

Consultation Paper **CP26/24****

Simplifying Consumer Investment Disclosures

July 2026

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Chapter 1

Summary

Why we are consulting

- 1.1** We want consumers to access simple disclosures that help them make informed decisions about investments. We're making changes to align the cost disclosure requirements which derive from the Markets in Financial Instruments Directive (MiFID) with our Consumer Composite Investments (CCI) regime. We are simplifying and consolidating the disclosure requirements for MiFID, Insurance Distribution Directive (IDD), and non-MiFID investments business.
- 1.2** Our aim is to create a thriving retail investment culture, where consumers have the information they need and the confidence to invest. We want to see firms competing on how they engage and inform consumers, supported by evidence-led and testing-backed innovation. A key part of this is clear and balanced information about costs and charges.
- 1.3** Our proposals apply to:
- Firms carrying out MiFID or equivalent third country business
 - Firms engaged in insurance distribution activities
 - Firms carrying out other forms of designated investment business
- 1.4** This CP will also be of interest to:
- Industry groups and trade bodies
 - Consumers and consumer groups
 - Manufacturers of CCIs and other investments

Context

- 1.5** In December 2025, we published the final rules for our new disclosure regime for packaged retail investment products, or CCIs. These rules replaced disclosure documents for Packaged Retail and Insurance-based Investment Products (PRIIPs) and Undertakings for Collective Investment in Transferable Securities (UCITS) with a new CCI 'product summary'.
- 1.6** The CCI regime puts consumer understanding at the heart of disclosure. Evidence indicated that consumers rarely read the documents they had been provided with and, if they did, struggled to understand them. Rigid templates and a high degree of prescription discouraged firms from innovating to find better ways of communicating. This led to jargon-heavy and unengaging presentations of the required information.

- 1.7** The CCI rules give firms a much greater degree of flexibility. They do not impose design requirements on the new product summary documents and give firms freedom over how they present information in line with their Consumer Duty (the Duty) responsibilities. To ensure comparability and drive competition, we required firms to present three metrics in compliance with specific rules and standardised methodologies: risk, past performance, and costs and charges.
- 1.8** EU-derived MiFID rules set other disclosure requirements for firms providing services in relation to a range of investments, including CCIs. They also apply, amongst others, to services relating to direct (that is, unpackaged) equity and bond holdings and to model portfolios bought on a platform. These rules cover professional as well as retail clients, whereas only the latter are in scope of CCIs.
- 1.9** MiFID-derived rules require firms to disclose a total figure for costs and charges, including both the costs of the product and of the distribution service (for example, platform or adviser charges, dealing costs, or portfolio manager fees). Firms are required to provide this information pre-sale (usually immediately before the client makes a transaction), and post-sale as part of regular reporting.
- 1.10** Alongside the introduction of the CCI regime, we made small changes to the existing MiFID-derived disclosure rules to ensure that the product costs required to be disclosed were consistent with those required to be included in the CCI product summary, ensuring compatibility between the two regimes.
- 1.11** This consultation paper fulfils a commitment in PS25/20 to review the MiFID-derived requirements in 2026. We intend to make changes to align Conduct of Business Sourcebook (COBS) disclosure rules with the CCI regime on a conceptual as well as technical level, and apply the same Duty-driven approach, focusing on consumer engagement and understanding.
- 1.12** More broadly, we set out our ambition to modernise disclosures through the Consumer Duty Requirements Review. As part of this work, we are looking at where legacy disclosure requirements can be streamlined now that the Duty is in place, and where we can promote greater consistency in disclosure standards where appropriate. We want to take advantage of the Duty's higher standards and additional flexibility to enable firms to tailor customer-facing communications in a way which promotes consumer understanding and allows for more modern customer journeys.
- 1.13** We are aware of the need to ensure that our rules are future-proofed and equipped for a market which is being changed by new technologies. Artificial Intelligence (AI) is already changing the ways in which consumers engage with investments and we would expect this trend to continue. Disclosure rules need to be suitable for a world in which consumers use AI to access and summarise information about investments.



Produce simpler and clearer rules, making greater use of the Consumer Duty



Make further changes to MiFID cost disclosure rules, applying the principles that underlie CCIs, and responding to stakeholder feedback



Create a new, streamlined disclosure regime, ending fragmentation across MiFID, non-MiFID, and IDD business

What we want to change

- 1.14** Consumers need clear and relevant information to make better-informed choices. This is particularly important for costs and charges disclosures, which help them to assess the value of products and services, and understand the effect of costs on returns.
- 1.15** The MiFID-derived cost disclosure rules were introduced to help investors understand the costs they pay and how they impact returns over time. However, because these rules are complex, firms are not providing clear information which helps consumers assess the value of products and services as much as they could. We want to streamline these rules and ensure consumers have decision-useful information that is presented in a way they understand.
- 1.16** Under the MiFID-derived cost disclosure rules, before making a transaction, consumers are given personalised information which summarises all the costs and charges information they have been presented with throughout the consumer journey. Post-sale, consumers are given information on the costs and charges they have actually paid. Both pre- and post-sale, firms are required to provide consumers with an illustration of the cumulative effect of costs on their investment returns.
- 1.17** We are proposing changes to:
- further align the rules in COBS with our new CCI regime and to make cost disclosures more consistent throughout the investment journey. We want to ensure that the pre-sale presentation of product costs under our rules in COBS aligns with the disclosure framework for CCIs.
 - remove the MiFID-derived cumulative effect illustration pre-sale and post-sale and instead require firms to show how costs have impacted returns in regular post-sale reporting.
 - allow firms to use CCI cost categories in their regular post-sale reporting while maintaining the requirement for consumers to be told the total costs they have paid in pounds and pence.

- remove most prescriptive requirements for business with professional clients while retaining obligations on firms to provide them with transparent cost disclosures and other core information.
- embed our expectations that consumers are clearly told about the interest rates they will receive on their cash balances or any fees they pay on cash held in investment accounts. Firms should explain in a consumer-friendly way how they set the interest rate consumers will receive on their cash. We are also codifying a requirement that firms do not both charge fees and retain interest on cash holdings (double dipping) as set out previously in our 2023 Dear CEO letter.
- simplify and streamline rules for MiFID, IDD, and non-MiFID business to reduce burden on firms and ensure a more consistent consumer experience. We recognise that the co-existence of three similar but distinct regimes increases complexity.



Align pre-sale presentation of costs with CCIs



Retain presentation of total cost post-sale, while giving firms flexibility



Remove cumulative effect illustrations



Clearer disclosure of interest rates and fees on cash holdings



Reduce requirements for business with professional clients



Apply the same requirements to MiFID, non-MiFID and IDD business

Outcome we are seeking

- 1.18** We want disclosures made to consumers to be as useful, clear, and as engaging as possible. Through these changes, we want consumers to be presented with clearer and more engaging information about costs and charges and interest on cash holdings. We want to encourage firms to improve their communication on these important issues by building pre-sale disclosures into consumer journeys where feasible. This will enable better decision-making, help consumers to identify value, build confidence, and encourage consumers to consider investing.

- 1.19** By simplifying and clarifying our rules, we want to reduce burden on firms and barriers to entry into the UK investment market, driving competitiveness and growth.

Measuring success

- 1.20** We will support firms with implementation and engage with them following implementation to understand how our changes are working. We will monitor UK retail investors' understanding of the costs they pay for their investments using the Financial Lives Survey (FLS).
- 1.21** We will monitor the success of this work through our ongoing monitoring of the Duty to understand how these rules interact with the Duty in practice.
- 1.22** We will monitor our fulfilment of the secondary international competitiveness and growth objective (SICGO) by tracking international trends relating to disclosure standards and the impact on the market. We will also monitor the market trust of UK retail investors using the FLS.

Next steps

- 1.23** We welcome feedback on this consultation by 21 August 2026.
- 1.24** We will continue to engage with a wide range of stakeholders during and after the consultation period. We intend to publish a Policy Statement (PS) with final rules by the end of 2026.

Chapter 2

Costs and charges

- 2.1** This chapter proposes changes to the costs and charges disclosures currently required by rules derived from MiFID. After consolidation (see Chapter 4), we anticipate the resulting rules will apply to all investments business, including IDD and non-MiFID business, with broad exemptions for pensions. We discuss the proposed application of our rules to business with professional clients in Chapter 4.

Current rules

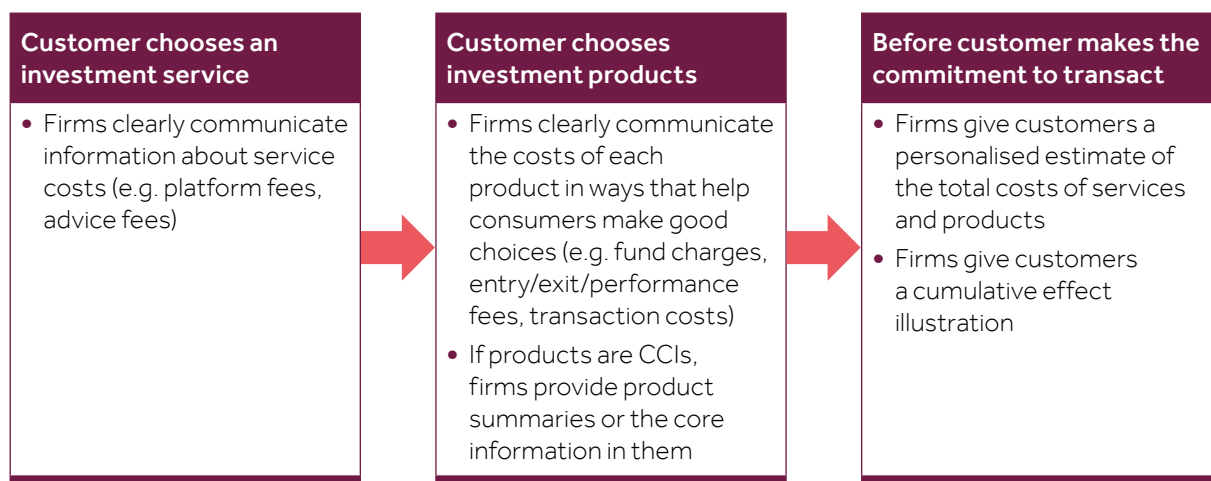
- 2.2** The FCA undertook the Investment Platforms Market Study (IPMS) in the period immediately before MiFID II disclosure rules were implemented in the UK. This found that consumer understanding of the costs and charges associated with investing was low. In particular, it showed that the wide range of potential costs of using an investment platform confused consumers and that they struggled to work out the total cost of the investment products and services they were paying for. It also found that consumers struggled to understand the link between costs and returns and to make decisions on that basis.
- 2.3** The IPMS refrained from introducing remedies to these issues because the incoming MiFID rules were expected to address the harm and competition concerns around consumer understanding of the costs of investing. However, consumer understanding of, and engagement with, costs remains low. Our 2024 Financial Lives Survey found that 30% of non-advised platform users said they did not know how much they are charged for investing on their platform.
- 2.4** Our rules that originate in MiFID currently require firms to disclose 'all costs and charges' of the services they provide and of the financial instruments in which the client invests through that service. Service costs include the ongoing costs of providing the service (for example, annual platform and advice fees), one-off costs (for example, deposit fees or switching costs), transactions costs (for example, stamp duty or dealing fees), and any other costs such as performance fees. Product costs generally fall into similar categories as they relate to the financial instrument itself – for example fund management charges, entry or exit costs, and explicit transaction costs incurred by a fund.
- 2.5** Current rules require firms to provide the client with an aggregated total figure of all relevant costs and charges. Firms must provide an estimate of costs and charges before the client purchases the financial instrument (pre-sale), and a figure for costs actually incurred in regular reporting thereafter (post-sale).

2.6 In PS25/20, we changed MiFID-derived cost disclosure rules with respect to CCI products. We intended at that time only to ensure that the COBS rules functioned together with the new CCI rules, rather than to make any substantive changes to the rules in COBS. Under the revised rules, pre-sale product costs for a CCI are those listed on the product summary – that is, ongoing, one-off, and transaction costs. Post-sale, the CCI product costs to be aggregated are the actually incurred costs in these categories, plus any performance fees or carried interest that have been charged in the reporting period (these are not disclosed numerically on the product summary and therefore cannot be aggregated pre-sale). We made no changes to the rules in COBS other than for CCI products. In this consultation, we are considering the COBS rules more broadly, including for non-CCI products.

Pre-sale cost disclosures

Current rules

2.7 Pre-sale disclosures of costs and charges help consumers to navigate their investment journey, make informed choices, and help support a competitive market. Firms inform customers about the different costs of each service before they provide the service – for example, where platforms and advisers publish their charging structures on their websites or in illustrations. Individual product costs must also be disclosed before the customer makes a purchase. MiFID-derived rules require firms to then provide a personalised estimate of the total aggregated costs before a transaction is made. The diagram below illustrates this.



