code (where applicable) | Notes |
|--|---|---|
| ... | | |
| Advice at point of sale Advised sale (note: <u>transactions effected through targeted support are not advised sales for reporting purposes</u>) | Y = advised N = non-advised <u>or targeted support</u> | For reporting purposes non-advised includes execution only and direct offer transactions. |
| ... | | |

...

16 Guidance notes for data items in SUP 16 Annex 24R

Annex

25G

This annex consists only of one or more forms. Forms are to be found through the following address:

Guidance notes for data items in SUP 16 Annex 24R - [*Editor's note: insert link*]

...

FSA030 Income Statement

...

| Description | Data element | Guidance |
|--------------------------|--|--|
| ... | | |
| Revenue | A firm should complete only the sections relevant to the business it undertakes | |
| ... | | |
| Investment Advisory Fees | 8A | Include all fees arising from investment advice (see <i>PERG 2.7.15G</i>), <u>other than targeted support</u> . |
| ... | | |
| Other revenue | 12A | You should record here any income that has derived from its business in the |

| | | |
|-----|--|---|
| | | <p>financial year, which has not been recorded under commissions or fees. <u>Any income derived from providing targeted support should only be recorded here.</u></p> <p>Such income may include interest on client money, where the firm is permitted to retain this, or payments made by product providers on a basis other than fees or commissions.</p> |
| ... | | |

...

16 **Forms REP015 and REP016**
Annex
43A

[*Editor's note:* insert links to forms]

REP015 - Retirement income flow data

...

Plan holders that entered drawdown during the reporting period but did not fully exhaust their plan

...

| A | B | C | D | E | F |
|----------------------|----------------------|----------------------|----------------------|------------------------|-----------------------|
| Less than £10,000 | £10,000 - £29,999 | £30,000 - £49,999 | £50,000 - £99,999 | £100,000 - £249,999 | £250,000 and above |

Number of plans that entered drawdown by use of advice and pot size:

24 Number that were advised (not including targeted support)**25** Number that were not advised (including targeted support)
but took up *pensions guidance* (e.g. Pension Wise)

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
| | | | | | |

...

Number of pension annuities by use of advice and pot size:

40 Number that were advised (not including targeted support)**41** Number that were not advised (including targeted support)
but took up *pensions guidance* (e.g. Pension Wise)

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
| | | | | | |

...

Plan holders who accessed their plan for the first time by taking a partial UFPLS payment

...

Number of plans where plan holders accessed their plan for the first time
by taking partial UFPLS payments by use of advice and pot size:**59** Number that were advised (not including targeted support)**60** Number that were not advised (including targeted support) but took up
pensions guidance (e.g. Pension Wise)

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
| | | | | | |

...

Full encashments made by plan holders who accessed their plans for the first time

...

Of which, number of full encashments by use of advice and pot size:

67 Number that were advised (not including targeted support)

68 Number that were not advised (including targeted support) but took up *pensions guidance* (e.g. Pension Wise)

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
| | | | | | |

...

REP016 - Retirement income stock and withdrawals flow data

...

Part 2 - Withdrawals flow data

REGULAR WITHDRAWALS - Plan holders that have a regular UFPLS or drawdown payment set up - by age band

Questions 17 - 31 should only be completed by firms that reported 750 plans or more in question 15

| A | B | C | D | E |
|----------|-------|-------|-------|-----|
| Under 55 | 55-64 | 65-74 | 75-84 | 85+ |

...

Number of plans where the plan holder(s) made regular partial withdrawals, by use of advice and age band:

23 Of the number of plans where the plan holder made less than 4% withdrawals in the reporting period, how many were advised sales (not including targeted support)?

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

24 Of the number of plans where the plan holder made greater than or equal to 4% withdrawals in the reporting period, how many were advised sales (not including targeted support)?

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

...

REGULAR WITHDRAWALS - Plan holders that have a regular UFPLS or drawdown payment set up - by pot size

| A | B | C | D | E | F |
|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| Less than £10,000 | £10,000 - £29,999 | £30,000 - £49,999 | £50,000 - £99,999 | £100,000 - £249,999 | £250,000 and above |

...

Number of plans where the plan holder(s) made regular partial withdrawals, by use of

advice and pot size:

- 30** Of the number of plans where the plan holders were making less than 4% withdrawals in the reporting period, how many were advised sales (not including targeted support)?