2.8 On the CCI product summary, costs are presented as ongoing costs, one-off costs, transaction costs, and the costs of underlying closed-ended investment funds (CEIFs) where these are held in another CCI. These are not added together to give a total cost of the product. This focuses competition and decision-making on the ongoing cost, while ensuring that all other costs, which may not be incurred with the same regularity, are transparent. Firms must present and explain these costs in a way that promotes consumer understanding.

Proposed rules

- 2.9** Consumer research consistently shows that consumers need and value simple disclosures that cut through the complexity of charging models to understand the impact of costs and charges on their investment returns.
- 2.10** We propose to maintain the general principle that firms should continue to present the costs of the service to their clients together with the costs of the products they are buying before they commit to a transaction.
- 2.11** To ensure the consistency and coherence of pre-sale disclosures, we propose that the product costs shown to the consumer at the point of sale should replicate the focus of their CCI product summary. We propose that firms present consumers with the total of the ongoing product costs and the service costs pre-sale.
- 2.12** We are proposing very limited changes to the current treatment of service costs (platform fees, advice fees, etc.) with the exception of changes to the presentation of service costs for pensions pre-sale (see Chapter 4). We have not received feedback to date on the treatment of service costs and charges under the rules derived from MiFID and therefore consider it proportionate to maintain the status quo whereby consumers are told the total costs of the service. For the sake of clarity, we do not consider the current rules to require firms to disclose implicit transaction costs incurred in the provision of a service, and in line with our approach in CCIs, we will maintain this.
- 2.13** We are aware that under the current rules, firms that charge flat fees that cover a whole portfolio (e.g. a monthly fixed platform fee) may be presenting these as a percentage of the particular transaction only, rather than of the whole portfolio, making them look artificially high in percentage terms. We think it is appropriate that consumers are reminded of their regular flat platform fee when they transact, but we want to ensure consumers are not misled. Where a flat fee is imposed across over a whole portfolio, we propose that this is shown as a percentage of a consumer's total holdings with the firm. Firms should ensure consumers understand the marginal costs (if any) of a transaction.
- 2.14** We propose that one-off product costs (if present) and product transaction costs should not be added to the costs in 2.11 above, but disclosed as separate items. Firms must make clear when one-off costs will be incurred, especially where they are paid up-front. We also propose that performance fees and carried interest are treated in the same way as under the CCI disclosure rules. These costs are not estimated in advance but are instead described with an explanation of when they would be incurred. We propose that in complying with their obligations under COBS, firms can provide a link to the detailed explanation in the product summary where the relevant products are CCIs.
- 2.15** We propose that the ongoing costs of CEIFs, which are deducted from the Net Asset Value (NAV) of the fund and are therefore borne indirectly, should also not be added together with other ongoing costs. These should be disclosed separately, with an explanation of how they work, consistent with the CCI framework.
- 2.16** As under CCIs, our proposal is that only explicit product transaction costs should be included in the figure disclosed. Implicit transaction costs, such as slippage, need not be included. As we stated in PS 25/20, we regard mark-ups and mark-downs as an explicit transaction cost.

- 2.17** As under the current rules in COBS 6.1ZA, we propose that firms should be required to present costs on a personalised and annualised basis, displaying them as a percentage and as a pounds and pence figure based on the consumer’s investment amount.
- 2.18** Firms may provide further breakdowns, details, and explanations of costs, or use layering to highlight the most important costs. When preparing these disclosures, firms should be mindful of their Duty responsibilities, and particularly the retail customer outcome on consumer understanding (PRIN 2A.5). Firms may wish to take note of research showing that consumers struggle to understand and use very detailed cost breakdowns.
- 2.19** These proposals maintain alignment with the CCI product regime while keeping disclosures as simple as possible. We are keen to keep the number of required cost categories as low as possible to avoid overloading consumers.
- 2.20** Consumer testing undertaken for CCIs found that disclosures presenting a short, disaggregated set of key cost figures performed similarly in terms of consumer understanding to a fully aggregated version. This research contributed to the final rules requiring firms to present different categories of costs (i.e. ongoing, one-off, and transaction costs) separately on the CCI product summary.
- 2.21** This research also found that a brief and simple presentation performed significantly better than a more complex and detailed ‘statement of operating expenses’ in terms of consumer confidence and understanding. This emphasised that cost disclosures should be set out clearly and provide an appropriate level of detail for a retail consumer.
- 2.22** This shows how the proposal might work in practice for a customer investing £10,000 in Fund X. Note that this is not a template: it is merely to illustrate how the different cost categories are treated under the proposal.

Cost summary for a customer buying £10,000 of Fund X

Annual platform fee	0.25%	£25
Annual fund charges (OCF)	0.75%	£75
Total annual charges	1%	£100

Other costs

- 1.** You will also pay a **one-off entry fee** of 1% (£100) to buy this fund.
 - 2.** The fund also incurs transaction costs, which can vary. Last year these were 0.05% (£5).
 - 3.** The fund also has a **performance fee** which you will pay under certain conditions. For more details please see the Product Summary.
- 2.23** Firms should present the pre-sale cost information in a way that encourages consumer understanding and engagement. Most firms currently rely on a static PDF document that customers have to click through to. Firms should consider dynamic ways of presenting this information in line with the Duty and how to incorporate the various disclosure requirements (for example, CCI product disclosure), to create a seamless consumer journey.

2.24 Occasional Paper 32 (OP32) found that a “review screen” integrated into the consumer transaction journey that reminded customers of the total cost was effective at encouraging participants to consider cost information. This demonstrates the value of actively engaging consumers with cost information rather than simply making it available to them as part of a set of documentation. While not required, firms could also use such a screen to present contextual information on the relative value of the investment, for example, comparing fund costs to those of similar products.

Question 1: Do you agree with our proposals on how firms should disclose pre-sale costs of investing? If not, why not, and what presentation would you propose?

Question 2: What can be done to enable and encourage firms to deliver dynamic and engaging pre-sale cost disclosures?

Post-sale cost disclosures

Current rules

2.25 Current MiFID-derived rules require firms to disclose and aggregate the same costs in the same way in regular post-sale reporting as in pre-sale disclosures. The only exception is performance fees for CCI products, which are not known pre-sale, but are required to be aggregated ex-post. The rules require firms to present the actually incurred costs. Firms must do this at least annually, and they can also present these costs alongside other regular reporting (for example, a quarterly periodic statement).

2.26 Unlike pre-sale disclosures, post-sale disclosures in regular reporting are not provided to help consumers make an in-the-moment decision about whether to buy or sell an investment. Instead, they provide crucial transparency to consumers about what they have paid. They also serve a broader purpose in helping consumers to understand the impact of costs on their returns: that is, how much costs have reduced the return of their investments. They allow consumers to assess the value of their investment services and products on a regular and ongoing basis.

Proposed rules

2.27 We propose that consumers should continue to be told the total costs incurred across all categories in pounds and pence and as a percentage. For products, this includes any one-off costs, including performance fees, and explicit transaction costs incurred in the period. We propose to exclude the costs of CEIFs, which are indirect and so should be itemised separately. As in pre-sale disclosures, firms would not need to disclose implicit transaction costs.

2.28 We have had representations that for consistency with pre-sale disclosures, post-sale disclosures should not provide a sum of all the costs incurred but only ongoing product costs and service costs.

- 2.29** In the case of one-off product costs or performance fees, it is important that when consumers pay these, firms account for them fully and transparently, and include them in the total of what the consumer has paid in the period. This allows consumers to keep track of irregular charges alongside ongoing costs.
- 2.30** In the case of explicit product transaction costs, industry participants have argued that they should not be added to other costs as they must be incurred to execute the product's investment strategy, and are reflected in the performance figures for the investment. They also argue that there are other rules, such as around best execution, to drive value for the end investor.
- 2.31** We understand these arguments, but our view is that, post-sale, it is appropriate to include transaction costs in the total figure. Explicit transaction costs include broker commission to buy and sell securities, research commissions, where the asset manager passes these onto the fund, and taxes such as stamp duty. All of these are real costs that have an impact on the return the investor receives. Different fund strategies will have different levels of transaction cost. To ensure this is transparent, explicit transaction costs must be included on the CCI product summary. In regular post-sale disclosures, these costs have been incurred and are known and should be included in the sum of all costs to ensure full transparency, helping consumers in their consideration of value.
- 2.32** Under our proposals, firms will retain the freedom to present breakdowns of costs as in practice most currently do. They could use this flexibility to align the presentation with pre-sale disclosures, if they find that this enhances consumer understanding. For example, they could group together service and ongoing product costs in the period, presenting a sub-total matching the presentation of pre-sale disclosures, and then include the actually incurred one-off and transaction costs in an overall total.
- 2.33** We propose not requiring CEIF costs to be added to the costs detailed above. CEIF costs have an indirect impact on returns and should be disclosed separately, with an explanation.
- 2.34** Feedback from industry has indicated that some distributors can find the current requirement to calculate actually incurred costs difficult to comply with if they struggle to obtain precise data from other firms in the value chain. We have heard that differing reporting periods, multiple service providers, and the amount of data required to assess costs accurately across numerous products and transactions causes complexity. Under the PRIIPs regime, firms said that they incurred unnecessary additional costs because they had to produce different cost figures for MiFID and PRIIPs disclosures, and could not rely on the data in the PRIIPs KID to fulfil their MiFID requirements.
- 2.35** We therefore propose amending our rules to permit a 'reasonable estimate of actually incurred costs' where it would require disproportionate effort to obtain exact figures. In particular, we expect firms to be able to rely on the same data for their CCI and post-sale cost disclosure obligations. This should significantly reduce burdens on firms. We still expect firms to use their best endeavours to ensure that consumers are presented with an assessment of their costs that is as accurate as possible. We have added guidance reminding firms of their obligations to cooperate and comply with reasonable requests for data – this is for clarification and should not result in any additional obligations.

Question 3: Do you agree with our proposals for the presentation of post-sale cost disclosures? If not, why?

Question 4: Do you agree with our proposal to permit a 'reasonable estimate' of costs to be disclosed post-sale? If not, why?

Cumulative effect illustrations

- 2.36** It is important that consumers understand the link between costs and returns. They need to know that even small differences in charges can have significant impacts on long-term returns so that they can choose better value products and services. The IPMS found that, prior to MiFID II, consumers struggled to make the link between costs and performance and understand the long-term impact of charges.
- 2.37** It is also important that consumers have transparent, backwards-looking information about how much their investments have cost them in the past and the impact this has had on their returns.
- 2.38** MiFID disclosure rules were intended to address this issue. MiFID-derived rules require firms to provide clients with 'an illustration showing the cumulative effect of overall costs and charges on the return of the client's investment in the financial instrument'. These are provided both pre-sale and in post-sale regular reporting, and are personalised. This aimed to illustrate the compounding effect of costs over time, and the difference between gross and net performance.
- 2.39** Many firms have interpreted the rules as requiring forward-looking illustrations. Future investment outcomes are impossible to predict. It is therefore essential that disclosures that include future performance scenarios do not confuse these with expected returns.
- 2.40** PRIIPs required future performance scenarios to be included on Key Information Documents (KIDs). We and the Treasury removed these in the UK in 2021, saying "The methodology for producing performance scenarios is complicated, reflecting the intended breadth of its application. It is unclear that it could be sufficiently improved to ensure illustrations of potential future performance are informative to investors and not misleading across the full range of products within scope of the PRIIPs regime and under all reasonably conceivable market contexts."
- 2.41** While there were particular problems with the PRIIPs methodology's reliance on past performance data resulting in potentially misleading information, attempting to prescribe a different methodology based on other assumptions is likely to be met with similar problems.
- 2.42** MiFID also does not specify a methodology for cumulative impact illustrations. This has resulted in firms interpreting the requirement in a variety of ways. Some show a table projecting the annual costs over a recommended holding period with a performance assumption (for example, 5% growth annually over five years), which they may or may not add up. Others simply show the effects over 1 year, assuming no gross return – effectively duplicating the aggregated cost figure.

2.43 Some firms interpret the post-sale requirement as a backward-looking illustration of actually incurred costs, while others present a further forward-looking estimate of future costs in their regular reporting. Firms use different presentations, including graphs, tables, and narratives.

Figures 1 & 2: examples of cumulative effect illustrations today, anonymised from real disclosures:

What is the cumulative effect of costs and charges on your investment (i.e. the reduction in gross value)?

The overall costs and charges deducted from your portfolio will have an impact on the net investment return that you will receive in each year of management. The table below shows the estimated total costs and charges as a percentage of the average portfolio value for the period of management of your portfolio by us.

Year	Estimated total costs and charges	Estimated total costs and charges as a percentage of the average portfolio value
1	£13,411	1.19%
2	£13,159	1.12%
3	£13,749	1.12%
4	£14,362	1.12%
5	£15,004	1.12%

Potential impact of the costs on your investment(s)

Amount of lump sum invested, plus one year's worth of regular investments	£1,000.00
Total charges	£4.10
Value of investments after 12 months' costs	
Assuming no change to the market value of the fund's shares or units	£995.90

2.44 MiFID-derived rules do not require the cumulative impact of the product costs to be shown against a comparator such as the product's peer group average costs or one with lower charges. This means that rather than having a comparator against which to assess the impact of costs over time, consumers are essentially presented with a different way of seeing the same cost as in the standard cost information. It is not clear that seeing the same percentage reduction in returns from a gradually higher figure is sufficiently helpful compared to simply having a better understanding of the basic cost figures.

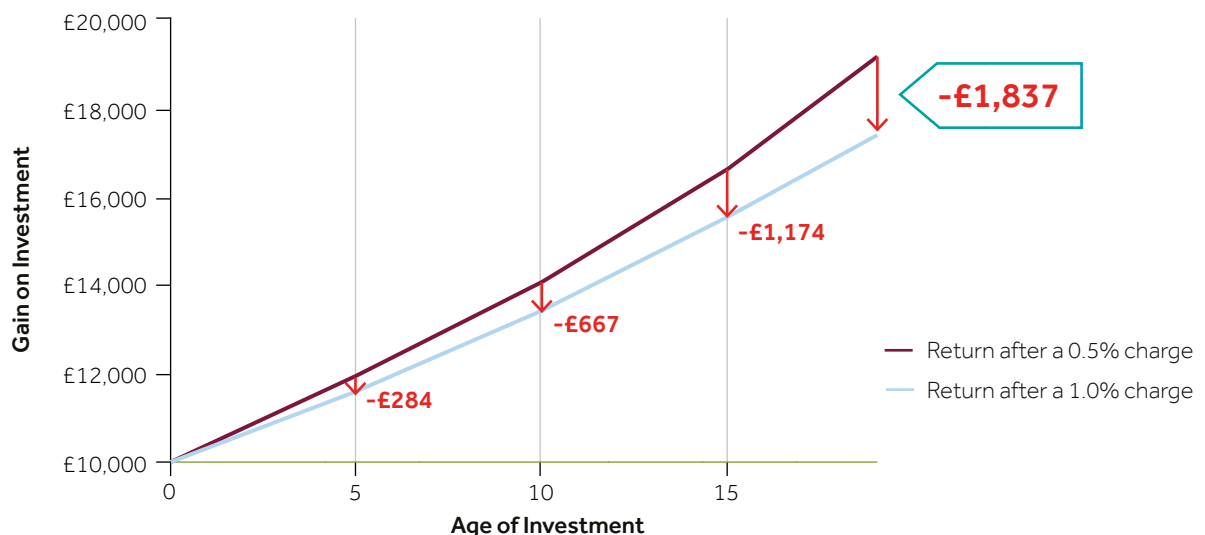
Proposals

2.45 We propose removing any requirement to present personalised forward-looking illustrations of the impact of costs over time in any disclosure.

2.46 Pre-sale disclosures. We propose removing the requirement for firms to provide a cumulative effect illustration pre-sale.

- 2.47 Under CCIs, firms have a responsibility help consumers understand the relationship between costs and returns in the product summary. This goes beyond the requirement simply to provide cost figures. Firms should ensure that consumers are supported to understand the impact of costs on their returns, especially over a long time horizon.
- 2.48 Firms may produce generic or dynamic cost impact illustrations where they believe them to be helpful for consumers and relevant to the nature of the product. For example, providing an online tool which allows consumers to see the impact of costs across a range of performance scenarios or different investment patterns (one-off versus regular contributions), or which allows consumers to view the impact of costs between different products and services over time, may be more appropriate and valuable.
- 2.49 OP32 found that presenting consumers with a generic 'impact chart' that compared the returns over time of a fund with 1% charge and a fund with 0.5% charges, along with a warning about the effect of costs on returns had a significant effect on the proportion selecting better value funds when compared to the control group.

Figure 3: How Ongoing Charges reduce returns over time



Over 20 years, a 1% charge can cost you an extra **£1,837**, compared to a 0.5% charge
 This graph assumes an initial £10,000 investment and a 4% annual return

- 2.50 We are not mandating this, or any other, particular approach. Our intention is simply to highlight this as a presentation that has performed well in supporting consumers to engage with the importance of costs and value over a long investment time horizon.
- 2.51 We recognise our proposals will mean consumers do not have comparable pre-sale illustrations of the impact charges could have on returns. However, given the variation in approaches currently taken, this is already the case and we do not think it is practical to design a methodology that covers the breadth of products and services caught by these rules. We welcome feedback on whether there is a proportionate way of achieving comparability that we have overlooked.

- 2.52 Post-sale disclosures.** Firms must be able to account transparently for how the costs incurred over a reporting period have reduced the gross performance to give the net return. This is especially important as in most cases charges are taken directly out of consumers' funds, meaning they do not see the fees being paid that reduce the return on their investments.
- 2.53** We propose, therefore, that regular post-sale reporting should show how the total costs as calculated above have impacted the performance of the consumer's investments over the reporting period. We are also proposing that firms make this information available to consumers over the lifetime of the service, for example within their online account. As costs are paid continuously over the investment's lifetime, it is appropriate that firms should be able to account fully for how much has been taken from consumers' investments.
- 2.54** We propose to give firms the freedom to choose how to present the information in a way that best promotes consumer understanding. This will better achieve the original policy intent of showing the long-term effect of costs, and illustrate what drives the gap between gross and net performance.

Question 5: Do you agree with our proposal to remove the requirement for a cumulative effect illustration pre-sale? If not, why?

Question 6: Do you agree with our proposal to require firms to show the effect of costs on performance in regular post-sale reporting in the way described? If not, why?

Chapter 3

Cash holdings

- 3.1** This chapter proposes rule changes to how firms communicate with retail clients on the interest they earn and the fees they pay on cash balances. We also propose changes to how firms report on interest in their post-sale disclosures. Our changes align with existing expectations set out in our Dear CEO letter of 2023. They codify our existing position on double-dipping, where we have signalled our expectation that firms should not retain interest on retail clients' cash balances in addition to levying a charge on those balances.

Current rules

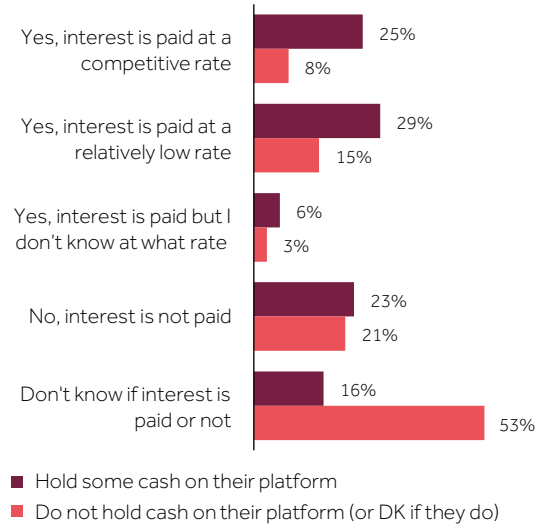
- 3.2** In December 2023, we wrote a Dear CEO letter on the interest firms retain from retail clients' cash balances. We were concerned that in some cases, firms' policies around retaining interest were not in line with the Duty. As interest rates have risen from historic lows, retained interest has become a significant component of some platforms' revenues. It has also driven innovation and competition in the market. Some neo-broker business models rely on retaining high levels of interest to enable them to charge no or very low platform and trading fees.
- 3.3** In that letter, we said that we expected firms to review their approach to the retention of interest on customers' cash balances under the Duty, take action to ensure their approach represents fair value, and improve their communications and disclosures of their approach. In particular, we said that we expect firms to cease the practice of "double-dipping" where they both charge a fee on cash balances and retain interest.
- 3.4** In CP25/37, we proposed changes to our CASS rules to clarify that firms must pay retail clients any interest earned on client money unless retaining interest is compatible with the firm's obligations under the Duty and they have notified clients in writing. While these changes to remind firms of their obligations under the Duty should mean they design their business models with good consumer outcomes in mind, they will not in themselves improve transparency on how much interest is being paid.
- 3.5** Our 2024 Financial Lives Survey found that 15% of consumer investment platform users said they hold more than 10% in cash on their platform. The intended purpose of holding the cash on the platform varied widely, as did knowledge of the interest rate.

For those who hold some cash on their consumer investment platform(s), reasons for doing so (2024)



Base: All UK adults using a consumer investment platform (or don't know what type of platform they use) and hold some cash on their platform(s) (2024:642) **Question:** PL16D. Why do you hold some of your money in cash on your investment platform(s)?

Views on whether providers pay interest on the cash held on platforms, by whether they hold cash on a platform or not (2024)



Base: All UK adults using a consumer investment platform (or don't know what type of platform they use) (2024): and hold some cash on platform (642), or don't hold cash/don't know if they do (250) **Question:** PL27D. Does your investment platform pay you interest on the cash you hold in your account?/If you held money in cash in your platform account, would you be paid any interest on this money?

- 3.6** This is an important element of value for consumers. Disclosure of the interest rate they pay differs significantly between firms. Many firms use tiered rates depending on the amount held in cash which can make it harder to estimate the actual rate or likely interest that would be earned. We are therefore proposing rules to improve consumers' understanding of the treatment of their cash.
- 3.7** For a self-invested personal pension (SIPP), firms must already tell customers the amounts (or if the amounts cannot be given, the formula by which the amounts can be calculated) which a personal pension scheme operator or pension scheme trustee will receive as retained interest in relation to money held within the scheme (COBS 13 Annex 3 1.1R (4)). We are not changing rules in respect to these situations.
- 3.8** The Government announced proposed changes to the tax treatment of cash held in Stocks and Shares ISAs to be consulted on shortly. Tax is a matter for the Government. We welcome feedback from respondents on how these proposals may be affected by this change.

Confirming our position on double-dipping

- 3.9** We have previously signalled our expectation that firms do not retain interest on retail clients' cash while also charging fees on these holdings. We expect that firms only charge fees on cash holdings if they pass on interest in full. We set this out in our Dear CEO letter of 2023 and we are now proposing rules to codify this expectation.

Notifying consumers before they choose their service provider

- 3.10** Consumers should understand how much interest they will earn on cash, or if they will be charged a fee for holding cash. This should apply to all customers whether they are accessing investments directly or through an adviser. They should have this information before committing to a service provider. We want firms to help consumers assess the value of the whole offer and how they expect to use the service, whether that is choosing a provider that charges fees and passes on interest in full, or one which retains some or all interest on their cash balances but does not charge fees.
- 3.11** We propose that where firms are charging fees on customers' cash and passing on interest earned in full, they should explain this to the consumer in a prominent place on their website or platform with their other fees information.
- 3.12** Where firms retain some or all of the interest on their customers' cash holdings instead of charging a fee on it, they should state this in a prominent place on their website or platform with their other fees information. With this information, they should clearly set out the rate of interest they will pay to the client, and how they set that rate (consistent with the proposal in [CP25/37](#)).
- 3.13** Firms should explain, in a consumer-friendly way, how they set the interest rate paid to customers. For example, they could explain if they benchmark against the Bank of England base rate or if they set a particular value which is kept under periodic review. Where firms do not pay interest, they may explain this in the context of their overall value offer to customers.

Question 7: Do you agree with our proposal to improve up-front disclosures about cash interest? If not, why?

Disclosures when receiving money

- 3.14** When a consumer puts cash into their account, we propose they should receive a personalised indication of any fees that will be charged on their cash holdings, in the same manner as any other costs and charges. Firms should also indicate the amount of interest that will likely be paid on that client money, estimated over the first year, assuming the rate at the time of the transaction stays the same.
- 3.15** Firms will not need to provide this information when receiving cash with an explicit and immediate investment purpose (for example, cash provided in order to fund a buy order), or directly to pay fees (for example, a direct debit to pay platform charges).

Question 8: Do you agree with our proposals on how information should be disclosed when firms receive money from consumers? If not, why? Would our proposals present any operational difficulties?

Post-sale disclosures

- 3.16** We propose that firms should tell their customers the interest they earned and the fees they paid on their cash balances in their regular post-sale reporting. Firms should present this information in a way that is easy to understand.
- 3.17** Clients receiving a portfolio management service must already be notified of interest received and beginning and end cash balances as part of their periodic reporting, so we consider this to be proportionate for non-portfolio management service clients.
- 3.18** Where a firm is aware that a consumer has significant cash holdings on a platform, we would expect them to consider their obligations under the Duty to enable and support retail customers to pursue their financial objectives and avoid causing foreseeable harm. As part of this, a firm may contact the customer to make them aware of the drawbacks of holding significant levels of uninvested cash.