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

- 31** Of the number of plans where the plan holders were making greater than or equal to 4% withdrawals in the reporting period, how many were advised sales (not including targeted support)?

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

...

**16
Annex
43B** **Guidance notes for completion of the Retirement income flow data return ('REP015') and the Retirement income stock and withdrawals flow data return ('REP016')**

This annex consists only of guidance notes for form REP015 and form REP016.

...

NOTES FOR COMPLETION OF THE RETIREMENT INCOME FLOW DATA RETURN ('REP015') AND THE RETIREMENT INCOME STOCK AND WITHDRAWALS FLOW DATA RETURN ('REP016')

Section A Notes for completion of REP015

The following notes do not cover all questions in REP015, but only those questions where we considered *guidance* would assist *firms* in completing the return.

...

Part 2 – Breakdown of activity by plan holders accessing their pension plans during the reporting period

...

Plan holders that entered drawdown during the reporting period but did not fully exhaust their plan (questions 14-29)

...

| | |
|---|--|
| ... | |
| Q24: Number of plans by use of advice and crystallised pot size: number that were advised | <p>Of the plans reported as entering drawdown in question 14, report how many of the plan holders were advised at the point of entering drawdown.</p> <p><i>COBS 19.7.19</i> requires <i>firms</i> to record whether the <i>retail client</i> has received regulated advice and risk warnings when they contact the <i>firm</i> about accessing their pension. Report the number of plan holders who informed your <i>firm</i> they received advice at this point.</p> <p><u>References to 'advised', 'advice' or 'regulated advice' do not include <i>targeted support</i>.</u></p> |
| Q25: Number of plans by use of advice and crystallised pot | Of the plans reported as entering drawdown in question 14, report how many of the plan |

| | |
|---|---|
| size: number that were not advised but took up <i>pensions guidance</i> (e.g. Pension Wise) | <p>holders who were not advised at the point of entering drawdown stated that they used Pension Wise.</p> <p>COBS 19.7.8R and COBS 19.7.19R require <u>requires firms to ask record</u> whether the <i>retail client</i> has received <i>pensions guidance</i> when they contact the <i>firm</i> about accessing their pension, and for firms to keep a record of the response. <i>Firms</i> should report plan holders who informed the <i>firm</i> they received guidance (but not advice) at this point.</p> <p><u>References to ‘advised’ or ‘advice’ do not include <i>targeted support</i>.</u></p> |
| ... | |

Pension annuities purchased during the reporting period (questions 30 to 53)

...

| | |
|---|---|
| ... | |
| Q40: Number of pension annuities by use of advice and pot size: number that were advised | <p>Of the annuity purchases reported in question 30, report how many plan holders were advised at the point of purchasing the annuity.</p> <p><i>COBS 19.7.19</i> requires <i>firms</i> to record whether the <i>retail client</i> has received regulated advice and risk warnings when they contact the <i>firm</i> about accessing their pension. <i>Firms</i> should report plan holders who informed your <i>firm</i> they received advice at this point.</p> <p><u>References to ‘advised’, ‘advice’ or ‘regulated advice’ do not include <i>targeted support</i>.</u></p> |
| Q41: Number of pension annuities by use of advice and pot size: number that were not advised but took up <i>pensions guidance</i> (e.g. Pension Wise) | <p>Of the annuity purchases reported in question 30, report how many of the plan holders who did not receive advice stated that they used Pension Wise.</p> <p>COBS 19.7.8R and COBS 19.7.19R require <u>requires firms to ask record</u> whether the <i>retail client</i> has received pensions</p> |

| | |
|-----|---|
| | <p>guidance <i>pensions guidance</i> when they contact the <i>firm</i> about accessing their pension, and for firms to keep a record of the response. <i>Firms</i> should report plan holders who informed the <i>firm</i> they received guidance (but not advice) at this point.</p> <p><u>References to ‘advised’ or ‘advice’ do not include <i>targeted support</i>.</u></p> |
| ... | |

Plan holders who accessed their plan for the first time by taking a partial UFPLS payment (questions 54 to 60)

...

| | |
|--|--|
| ... | |
| Q59: Number of plans by use of advice and uncrystallised pot size: number that were advised | <p>Of the plans reported in question 54, report how many plan holders were advised at the point of accessing their benefits.</p> <p><i>COBS 19.7.19</i> requires <i>firms</i> to record whether the <i>retail client</i> has received regulated advice and risk warnings when they contact the <i>firm</i> about accessing their pension. <i>Firms</i> should report plan holders who informed the <i>firm</i> they received advice at this point.</p> <p><u>References to ‘advised’, ‘advice’ or ‘regulated advice’ do not include <i>targeted support</i>.</u></p> |
| Q60: Number of plans by use of advice and uncrystallised pot size: number that were not advised but took up <i>pensions guidance</i> (e.g. Pension Wise) | <p>Of the plans reported in question 54, report how many of the plan holders who did not receive advice stated that they used Pension Wise.</p> <p><i>COBS 19.7.8R</i> and <i>COBS 19.7.19R</i> require <i>firms</i> to ask <u>record</u> whether the <i>retail client</i> has received <i>pensions guidance</i> <i>pensions guidance</i> when they contact the <i>firm</i> about accessing their pension, and for firms to keep a record of the response. <i>Firms</i> should report plan holders who informed the <i>firm</i> they received guidance (but not advice) at this point.</p> |

| | |
|--|--|
| | References to ‘advised’ or ‘advice’ do not include <i>targeted support</i> . |
|--|--|

Full encashments made by plan holders who accessed their plans for the first time (questions 61 to 68)

...

| | |
|--|--|
| ... | |
| Q67: Number of full encashments by use of advice and pot size: number that were advised | <p>Of the full encashments reported in question 61, report how many were made by plan holders who were advised at the point of accessing their benefits.</p> <p><i>COBS 19.7.19</i> requires <i>firms</i> to record whether the <i>retail client</i> has received regulated advice and risk warnings when they contact the <i>firm</i> about accessing their pension and receive the risk warnings. <i>Firms</i> should report plan holders who informed the <i>firm</i> they received advice at this point.</p> <p>References to ‘advised’, ‘advice’ or ‘regulated advice’ do not include <i>targeted support</i>.</p> |
| Q68: Number of full encashments by use of advice and pot size: number that were not advised but took up <i>pensions guidance</i> (e.g. Pension Wise) | <p>Of the full encashments reported in question 61, report how many of the plan holders who did not receive advice stated that they used Pension Wise.</p> <p><i>COBS 19.7.8R</i> and <i>COBS 19.7.19R</i> require <u>requires <i>firms</i> to ask record</u> whether the <i>retail client</i> has received <i>pensions guidance</i> <i>pensions guidance</i> when they contact the <i>firm</i> about accessing their pension, and for <i>firms</i> to keep a record of the response. <i>Firms</i> should report plan holders who informed the <i>firm</i> they received guidance (but not advice) at this point.</p> <p>References to ‘advised’ or ‘advice’ do not include <i>targeted support</i>.</p> |

Section B Notes for completion of REP016

The following notes do not cover all questions in REP016, but only those questions where we considered *guidance* would assist *firms* in completing the return.

...

Part 2 - Withdrawals flow data (questions 17 to 34)

...

To answer questions 17 to 31, *firms* should calculate annual withdrawal rates for all the plans with regular withdrawals set up and which were reported in question 15.

In questions 23, 24, 30 and 31, references to ‘advised sales’ do not include *targeted support*.

Firms should not calculate withdrawal rates for each withdrawal; it is a rate of withdrawal for each plan holder over the year that should be calculated.

...

Annex H**Amendments to the Dispute Resolution: Complaints sourcebook (DISP)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Treating complainants fairly

...

**1 Annex Complaints return form
1R**

Complaints return form

This annex consists only of one or more forms. Forms are to be found through the following address:

[Editor's note: insert link to form]

Complaints Return (DISP 1 Ann 1R)

...