Question 9: **Do you agree with our proposal to require disclosure of interest paid and fees charged on cash balances in periodic reporting to retail clients? If not, why?**

Chapter 4

Simplifying and streamlining disclosures

Combining disclosure regimes

- 4.1** Differing requirements for MiFID-scope business, insurance distribution activities, and other services can create complexity and additional cost for firms and inconsistency for consumers. Now that we have transferred the firm-facing requirements of the MiFID Organisational Regulation and those under the IDD from legislation into our rules, we can simplify and consolidate them. We want to reduce complexity and overall regulatory burden on firms.
- 4.2** The main rules on disclosing costs and information about the firm are currently split across two sections of the Handbook: COBS 6.1ZA for MiFID and IDD-scope business, and COBS 6.1 for non-MiFID business. While many of the provisions across these sections are very similar, particularly between MiFID and IDD, there are some differences. We propose to consolidate these into one new chapter, COBS 6A. We propose to remove the distinction between MiFID, IDD, and non-MiFID business where possible.
- 4.3** In addition, we propose to move the high-level disclosure requirements in COBS 2.2/2.2A which are broadly duplicated in the current COBS 6.1/1ZA into COBS 6A so that all disclosure requirements relating to a firm and its services are in the same place.
- 4.4** We expect these changes to have a limited impact on firms. MiFID-derived rules cover the great majority of retail investment services. This includes platforms, advisers, and brokers distributing a wide range of financial instruments. Stakeholders have told us that in many cases it is already normal practice for firms to apply MiFID rules to non-MiFID business.
- 4.5** The IDD introduced specific rules around the disclosure of remuneration for insurance intermediaries and employees of insurance undertakings selling life policies (COBS 6.1ZA.15B-15J). We believe in light of the Duty these rules are excessively prescriptive and can be removed. The Duty sets standards on fair value and staff incentives that include expectations around remuneration practices throughout the distribution chain. These should address the harms the IDD-derived rules intended to address. We welcome stakeholders' views on this.

- 4.6** The consequence of this proposal is that firms currently complying with the rules in COBS 6.1 for non-MiFID business would be subject to the same requirements as those that currently comply with the COBS 6.1ZA MiFID-derived rules, with certain exemptions for pensions. The main differences in the substance of the rules in these sections are in relation to the disclosure of costs and charges information. In relation to non-MiFID business this proposal would mean:
- Pre-sale, replacing the current rule requiring information on “the total price to be paid by the client” with the new pre-sale regime laid out in chapter 2. As with MiFID-scope firms, this changes how firms present their costs.
 - Post-sale, a new requirement to provide regular post-sale cost disclosures and show how costs have affected performance, as set out in chapter 2.
- 4.7** Where consumers do not currently receive this information, we expect them to benefit from more transparency about costs, and for this to have a positive effect on competition.
- 4.8** Please note that we published our final rules for firms carrying on regulated cryptoasset activities in PS26/13. These include changes to COBS 6.1. These changes come into force on 25 October 2027. We propose to copy these rules, unchanged, into the proposed new COBS 6A.
- 4.9** Our new chapter, COBS 6A, will make minimal changes to how firms provide costs and charges information in relation to pensions. Pensions are subject to specific product information rules, including about costs and charges, in COBS 13.
- 4.10** Under current rules, firms must disclose pre-sale service costs for pension products, but a methodology is not prescribed. Under our new rules, they will be required to be presented according to the methodology in COBS 6A.
- 4.11** Currently, there are no post-sale cost disclosure requirements in COBS 6.1 for pensions, and we propose to maintain the status quo in COBS 6A.
- 4.12** Pension providers will not be subject to the cash holding disclosure requirements described in Chapter 3 as rules on cash interest disclosure already exist in COBS 13.
- 4.13** Firms will be required to disclose other information in connection with pensions according to the requirements of the new chapter – these should not require any additional information that firms do not already provide.

Question 10: Do you agree with our proposals to combine COBS 6.1 and COBS 6.1ZA and other relevant rules into one new chapter, COBS 6A, for all investments business? If not, why?

Question 11: Do you agree with our proposals to remove the rules in COBS 6.1ZA.15B-15J? If not, why?

Question 12: Do you agree with our proposals in relation to pensions business? If not, why?

CASS information rules

4.14 Both COBS 6.1 and 6.1ZA contain near identical requirements to make disclosures about the treatment of client assets. In addition, the requirements to make these disclosures are currently addressed in CASS 9.4. We propose to combine these requirements and delete the rules in CASS 9.4 so that all disclosure rules are in the same chapter of the Handbook. The effect of CASS 9.4 is that the rules in both sections of COBS currently apply to business with professional clients and eligible counterparties and will continue to do so.

Question 13: Do you agree with our proposals to delete CASS 9.4 and move these requirements solely into COBS 6A? If not, why?

Professional clients and eligible counterparties

4.15 While the current rules for non-MiFID business in COBS 6.1 only apply to business with retail clients, the MiFID-derived disclosure rules cover professional clients as well as retail. The IDD-derived rules also apply some requirements to business with professional clients.

4.16 Feedback from stakeholders has indicated that it is disproportionate to require that professional clients receive the same disclosures as retail clients when most professional clients have the capacity to negotiate bespoke disclosures that better suit their needs.

4.17 It is important, however, that professional clients are given appropriate cost disclosures and that they can expect full transparency. Some have information needs close to those of retail clients and benefit from retail-level disclosures.

4.18 We therefore propose to retain a high-level obligation on firms to provide professional investors with transparent information about costs. Firms will be able to provide either:

- a disclosure in accordance with the rules for retail clients, or
- such information as the professional client otherwise agrees with the firm is adequate.

This gives professional investors the ability to receive retail disclosures or negotiate a bespoke arrangement.

4.19 Other than this, we propose to remove all other detailed disclosure requirements for professional investors, except where they would have unintended consequences for other parts of the Handbook, namely:

- Information about a firm's portfolio management service (COBS 6.1ZA.8R), on which rules in COBS 16A.4 which are not in scope for this consultation depend, and
- Compensation information (6.1ZA.22R).

- 4.20** We are also maintaining the CASS information rules for professional clients as discussed at 4.14 above.
- 4.21** As currently, we propose that firms are not generally required to provide eligible counterparties with the information required by our rules in COBS 6A other than high level information about costs and charges and information about the safeguarding of client assets (as currently required by CASS 9.4). Eligible counterparties are considered to be the most sophisticated type of investor or market participant and so should be competent to agree with investment firms the information which they require for them before doing business.
- 4.22** We will not require the disclosures on fees and interest related to cash holdings to be made to professional clients or eligible counterparties.
- 4.23** Our proposals are consistent with our ongoing work to reform client categorisation, CP25/36. Our proposals in that consultation aim to improve the processes by which clients are categorised as professional and ensure that clients receive appropriate opportunities and protections.

Question 14: Do you agree with our proposed requirements on disclosures for professional clients and eligible counterparties? If not, why?

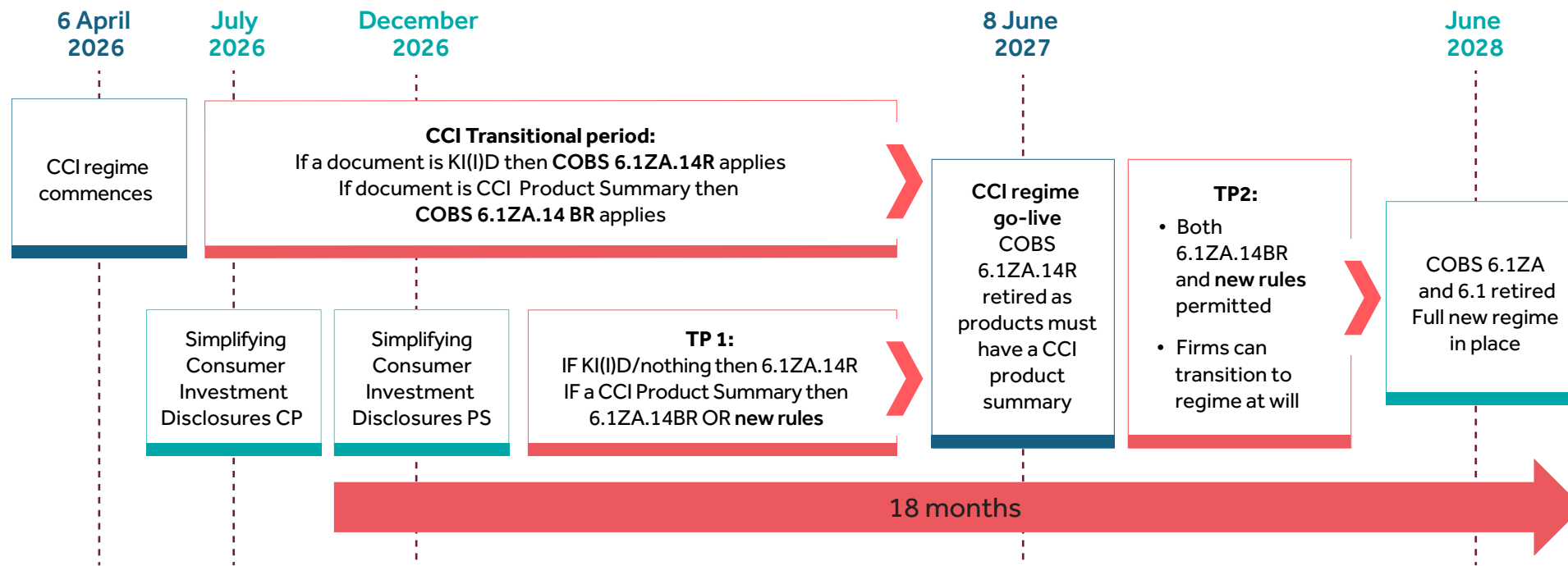
Transition and implementation period

COBS 6A costs and charges rules transition period for CCIs and other MiFID business

- 4.24** During the CCI consultations, we received feedback from both manufacturer and distributor trade associations that we should reform MiFID-derived cost disclosures to coincide with the implementation of the CCI regime. They said that a two-stage approach would increase operational complexity and systems development costs by requiring firms to redesign disclosure processes more than once. We are consulting now to give the market a clear indication of the nature and extent of the changes we are proposing and help them plan for them efficiently.
- 4.25** The CCI regime comes into full force on 8 June 2027. Between 6 April 2026 and 8 June 2027 manufacturers can transition from their current disclosure document to a CCI product summary. If they do, a revised version of the MiFID cost disclosure rules at COBS 6.1ZA.14BR applies as a consequence. This ensures that the costs used in the MiFID-derived disclosures are the same as those on the product summary.
- 4.26** Firms use the European MiFID Template (EMT) and European PRIIPs Template (EPT) to share data to support the distribution of financial products throughout the UK and Europe. FinDatEx, which develops these templates, has announced that it plans to publish revised EMT and EPT in early 2027 to accommodate the changes to UK-specific data made by the CCI rules in time for 8 June 2027.

- 4.27** The proposals in this paper should not result in further changes to the data fields in the EMT, as the categories of cost are the same as those created by the CCI rules. The proposals will, however, change how the costs are added together by distributors using the data from the template.
- 4.28** In order to achieve coordinated implementation of the cost disclosure elements with CCIs, we propose to bring the revised cost disclosure rules set out in this consultation into force close to the day of publication of the policy statement in Q4 2026, while continuing to allow the existing rules to apply for an 18-month transition period to June 2028. This will allow firms who can do so to avoid a two-stage approach to CCI disclosures and enable FinDatEx to finalise the EMT/EPT in a coordinated way for the end of the CCI transition period.
- 4.29** We propose that, during the CCI transition period, when distributing a CCI with a product summary, firms may either comply with:
- COBS 6.1ZA.14BR or,
 - Cost disclosure rules in the new COBS 6A.
- 4.30** When distributing a CCI which does not yet have a product summary, firms should comply with COBS 6.1ZA.14R, as it applied before the beginning of the CCI transition period (that is, 5 April 2026).
- 4.31** After the end of the CCI transition period, all CCIs must have a product summary so the rules in COBS 6.1ZA.14R will no longer be relevant. From this point firms may comply with the COBS 6A rules or COBS 6.1ZA.14BR rules until the end of the longer transition period for the rest of the COBS 6A rules which we propose will run to June 2028 (see below).
- 4.32** This transition period will also apply to costs and charges information for all other designated investment business so that firms offering both CCIs and, for example, stockbroking services can implement these at the same time. This means that firms currently disclosing costs under COBS 6.1.9R may continue to do so until the end of the implementation period in June 2028, or transition to the new COBS 6A rules on costs and charges at any time during that period. From June 2028, we propose that the COBS 6A rules on costs and charges will apply to all designated investment business.
- 4.33** This does make it possible that different firms will present consumers with different cost disclosures during the transition period. While consumers who use the services of more than one firm may experience inconsistency during the transition period, we consider this to be the most proportionate approach to firms transitioning in an orderly manner and continuing to implement the wider CCI regime.

Figure 4: proposed transition timeline for COBS 6A costs and charges disclosure rules for CCIs currently subject to COBS 6.1ZA



Implementation period for the rules on disclosing cash interest

- 4.34** We propose that the new requirements on cash interest disclosures come into force in June 2027. We expect consumers to benefit from these changes alongside the revised investment cost disclosures for CCIs.

Implementation period for other requirements and firms currently subject to the disclosure requirements in COBS 6.1

- 4.35** We propose an implementation period for the remainder of the rules in COBS 6A of 18 months from the publication of our policy statement, meaning they will come into force around June 2028.
- 4.36** Beyond cost disclosures for CCIs, the wider changes we are proposing are likely to take longer than the remainder of the CCI transition period to implement. Firms will be implementing the changes introduced by the CCI regime over the same period, and distributors may choose in time to make systems changes to move away from static disclosure documents to building a more interactive consumer journey.
- 4.37** Firms currently complying with the non-MiFID rules in COBS 6.1 may also need longer to make the required changes. There will be no requirement to retrospectively repaper clients with which firms have existing relationships.

Revisions to the CCI transition period

- 4.38** In PS25/20 we set out the implementation timeline for the introduction of the CCI regime. Our transitional provisions allow manufacturers to either continue following their relevant pre-existing product disclosure obligations or start producing a product summary. The only part of the CCI regime that applies before 8 June 2027 is the ability to produce and make available a product summary. During the transition period, distributors' obligation is simply to provide the relevant disclosure document.
- 4.39** We appreciate that the move to CCIs is a significant operational undertaking for both manufacturers and distributors, particularly due to the increased emphasis on supporting consumer understanding rather than completing prescribed templates. The proposed disclosure changes in this consultation, which will typically also be relevant to any CCI related business, will add to this change. We have received feedback from distributors that the need to be ready for early product summaries will limit their ability to design effective disclosure journeys that can help consumers with their decision making.
- 4.40** We do not want to discourage manufacturers from moving to a product summary, or distributors from producing more compelling consumer journeys for the new regime. We therefore propose to amend the CCI transitional provisions, so that where a manufacturer chooses to produce a product summary early, distributors will be able to continue providing consumers with the KID/KIID, even where the old document has not been updated.

- 4.41** We propose that manufacturers will not be required to update their existing KIDs or KIIDs during the transition period unless there has been a material change to the CCI's investment objectives or strategy, or the firm should reasonably be aware that the product's risk-return profile has materially changed due to market events. From 8 June 2027, these legacy KIDs/KIIDs will then no longer be compliant as the CCI regime fully goes live. We consider that this proposal provides a proportionate balance between ensuring consumers receive accurate information and effective implementation of the CCI regime
- 4.42** To facilitate this, manufacturers that produce a product summary during the transition period must also continue to have their KID/KIID published on a publicly accessible website, maintaining distributors' clarity over which documents they can continue to use.

Question 15: Do you agree with our proposals for the transition period? If not, what would you suggest?

Question 16: Do you agree with our proposed changes to the CCI transition period?

Annex 1

Questions in this paper

- Question 1:** Do you agree with our proposals on how firms should disclose pre-sale costs of investing? If not, why not, and what presentation would you propose?
- Question 2:** What can be done to enable and encourage firms to deliver dynamic and engaging pre-sale cost disclosures?
- Question 3:** Do you agree with our proposals for the presentation of post-sale cost disclosures? If not, why?
- Question 4:** Do you agree with our proposal to permit a 'reasonable estimate' of costs to be disclosed post-sale? If not, why?
- Question 5:** Do you agree with our proposal to remove the requirement for a cumulative effect illustration pre-sale? If not, why?
- Question 6:** Do you agree with our proposal to require firms to show the effect of costs on performance in regular post-sale reporting in the way described? If not, why?
- Question 7:** Do you agree with our proposal to improve up-front disclosures about cash interest? If not, why?
- Question 8:** Do you agree with our proposals on how information should be disclosed when firms receive money from consumers? If not, why? Would our proposals present any operational difficulties?
- Question 9:** Do you agree with our proposal to require disclosure of interest paid and fees charged on cash balances in periodic reporting to retail clients? If not, why?
- Question 10:** Do you agree with our proposals to combine COBS 6.1 and COBS 6.1ZA and other relevant rules into one new chapter, COBS 6A, for all investments business? If not, why?
- Question 11:** Do you agree with our proposals to remove the rules in COBS 6.1ZA.15B-15J? If not, why?
- Question 12:** Do you agree with our proposals in relation to pensions business? If not, why?

- Question 13:** Do you agree with our proposals to delete CASS 9.4 and move these requirements solely into COBS 6A? If not, why?
- Question 14:** Do you agree with our proposed requirements on disclosures for professional clients and eligible counterparties? If not, why?
- Question 15:** Do you agree with our proposals for the transition period? If not, what would you suggest?
- Question 16:** Do you agree with our proposed changes to the CCI transition period?

Annex 2

Cost benefit analysis

Executive Summary

1. This consultation proposes to simplify and align MiFID, IDD and non-MiFID cost disclosure requirements within Chapter 6 of the Conduct of Business Sourcebook (COBS 6), building on the Consumer Composite Investments (CCI) regime set out in PS25/20. The aim is to improve the clarity, consistency and usefulness of information provided to consumers about the costs of investing, while reducing unnecessary operational complexity and duplication for firms.
2. The proposals primarily affect firms that provide investment distribution services, including financial advisers, platforms, execution-only brokers and distributors of insurance-based investment products, as well as firms undertaking non-MiFID investment business. These firms will need to adapt how they present cost information, although the extent of change will vary depending on their current business models and the extent to which they already operate MiFID-style disclosures.
3. We estimate that firms in scope of our proposals will incur around £20.1m in one-off direct costs, comprising familiarisation and legal costs of £2.9m, training costs of £6.4m, IT change costs of £4.3m and change project costs of £6.5m. These are expected to be the main costs of the proposals. We expect these costs will be offset through longer-term benefits to firms arising from reduced complexity and greater alignment across regimes.
4. Consumers are expected to benefit from clearer and more consistent cost information across different investment products and services, supporting better understanding of the impact of costs on returns and more effective decision-making. These benefits are likely to be particularly significant for consumers with lower financial capability, who may currently struggle to engage with complex or inconsistent disclosures.
5. Overall, we consider the proposals likely to deliver net benefits by improving the usefulness of cost disclosures for consumers while reducing unnecessary complexity in firms' longer-term compliance arrangements.
6. As a sensitivity check, we conduct a breakeven analysis to confirm the proportionality of our proposals. This analysis suggests that relatively small improvements in outcomes, equivalent to around £380 per firm per year, would be sufficient for the proposals to offset the estimated costs. Given the nature of the reforms, including the removal of certain prescriptive requirements and increased consistency across regimes, we consider this to be a plausible outcome.

Introduction

7. The Financial Services and Markets Act (FSMA) (2000) requires us to publish a cost benefit analysis (CBA) of our proposed rules. This sets out an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made, and an estimate of those costs and benefits (see section 138I FSMA).
8. This analysis presents the expected impacts of our proposal. 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.

The Market

9. This proposed intervention concerns firms providing investment distribution services and products subject to cost disclosure requirements under COBS 6. The proposals primarily affect firms responsible for producing cost disclosures at the point of sale and in ongoing reporting. These are predominantly distributors of investment products and services, including: financial advice firms, investment platforms, and execution-only brokers.
10. Based on our internal data, we estimate that approximately 5,300 firms fall within scope of the proposals, which is consistent with the population used in our cost modelling for the CCI regime in CP25/9. This population includes firms undertaking investment distribution activities, including financial advice firms, investment platforms and execution-only brokers. This includes:
 - Around 5,000 advice firms
 - Approximately 70 platforms
 - A smaller population of around 200 execution-only brokers
11. While we do not have a precise estimate for execution-only brokers, we expect this group to be relatively small and therefore unlikely to materially affect aggregate cost estimates.
12. Within this population, firms may undertake activities across three broad categories:
 - MiFID distribution activities, including financial advisers, platforms and execution-only brokers, who are already subject to MiFID cost disclosure requirements.
 - Firms undertaking non-MiFID investment business, such as certain peer-to-peer arrangements or other designated activities not currently subject to MiFID cost disclosure rules.
 - IDD activities, including life insurers and intermediaries distributing insurance-based investment products.
13. We do not hold sufficiently granular data to further split the overall population precisely across these categories. This is because many firms operate across multiple business lines and may fall within more than one category. As a result, these categories are not mutually exclusive, and there is substantial overlap within the overall firm population.

14. The incremental impact of the proposals is primarily concentrated on firms undertaking non-MiFID or IDD-only activities, where MiFID-style disclosures, particularly post-sale aggregated cost disclosures, are not currently provided. For firms already operating MiFID or CCI-style disclosure processes, including many multi-line advisers and platforms, the additional impact is expected to be more limited due to existing systems and processes.
15. The firm population collectively serves a large proportion of UK retail investors, including both advised and non-advised consumers. While precise figures are not available, the scale of the affected consumer population is likely to be substantial, meaning that even small improvements in disclosure clarity could have wide-reaching effects.

Problem and rationale for intervention

16. The current disclosure framework does not consistently support consumer understanding of investment costs and may create unnecessary operational complexity for firms. The discussion below sets out the nature of the market failure, the factors that contribute to it, and the harms that may arise in its absence.

Market Failure

Regulatory framework

17. From a firm perspective, the current framework creates inefficiencies because similar products and services may be subject to different disclosure requirements under MiFID, IDD and non-MiFID regimes. Firms operating across these regimes may therefore need to maintain parallel disclosure processes, methodologies and customer communications. This can create duplication and operational complexity, particularly where firms serve retail consumers through multiple business lines. In some areas, the current requirements may also be more prescriptive than is necessary to achieve good consumer outcomes.
18. These issues are linked to the inherited design of the current framework, which reflects a combination of MiFID, IDD and non-MiFID requirements that are not always well aligned to UK markets and firms.
19. This is supported from evidence from consultation and stakeholder engagement which indicates aspects of the current framework may not be operating as intended. For example, respondents to our CCI consultations argued that the current approach to aggregation and cumulative effect illustrations can reduce clarity and create unnecessary operational burden. Key pieces of feedback included that firms should:
 - not aggregate costs of Closed-Ended Investment Funds (CEIFs) but disclose them separately, creating efficiency through alignment with pull-through costs under the CCI regime
 - not aggregate product transaction costs and one-off costs with other product costs, replicating the CCI focus on the Ongoing Costs Figure (OCF) again creating efficiency through alignment

Drivers of harm

20. The deficiencies in the regulatory framework create harm when combined with limitations in consumers' understanding.

Consumer understanding

- From a consumer perspective, the current disclosure framework may not consistently support effective understanding or comparison of investment costs. Where cost information is highly aggregated, technical, or presented differently across regimes or stages of the customer journey, consumers may find it difficult to interpret the information and use it in decision-making.
- Our evidence suggests that many consumers struggle to understand investment costs and their impact on returns. Our 2024 Financial Lives Survey (FLS) found that 6.5 million UK adults (around 12% of the adult population) had low financial capability. It also found that 30% of non-advised platform users said they did not know how much they are charged for investing on their platform. Lack of understanding can lead to low confidence in investing and distrust in financial services. The way firms communicate with investors needs to work to support consumers understand their investment choices and how much they will pay.

Harm

21. Taken together, the following features may give rise to a range of harms for consumers, firms and market functioning. These include:

- Confusion, duplication and inconsistent consumer experiences caused by overlapping disclosure regimes – please refer to the 'Regulatory framework' section above for more information.
- Similarly, confusion may arise between the product costs used in CCI disclosures, which are disaggregated, and those in MiFID disclosures, where they are aggregated. In some instances aggregation can in itself lead to confusion, for example where it could imply that one-off costs recur every year.
- The Investment Platforms Market Study (IPMS) found that failure to show the connection between costs and performance was detrimental to consumers' ability to switch to better-value products and services. However, the MiFID presentation of cumulative effect information is potentially ineffective or misleading. MiFID requires illustration of the cumulative effect of costs on returns, but the rules do not prescribe methodology, leading to inconsistent implementation. Some firms present costs only over one year, whilst others use arbitrary growth assumptions, which may suggest this is a prediction or guarantee of performance. As set out in the 2024 FLS statistics cited above, a relatively sizeable proportion of consumers have low financial capability and numeracy, which may limit their ability to interpret cost disclosures.
- Unnecessary compliance burden and friction for firms, without commensurate consumer benefit – some of the current requirements are prescriptive and burdensome. For example, the current application of detailed pre-sale disclosures to professional clients can create unnecessary work for firms, where professional clients are less reliant on standardised disclosures to understand costs.

- Weakened competitive pressure on value – if consumers cannot readily understand their costs or the amount of interest they will receive on any cash holdings, they may be less able to choose better-value services or switch provider.
- In the absence of intervention, the fragmented rules and inconsistent implementation would persist, posing ongoing risks to consumer understanding and inconsistent experiences for similar products and services. These risks may have a greater impact on some consumers, particularly those with lower financial capability or numeracy, who may be less able to interpret complex or inconsistent disclosures, and therefore less able to identify or act on better value options. However, we do not anticipate hugely disproportionate impacts on vulnerable consumers as they do not make up the main consumer base for these products.