Part A-1, DISP 1 Annex 1R

For firms receiving less than 500 complaints in the reporting period

Table 1

Complaints opened when fewer than 500 total opened

| | | |
|-----|-------------------------|-----|
| 78 | Decumulation & pensions | ... |
| ... | | |
| ... | | |
| 89 | Investments | ... |
| ... | | |
| ... | | |
| ... | | |
| ... | | |

| A | D | H | L | M | N |
|-------|--|---|---------------------------------|-----------------|-------|
| Total | Advising, selling and arranging and targeted support | Information, sums/ charges or product performance | General admin /customer service | Arrears related | Other |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Part A-2, DISP Annex 1R

For firms receiving more than 500 complaints in the reporting period

Table 4

Complaints opened when greater than or equal to 500 opened complaints

| | | A | B | C | E | F | G | I | J | K | M | N | O |
|---------------------------|-------------------------|-------|---|------------------------------|---|------------------------------|--------------------------------|-----------------------------------|-------------------|--------------------------------------|-----------------|-------|---|
| | | Total | Advising, selling and, arranging and targeted support | | Information, sums/ charges or product performance | | | General admin/ customer service | | | Arrears Related | Other | Claims |
| Product/ service grouping | Product/service | Total | Unsuitable advice | Unclear guidance/arrangement | Disputes over sums/charges | Product performance/features | Product disclosure information | Errors/not following instructions | Delays/timescales | Other general admin/customer service | Arrears related | Other | Number of complaints in columns B to N which are claims related |
| ... | | | | | | | | | | | | | |
| 78 | ... | | | | | | | | | | | | |
| ... | Decumulation & pensions | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 89 | ... | | | | | | | | | | | | |
| ... | | | | | | | | | | | | | |
| | Investments | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Annex I

Amendments to the Collective Investment Schemes sourcebook (COLL)

In this Annex, underlining indicates new text.

6 **Operating duties and responsibilities**

...

6.9 **Independence, names and UCITS business restrictions**

...

Restrictions of business for UCITS management companies

6.9.9 R A *UCITS management company* must not engage in any activities other than:

...

(5) investment advice concerning *financial instruments* where the *firm* has *permission* for the activity in (4); and

...

Connected activities: guidance

6.9.10 G ...

(2) ...

(3) The reference to ‘investment advice’ in COLL 6.9.9R(5) includes *targeted support*.

...

Annex J

Amendments to the Credit Unions sourcebook (CREDS)

In this Annex, underlining indicates new text.

3A Shares, deposits and borrowing

...

3A.5 Requirements on the retail distribution and financial promotion of capital instruments

Application

...

3A.5.2 G ...

3A.5.2A G References in this section to a *relevant credit union client* receiving ‘advice that constitutes a *regulated activity*’ does not include such a client receiving *targeted support*. A *firm* is not permitted to *provide targeted support* in relation to *deferred shares* or *credit union subordinated debt*.

...

Annex K

Amendments to the Investment Funds sourcebook (FUND)

In this Annex, underlining indicates new text.

1 Introduction

...

1.4 AIFM business restrictions

...

External AIFMs

- 1.4.3 R An *external AIFM* that is a *full-scope UK AIFM* must not engage in any activities other than:

...

- (4) investment advice;

...

...

- 1.4.5 G (1) Where a *full-scope UK AIFM* carries on the activities in *FUND* 1.4.3R(3) and (4) in relation to assets which are not *financial instruments* and it is not carrying on the activities of *managing investments* or *advising on investments*, the *FCA* will deem the *firm* as having been authorised to carry on such activities by virtue of its authorisation as an *AIFM*. However, for such an *AIFM* to be able to carry on the activity in *FUND* 1.4.3R(4) in relation to assets which are *financial instruments* or the activities in *FUND* 1.4.3R(5) and (6) it must have a *Part 4A permission to manage investments*.

- (2) The reference to ‘investment advice’ in *FUND* 1.4.3R(4) includes *targeted support*.

...

Annex L

Amendments to the Perimeter Guidance manual (PERG)

In this Annex, underlining indicates new text.

1 Introduction to the Perimeter Guidance manual

...

1.2 Introduction

[Note: PERG has not yet been updated to take account of the introduction of the new regulated activity of providing targeted support. The FCA is considering what changes to PERG are needed in light of the introduction of this new activity.]

1.2.1 G ...

...

2 Authorisation and regulated activities

2.1 Application and purpose

[Note: PERG has not yet been updated to take account of the introduction of the new regulated activity of providing targeted support. The FCA is considering what changes to PERG are needed in light of the introduction of this new activity.]

Application

2.1.1 G ...

...

8 Financial promotion and related activities

...

8.24 Advising on investments

[Note: PERG has not yet been updated to take account of the introduction of the new regulated activity of providing targeted support. The FCA is considering what changes to PERG are needed in light of the introduction of this new activity.]

8.24.-1 G ...

...

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