Options

- 22.** In deciding how best to proceed in response to industry feedback from the CCI consultations, we considered an alternative set of pre-sale disclosure proposals involving maintaining total cost aggregation as opposed to aligning with the CCI approach to cost presentation. The alternative set of proposals we considered involved continuing to aggregate all product (including CEIF), service and distribution costs that the investor will incur in the first year, such as ongoing, transaction and entry costs, while disclosing any future performance or exit fees separately with the freedom to break down or layer and explain costs.
- 23.** This suite of proposals would prove advantageous for providing consumers with a single digestible figure for the total costs they would be expected to incur (although some components such as transaction costs and performance fees would necessarily be estimated or contingent at the pre-sale stage, and therefore subject to variation from the actual costs incurred). However, its ultimate drawback is that it has the potential to introduce confusion for consumers, when comparing product costs between CCI and MiFID disclosures. In addition, we noted that the inclusion of CEIFs in aggregation was strongly opposed by the CEIF sector due to the different way these costs impact investors' returns. Due to the perceived cons of this approach outweighing the pros, we did not proceed with this set of proposals as our recommended approach.

Our proposed intervention

- 24.** We propose reforms to the disclosure requirements in COBS 6 to replace the current set of MiFID, IDD and non-MiFID disclosure requirements with a more consistent and proportionate framework, reducing unnecessary prescription and relying more on Consumer Duty standards, particularly pertaining to consumer understanding. Simplifying and standardising the presentation of costs can help consumers assess value and make more effective investment choices.

25. The proposed package of reforms are as follows:

- **Reform MiFID cost disclosures (pre- and post-sale) –**

Pre-sale cost disclosures

With regards to pre-sale, we propose to reform how costs are presented immediately before a transaction. We would like to move to an approach that aligns more closely with the CCI approach by giving the total service and distribution costs and ongoing product costs, whilst disclosing and explaining other product cost elements separately (e.g., CEIF, OCF, estimated transaction costs, performance fees and one-off costs) and allowing flexibility to layer or break down costs to support understanding.

Post-sale cost disclosures

With regards to post-sale, in regular reporting consumers need to know how all the costs incurred over the period have reduced their investment performance. Post-sale, we propose to maintain the current requirement to provide a regular, transparent total of all costs that have been incurred. This includes transaction costs and any performance or exit fees paid. In contrast with pre-sale, post-sale costs are known rather than estimated. Distributors will additionally have the freedom to break these down and explain them in a way that enhances consumer understanding. Overall, we recommend maintaining consistency with the CCI position on pull-through to declare the costs of any CEIFs separately with an explanation.

We anticipate that this approach will appropriately reflect the different function of post-sale reporting and acknowledge that this is different to the pre-sale disclosure.

Cumulative effect illustrations

As mentioned earlier, the IPMS found that failing to show the connection between costs and performance was detrimental to consumers' ability to switch to better value products and services. MiFID disclosures tried to address this by requiring an 'illustration of cumulative effect of costs on returns' both pre-sale and post-sale. However, the rules do not prescribe a methodology and as a result they are inconsistently implemented.

We removed the similar Packaged Retail and Insurance-based Investment Products (PRIIPs) 'reduction-in-yield' illustration from the CCI regime.

Pre-sale cost disclosures

Pre-sale, we propose to remove the cumulative effect requirement entirely. We anticipate that clearer cost disclosures, combined with changes made in CCIs to promote engagement with costs, will be more effective than any illustration that relies on arbitrary return assumptions.

Post-sale cost disclosures

Post-sale, we propose requiring firms to show how costs have reduced performance over the reporting period, and to make this information available over the lifetime of the service. This would clarify expectations on firms and give a consistent experience.

- **Enhance disclosure of retained cash interest** – In a Dear CEO letter in 2023, we raised fair value concerns about platforms ‘double-dipping’ by both charging fees on cash holdings and retaining some or all of the interest earned on the cash. Industry feedback indicates concerns about firms’ profits from retained interest and consumer understanding of retention practices.

Consumers should be able to understand and compare the value they get from keeping cash on their platforms. We therefore propose enhanced disclosure addressing concerns about platforms ‘double dipping’. We propose that firms that charge fees on holding client money must pass on interest on that money in full and that firms which retain such interest should not be permitted to charge fees for holding such money. Where firms pass on interest then we propose that firms clearly set out the interest rate they pay and how that is determined, as well as any fees they charge on cash holdings. Firms would be required to remind customers of the rate and illustrate the likely annual interest to be received if there is no accompanying instruction to invest when they deposit cash on the platform. In addition, firms would also be required to set out in their regular reporting the interest actually paid.

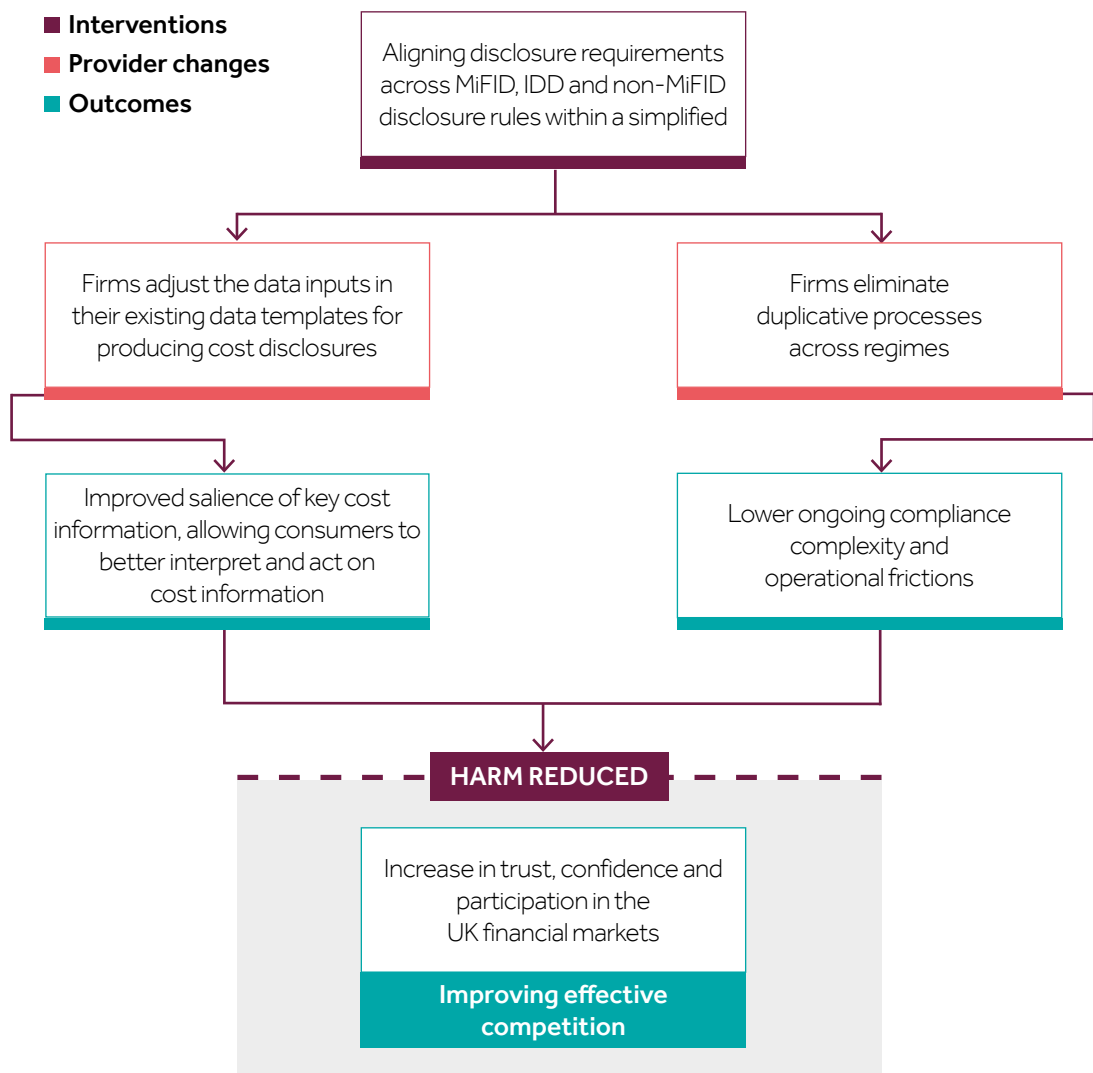
- **Reduce prescription and simplify COBS 6 more widely** – we propose to simplify our wider rules on disclosing information about the firm and treatment of client assets in COBS 6.1, 6.1ZA, and related rules. Evidence from supervision indicates firms currently struggle to follow the rules due to their complexity.

We propose removing differences between MiFID, IDD and non-MiFID investment business that create unnecessary complexity. By streamlining these provisions, we aim to reduce duplication, inconsistent consumer experience, and overall burden to firms and consumers. This would, however, result in increasing the requirements for non-MiFID business to include post-sale reporting. This should nevertheless improve consumer outcomes for holders of relevant products where there is currently no requirement to give an annual total cost figure.

Cost disclosures for some pensions are currently governed both by COBS 6.1 and separately by more detailed rules in COBS 13. We propose carving pension products out of scope of the new COBS 6 rules so there are no additional requirements on these products.

MiFID cost disclosures are required when providing a relevant service to a professional client. Stakeholders regard this as unnecessary and burdensome. We therefore propose to give firms the flexibility to agree more limited disclosures with professional clients.

Figure 1: Causal chain summarising the proposals and their expected impacts on consumers and firms



- 26.** The proposals are expected to operate through simplifying and aligning cost disclosure requirements across MiFID, IDD and non-MiFID regimes, and revising the presentation of pre- and post-sale disclosures. This enables firms to adjust how cost information is structured and delivered while reducing duplicative processes. It should improve the clarity, consistency and comparability of disclosures, addressing information asymmetries and helping overcome limits to consumer understanding.
- 27.** As disclosures become more salient and easier to interpret (including through removal of inconsistent cumulative illustrations and clearer breakdowns of cost components), consumers are better able to assess value and compare options, reducing search and switching frictions and strengthening competitive pressure on firms. This is expected to lead to improved consumer decision-making and more efficient market outcomes, alongside lower ongoing compliance burdens for firms.
- 28.** Our causal chain depends on key assumptions: that firms use the increased flexibility to enhance (rather than obscure) transparency, that consumers engage with improved disclosures, and that the Duty and supervision constrain any material risk-rebalancing behaviour.

Baseline and key assumptions

- 29.** In our CBA, we assess the costs and benefits of our proposals against a baseline over a 10-year appraisal period. In this baseline, we assume no changes to the MiFID cost disclosure rules, or COBS 6 rules more widely.
- 30.** We have used data from regulatory returns and other recently undertaken firm surveys to inform our understanding of the market affected by these proposed changes. We have used this data alongside the core assumptions in our Standardised Cost Model (SCM) to estimate the costs associated with this intervention. We set out further information on our SCM in Appendix 1 of our Statement of Policy on Cost Benefit Analysis.
- 31.** Finally, we have applied the standard assumptions set out in Chapter 7 of our Statement of Policy on Cost Benefit Analysis. Consistent with the HM Treasury Green Book, the impacts are assessed over a 10-year appraisal period and a discount rate of 3.5% is applied to estimate present value stream of costs and benefits over the appraisal period. All costs are expressed in 2026 prices unless otherwise stated.

Summary of Impacts

- 32.** Overall, we consider that the benefits of the proposals are likely to outweigh the quantified costs. While the benefits to consumers are not quantified, the proposals are expected to improve the clarity, consistency and comparability of cost disclosures, which evidence suggests are important for supporting effective consumer decision-making. Given the scale of the affected market, even modest improvements in consumer understanding and the ability to compare costs could lead to meaningful improvements in outcomes over time. This assessment is supported by a breakeven analysis, which indicates that relatively small improvements in firm and consumer outcomes would be sufficient to offset the estimated costs.
- 33.** The quantified costs are primarily one-off and fall on distributor firms, with ongoing costs expected to be limited. These costs are partially offset by reductions in ongoing compliance burdens, including the removal of certain prescriptive requirements and greater alignment across regimes. In addition, other firms affected, such as manufacturers, are expected to incur only limited incremental costs. Taken together, we consider that the expected longer-term benefits to consumers and efficiencies for firms are likely to outweigh the upfront implementation costs.
- 34.** For firms providing MiFID disclosures, we anticipate a reduction in compliance burden in the long run arising from the ability to agree more limited disclosures with professional clients and cumulative effect illustrations, as well as consistency with CCIs and the simplicity of complying with one regime as opposed to three.

- 35.** With regards to consumers, we anticipate they will likely benefit from clearer disclosures. However, we do not consider it reasonably practicable to estimate the benefits of our proposals, due to limited evidence on both the scale of improvement in consumer decision-making and the extent to which firms' compliance costs would fall. In particular, there is significant uncertainty around the magnitude of these benefits at the firm and consumer level, as well as the number of parties that would realise them.
- 36.** With respect to costs, we anticipate that firms in scope will incur one-off costs pertaining to familiarisation, legal, training and IT changes. These costs are expected to fall predominantly on distributor firms, given their role in producing and delivering disclosures. We expect additional costs to be incurred by formerly non-MiFID businesses as a result of the new requirement to give regular post-sale cost disclosures where they do not currently do so. Manufacturers are also affected, but are not expected to be a material driver of costs as the proposals align with the CCI regime. As a result of these proposals, ongoing costs to firms in scope are likely to be marginal and largely limited to maintaining compliance with the updated disclosure rules.
- 37.** Table 1 below summarises the costs and benefits we expect firms to incur over a 10-year appraisal period as a result of our proposals. Table 2 provides an estimate for the net present value (NPV), which has been calculated by subtracting the total costs in Table 1 from the total benefits. In Table 3, we calculate the equivalent annual net direct cost to business (EANDCB) by dividing the total costs by an annuity factor of 8.6, to reach £2.34m.
- 38.** It should be noted that the costs presented in Table 1 below relate to distributor firms, which are expected to bear the majority of the direct costs due to their role in producing disclosures. Other firms affected by the proposals, such as manufacturers, are expected to incur only minimal incremental costs, as they already provide underlying cost data under the CCI regime, and are therefore not included separately in the quantified estimates.

Table 1: Summary table of benefits and costs

Group affected	Item description	Benefits		Costs	
		One-off	Ongoing	One-off	Ongoing
Firms (Distributors)	Familiarisation and legal costs (Direct)			£2.9m	
	Training costs (Direct)			£6.4m	
	IT change costs (Direct)			£4.3m	
	Change project costs (Direct)			£6.5m	

Group affected	Item description	Benefits		Costs	
		One-off	Ongoing	One-off	Ongoing
	Removal of cumulative impact and reporting for professional clients (Direct)		Unquantified		
Consumers	Reduction in information overload from clearer disclosures		Unquantified		
FCA/wider society (if relevant)					
Total				£20.1m	

Table 2: Present Value and Net Present Value

	PV Benefits	PV Costs	NPV	NPV
Total impact		-£20.1m	-£20.1m (£m to £m)	£m (£m to £m)
– of which direct		-£20.1m	-£20.1m	£m
– of which indirect			£m	£m
Key unquantified items to consider	Reduction in information overload to consumers			

Table 3: Net direct costs to firms

	Total (Present Value) Net Direct Cost to Business (10 yrs)	EANDCB
Total net direct cost to business (costs to businesses – benefits to businesses)	£20.1m	£2.34m

Benefits

Benefits to consumers

- 39.** To align with the CCI approach to product costs, our proposals aim to aggregate the ongoing product cost with service and distribution costs, as well as showing other categories separately. This would allow consumers to see the total most salient charges they will pay directly, further enabling comparisons between product charges across CCI and COBS disclosures.
- 40.** As our previous research has shown, consumers need to know key information about products they are considering purchasing, but there is a risk that too much information presented in the wrong way can limit their ability to find and understand the most important information to make a decision about a product. Optimising disclosures focuses on reducing the cognitive burden on consumers of making investment decisions. Streamlining information may reduce search costs and information asymmetries, reducing the risk that consumers settle for options that are “good enough” rather than best value.

Benefits to firms

- 41.** It should be noted that we do not consider it reasonably practicable to quantify the benefits to firms associated with these proposals. We do not have sufficiently granular evidence on the time currently spent by firms in complying with existing disclosure requirements, and this is likely to vary significantly depending on firms’ size, business models, and their current exposure to different disclosure requirements. Therefore, attempting to quantify the benefits may be disproportionate to the available evidence.
- 42.** We anticipate that firms providing MiFID cost disclosures will benefit from a lower ongoing compliance burden. By simplifying and streamlining the rules in COBS 6.1/6.1ZA and related provisions, firms would need to spend less time and resource on interpreting currently complex requirements. Furthermore, reducing prescribed detail, removing cumulative effect illustrations and introducing flexibility for firms engaging with professional clients, and relying more on Duty requirements around consumer understanding, will give firms more flexibility in how they communicate.
- 43.** Removing differences between MiFID, IDD and non-MiFID investment business is intended to reduce duplication and inconsistency, including for similar products sold by the same provider. This aspect of the proposals, in conjunction with having a single, more consistent rule set, should translate into fewer parallel processes for firms to maintain.
- 44.** While our proposals include new requirements for some firms to provide regular cost disclosures on previously non-MiFID business, we expect the overall administrative burden across firms in scope to be broadly unchanged. This reflects greater flexibility for firms dealing with professional clients and the removal of requirements for cumulative illustrations. However, the impact will vary across firms, with those newly brought into scope of ongoing disclosure requirements likely to experience an increase in administrative activity.

45. We expect these benefits to arise across the firms in scope, although their scale will vary depending on firms' business models and their current exposure to different disclosure requirements. As the underlying drivers of these benefits are common across firm types, and given the qualitative nature of our assessment, we do not disaggregate benefits further.

Costs

One-off direct costs to firms

Firm population

46. The following cost estimations have been calculated for a population of 5,321 firms. All of the costs are presented in 2025 prices, using our SCM's fee block sizing classification to categorise firms as small, medium and large. Of the firms in scope, 5,198 are small, 116 are medium, and 7 are large. The quantified costs primarily relate to distributor firms, reflecting their role in producing and providing disclosures and therefore bearing the majority of direct costs.
47. It should be noted that we do not have sufficiently granular data to robustly map firms across the different MiFID, IDD and non-MiFID categories, particularly as many firms operate across multiple regimes.

Familiarisation and legal costs

48. The updated rules will be contained in a standard FCA publication. Firms will incur costs in resources needed to familiarise themselves with the rules in accordance with our SCM to identify and address any compliance gaps.
49. We use standard assumptions from our SCM to produce an estimate of familiarisation costs (see our [Statement of Policy on CBAs](#) for further detail). 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 around 1.75 hours for someone to read the policy documentation. We assume that the document will be read only by compliance staff; 20 staff in large firms, 5 in medium and 2 in small. Our salary assumptions for compliance staff have been informed by the 2025 Annual Survey of Hours and Earnings (ASHE) data produced by the Office for National Statistics. We expect all firms (5,321) in scope to incur familiarisation costs. For an individual firm, this cost translates to approximately:
- Small firm – £230
 - Medium firm – £699
 - Large firm – £2,999
50. Hence, for the 5,321 firms affected, the total familiarisation cost is estimated to be £1.3m.

51. The legal instrument is 25 pages. We anticipate that 4, 2 and 1 legal staff will read the legal instrument in large, medium and small firms respectively, taking 7 hours each. Presented in 2025 prices, we calculate the total legal costs for individual firms, translating to approximately:

- Small firm – £270
- Medium firm – £1,706
- Large firm – £4,889

52. Hence, for the 5,321 firms affected, the total legal cost is estimated to be £1.6m.

Training costs

53. We anticipate that firms will require formal training for their staff, in particular their advisers, to learn about and disseminate the updated rules, to communicate effectively with consumers. We assume that firms will deliver in-house training in the form of informal meetings. We further expect that this training will take up a full working day, which we assume to be 7 hours. Due to data limitations, we apply the same training costs across medium and small firms. Presented in 2025 prices, we calculate the total staff training costs for individual firms, translating to approximately:

- Small firm – £1,207
- Medium firm – £1,207
- Large firm – £3,259

54. Hence, for the 5,321 firms affected, the total staff training cost is estimated to be £6.4m.

55. Though there is uncertainty around our assumptions and the method of administering training within firms, we believe that these estimates represent an upper bound. This reflects conservative assumptions regarding the number of staff trained and the use of structured training, without accounting for existing familiarity with current requirements or potential efficiencies in delivery, both of which are likely to reduce costs in practice. If further data or evidence is provided by stakeholders during the course of the consultation, we will update our assumptions and estimates accordingly.

IT changes

56. We expect that firms will incur a one-off systems change costs following our updated disclosure rules. Under the current regime, firms utilise a data template to produce their cost data. We anticipate that this template will continue to exist to produce cost disclosures. As such, the main change under our proposals relates to the inputs into this template, reflecting the updated disclosure requirements, rather than the introduction of entirely new systems or processes. Under standard assumptions within our SCM, this type of amendment is classified as a "very small" change of IT systems. However, we recognise that the precise level of effort may vary depending on firms' existing IT systems and implementation approaches, hence we will update this assumption accordingly based on feedback to this CP. We assume that the systems change will

require, across the standard IT project team structure, 5 person days for large firms, 2 person days for medium firms, and 2 person days for small firms. For an individual firm, this cost translates to approximately:

- Small firm – £710
- Medium firm – £3,719
- Large firm – £22,685

57. Hence, for the 5,321 firms affected, the total IT change costs are estimated to be £4.3m.

Change costs

58. We assume that firms will face some changes in their production of documentation, to align with the simplified and streamlined disclosure requirements we are proposing. As these documentation changes are expected to occur in the first year of implementation and then form part of business-as-usual activity, we estimate they will require 45 days of staff time for large firms, 14 days for medium firms and 3 days for small firms in the first year. For an individual firm, this cost translates to approximately:

- Small firm – £1,080
- Medium firm – £6,295
- Large firm – £21,626

59. Hence, for the 5,321 firms affected, the total documentation change costs are estimated to be £6.5m.

Costs to consumers

60. Under our proposals, firms would be expected to disclose and explain the following, pre-sale:

- Ongoing product costs
- Service and distribution costs, and the total of these with ongoing product costs
- Estimated transaction costs, disclosed separately from ongoing costs
- One-off entry and exit costs
- Performance fees
- CEIFs

61. Whilst consumers will benefit from clearer disclosures, we acknowledge they may face a burden in reaching the total cost of investing figure on their own, through adding together the breakdown of costs provided by firms. However, we anticipate this to be less burdensome than the current environment whereby consumers must navigate disparate disclosures. More consistent and streamlined disclosures are expected to reduce the time and effort required for consumers to understand cost information, whilst also helping to mitigate the risk of confusion and sub-optimal investment decisions. Due to uncertainty and limited evidence, we have been unable to quantify the costs that consumers may face as a result of our proposals.

Breakeven analysis

- 62.** We consider the scale of benefits required for the proposals to break even. Based on an estimated total cost of £20.1m over a 10-year appraisal period, this equates to approximately £3,800 per firm, or around £380 per firm per year across the estimated population of roughly 5,300 firms in scope.
- 63.** This implies that relatively small reductions in ongoing compliance costs, for example through the removal of cumulative impact calculations, greater flexibility for firms dealing with professional clients, and greater alignment across regimes, would be sufficient for the proposals to break even. Given the nature of the changes, we consider such savings to be plausible.

Wider economic impacts, including on secondary objective

- 64.** These proposals also respond to the commitment we made in PS25/20 to review the separate MiFID cost disclosures. We consider the proposals to be compatible with the FCA's secondary international competitiveness and growth objective (SIGCO). The proposals are designed to promote comprehensible and transparent investing through clearer disclosures. This should support consumer confidence to participate in capital markets and may, over time, support growth. Timely and meaningful information on the costs and charges of investing is important to protect consumers and support beneficial competition between firms. Clearer disclosures should enable consumers to compare products more easily and make more suitable investment decisions, increasing competitive pressure on firms to improve their offerings or develop new ones.

Monitoring and evaluation

- 65.** Under the Financial Services and Markets Act (FSMA) 2023, we must keep rules in our Handbook under review. For more information, please see the Rule Review Framework on our [website](#).
- 66.** Whilst we currently do not have any evaluation plans, we do intend to monitor the effectiveness of the proposals through our supervisory work. Specifically, we intend to monitor to assess the extent to which the information and documentation produced and published by firms, improves in clarity and comprehensibility.

Annex 3

Compatibility statement

Compliance with legal requirements

1. This Annex records the FCA's compliance with a number of 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 section 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.

The FCA's objectives and regulatory principles: Compatibility statement

6. The proposals set out in this consultation are primarily intended to advance the FCA's operational objective of protecting consumers. In the development of the proposals in this CP, we have had regard to the matters listed in s.1C(2)(a)-(h) of FSMA. We consider that our overall approach, comprising new rules and guidance and reliance on the Duty where possible, delivers an appropriate degree of consumer protection.

7. Clear and engaging information helps consumers make informed decisions. When investors are given clear and engaging information on costs, they can assess value and make better-informed decisions. Our proposals advance this objective by making cost disclosures easier to understand and allowing consumers to track them more easily across different stages of the investment journey. We are also increasing transparency on interest rates paid on cash holdings, helping consumers understand opportunity costs.
8. The FCA's competition objective is to promote effective competition in the interests of consumers in the markets for regulated financial services. As we have developed the proposals in this CP, we have had regard to the matters listed in sections 1E(2)(a)-(e) of FSMA on promoting competition. Overall, we believe our approach is advancing this objective. When consumers have access to clearer information about costs and charges, they can make informed assessments about value, driving firms to compete. Clearer and more accessible information on costs and cash interest rates makes it easier for consumers to compare products and services and make more informed decisions about value.
9. Our proposals are compatible with our secondary international competitiveness and growth objective (SIGCO). Our proposals are designed to help drive a healthy investment culture. Increased participation in this market will benefit consumers and should provide capital to drive the economy and boost growth. A simpler and more streamlined rulebook increases regulatory certainty and reduces the compliance burden on firms, driving down costs and removing barriers to market entry. This increases the attractiveness of the UK market and drives international competitiveness.
10. We have had regard to the Treasury's November 2024 remit letter. Our view is that our proposals support the recommendations in the remit letter in particular through supporting growth, enabling and expanding retail.
11. 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

12. We have had regard to this principle by reducing the complexity of our rules.

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

13. The Cost-Benefit Analysis in Annex 2 sets out the significant costs and benefits. While our proposals will incur familiarisation and systems-change costs, we believe in the long term, they will reduce the compliance burden on firms by simplifying our rules. The alignment of the proposed new cost disclosures with CCI's will reduce complexity for firms that distribute these products. In designing the transition period, we have aimed to reduce the amount of systems changes required while giving firms flexibility.

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)

14. In developing this consultation, we have considered the environmental, social, and governance implications of our proposals and our duty under s.1B(5) and 3B(c) of FSMA 2000 to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008 and environmental targets under section 5 of the Environment Act 2021.

The general principle that consumers should take responsibility for their decisions

15. Disclosure should enable consumers to make better financial decisions and to understand the costs and value of their financial product. Better disclosure allows consumers to understand and take responsibility for their decisions.

The responsibilities of senior management

16. We consider that our proposals are likely to enhance the ability of senior management of in-scope products to take responsibility for their decisions by providing clear standards for disclosure and integrating it into their Duty responsibilities. This should enable them to consider better how to meet the information needs of their customers.

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

17. Our proposals are specifically designed to be proportionate and build on existing Duty obligations. Simplifying our rules should reduce compliance burdens make it easier for smaller firms to enter and compete in the market.

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

18. Our proposals require firms to provide disclosures to consumers. We do not propose that the information is reported to the FCA.

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

19. In developing our proposals, we have drawn on the feedback we received after the publication of CP24/30 and CP25/9, as summarised and responded to in PS25/20. We have engaged extensively with industry, including holding a workshop with a variety of stakeholders as we developed our proposals. We have attended the FCA statutory panels, including the Financial Services Consumer Panel and the Small Business Practitioner Panel, for early views on our proposals.

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).

Expected effect on mutual societies

20. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies. Our proposed rules will apply equally to all persons carrying on designated investment business.

Equality and diversity

21. 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, to and 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.
22. Overall, we do not consider that the proposals materially impact any of the groups with protected characteristics under the Equality Act 2010 (in Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies). Clearer and more comprehensible information will help all consumers understand better, including vulnerable customers. But we will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when making the final rules. We welcome feedback to this consultation on this.

Environmental, social & governance considerations

- 23.** In developing this Consultation Paper, we have considered the environmental, social and governance implications of our proposals and our duty under ss.1B(5) and s.3B(1) (c) of FSMA to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008 and environmental targets under s. 5 of the Environment Act 2021. Overall, we do not consider that the proposals are relevant to contributing to those targets. We will keep this issue under review during the course of the consultation period and when considering whether to make the final rules.
- 24.** In the meantime, we welcome your input to this consultation on this. Stakeholders may also wish to provide feedback to Chapter 2 of CP26/17 (published June 2026) where we have consulted on simplifying the climate information consumers receive on their investments as part of our ambition to modernise disclosures.

Annex 4

Abbreviations used in this paper

Abbreviation	Description
CASS	Client Assets sourcebook
CBA	Cost benefit analysis
CCI	Consumer composite investment
CEIF	Closed-ended investment fund
COBS	Conduct of Business sourcebook
CP	Consultation paper
D2C	Direct to consumer
EANDCB	Equivalent annual net direct cost to business
EMT	European MiFID template
EPT	European PRIIPs template
FLS	Financial Lives Survey
FSMA	Financial Services and Markets Act
IDD	Insurance Distribution Directive
IPMS	Investment Platforms Market Study
KID	Key information document
KIID	Key investor information document
MiFID	Markets in Financial Instruments Directive
NAV	Net asset value
OCF	Ongoing costs figure
OP	Occasional paper

Abbreviation	Description
PRIIPs	Packaged Retail and Insurance-based Investment Products
PS	Policy statement
SICGO	Secondary international competitiveness and growth objective
SIPP	Self-invested personal pension
UCITS	Undertakings for Collective Investment in Transferable Securities

Appendix 1

Draft Handbook text

SIMPLIFYING CONSUMER INVESTMENT DISCLOSURE (INFORMATION FOR CLIENTS) INSTRUMENT 202X

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 71N (Designated activities: rules);
 - (b) section 137A (The FCA’s general rules);
 - (c) section 137B (FCA general rules: clients’ money and right to rescind etc.);
 - (d) section 137D (FCA general rules: product intervention);
 - (e) section 137R (Financial promotion rules);
 - (f) section 137T (General supplementary powers);
 - (g) section 138D (Actions for damages);
 - (h) section 139A (Power of the FCA to give guidance);
 - (i) section 210 (Statements of policy);
 - (j) section 247 (Trust scheme rules);
 - (k) section 261I (Contractual scheme rules);
 - (l) section 274 (Applications for recognition of individual schemes);
 - (m) section 283 (Facilities and information in UK); and
 - (n) section 395 (The FCA’s and PRA’s procedures);
- (2) regulation 6 (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228);
- (3) regulation 6 (FCA rules) of the Consumer Composite Investments (Designated Activities) Regulations 2024 (SI 2024/1198); and
- (4) 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 purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

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

Amendments to the 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
Conduct of Business sourcebook (COBS)	Annex C
Insurance: Conduct of Business sourcebook (ICOBS)	Annex D
Banking: Conduct of Business sourcebook (BCOBS)	Annex E
Client Assets sourcebook (CASS)	Annex F
Supervision manual (SUP)	Annex G
Product Disclosure sourcebook (DISC)	Annex H

[*Editor's note:* For the purposes of this consultation, the changes made by this instrument are shown as they will look when fully in force with draft transitional provisions. The FCA will consider how best to commence the relevant provisions, having regard to interactions with other instruments, before making the final rules.]

Notes

- E. 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

- F. This instrument may be cited as the Simplifying Consumer Investment Disclosure (Information for Clients) Instrument 202X.

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.

<i>closed-ended investment fund</i>	(1)	(in UKLR, ESG and DISC <u>except in PRM</u>) an entity:
<i>distribute</i>	(7)	(in COBS 6, <u>COBS 6A</u> , COBS 13, COBS 14, COLL 9 and DISC):
<i>durable medium</i>	(3)	In relation to <i>rules</i> in COBS 3, COBS 6.1ZA (other than COBS 6.1ZA.22R) , COBS 6.2B, COBS 8A, COBS 11.2A, COBS 14.3A, COBS 16A.3, COBS 16A.4 and COBS 16A.5 insofar as they apply to <i>MiFID, equivalent third country or optional exemption business</i> :
<i>fee</i>	(1)	(except in <i>ICOBS</i> and, in relation to a life policy, in COBS 6.1ZA) any payment or <i>remuneration</i> offered or made by a <i>client</i> to a <i>firm</i> in connection with <i>designated investment business</i> or with any other business of the <i>firm</i> , including (where applicable) any <i>mark-up or mark-down</i> ;
	(2)	(in <i>ICOBS</i> and, in relation to a life policy, in COBS 6.1ZA) <i>remuneration</i> payable directly by a <i>customer</i> in relation to <i>insurance distribution activities</i> carried on for the <i>customer</i> that is not:
<i>manufacture</i>		...

	(6)	(in COBS 6.1ZA , COBS 13, COLL, DISC and the Investment Funds sourcebook) in relation to an <i>authorised person</i> , to create, develop, design, issue, manage, operate or carry out a <i>consumer composite investment</i> , including making, or being able to make, changes to a term, condition or feature of a <i>consumer composite investment</i> .
	(6A)	<u>(in COBS 6A) in relation to any person, to create, develop, design, issue, manage, operate or carry out a designated investment, including making, or being able to make, changes to a term, condition or feature of a designated investment.</u>
	...	
manufacturer	...	
	(6)	(in COBS 6.1ZA , COBS 13, COLL, DISC and the Investment Funds sourcebook) a <i>person</i> who manufactures a <i>consumer composite investment</i> .
	(7)	<u>(in COBS 6A) a person who manufactures a designated investment.</u>
remuneration	...	
	(3)	(in SYSC 19F.2, PROD 4, and ICOBS and, in relation to a life policy, in COBS 6.1ZA) any commission, fee, charge or other payment, including an economic benefit of any kind or any other financial or non-financial advantage or incentive offered or given in respect of <i>insurance distribution activities</i> . [Note: article 2(1)(9) of the IDD]
	...	
transaction costs	...	
	(2)	(in DISC and COBS 6.1ZA.14BR(3)(b)) the costs and charges set out in DISC 6.5.1R.
website conditions		the following conditions:
	...	
	(2)	the <i>client</i> must specifically consent to the provision of that information in that form (in respect of the provision of information to a <i>client</i> in relation to MiFID, equivalent third country or optional exemption business pursuant to rules in COBS 6.1ZA , COBS 8A, COBS

11.2A.25R or COBS 14.3A, only if the *client* is a *retail client*);

...

Annex B

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

In this Annex, underlining indicates new text.

[*Editor's note:* This Annex takes into account the changes proposed in the consultation paper 'Simplifying the pensions and investment advice rules' (CP26/10), as if they were made final.]

13 **Operational risk: systems and controls for insurers**

...

13.3 **Other related Handbook sections**

...

13.3.1A G The following is a non-exhaustive list of *rules* and *guidance* in the *Handbook* that are relevant to a *firm's* management of operational risk:

- (1) *COBS* contains *rules* and *guidance* that can relate to the management of operational risk; for example, *COBS* 2 (Conduct of business obligations), *COBS* 4 (Communicating with clients, including financial promotions), *COBS* 6 (Information about the firm, its services and remuneration), *COBS* 6A (Information about the firm, its services, costs and charges), *COBS* 7 (Insurance distribution), *COBS* 9C (Suitability), *COBS* 10A (Appropriateness (for non-advised services) (MiFID and insurance-based investment products provisions), *COBS* 11 (Dealing and managing), *COBS* 12 (Investment research), *COBS* 14 (Providing product information to clients) and *COBS* 19 (Pensions: supplementary provisions).

Annex C

Amendments to the Conduct of Business sourcebook (COBS)

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

[*Editor's note:* This Annex takes into account the changes made by the Cryptoassets (Conduct and Firm Standards) Instrument 2026 (FCA 2026/44) as if they were in effect. It also takes into account the changes proposed in the consultation paper 'Simplifying the pensions and investment advice rules' (CP26/10), as if they were made final and in effect.]

1 Application

1.1 General application

...

Deposits (including structured deposits)

- 1.1.1A R This sourcebook applies to a *firm* with respect to activities carried on in relation to *deposits* from an establishment maintained by it, or its *appointed representative*, in the *United Kingdom* only as follows:

	Section / chapter	Application in relation to deposits
...		
(4)	...	
(4-A)	<u>COBS 6A</u> (Information about the firm, its services, costs and charges)	<u>A MiFID investment firm, a third country investment firm and a MiFID optional exemption firm when selling, or advising a client in relation to, a structured deposit.</u>
...		

Structured deposits: further provisions

- 1.1.1AA R Except in *COBS 6.2B*, in the *rules* referred to in *COBS 1.1.1AR(1)* and *COBS 1.1.1AR(4-A)* (and in any related *guidance*), references to:

...

...

- 1.1.1AE R ...

COBS chapter	Description
...	
COBS 6.1ZA [deleted]	Information about the firm and compensation information (MiFID and insurance distribution provisions)
...	

...

1.4 Interpretation

...

In good time

- 1.4.2 G (1) Certain provisions in this sourcebook require *firms* to provide *clients* with information ‘in good time’ (for example, ~~COBS 6.1ZA.19AR~~ COBS 14.3A.7R).

...

1 Annex 1 Application (see COBS 1.1.2R)

1 Annex 1 Part 1: What?

Modifications to the general application of COBS according to activities

1.		Eligible counterparty business	
1.1	R	The <i>COBS</i> provisions shown below do not apply to <i>eligible counterparty business</i> except, where the <i>eligible counterparty business</i> is in scope of the <i>IDD</i> , those provisions which implemented or derived from the <i>IDD</i> continue to apply.	
		COBS provision	Description
		COBS 2 (other than COBS 2.1.1AR , COBS 2.2A and COBS 2.4)	Conduct of business obligations
		...	

		COBS 6.1 [deleted]	Information about the firm, its services and remuneration (non-MiFID and non insurance distribution provisions)
		COBS 6.1ZA (other than COBS 6.1ZA.11R to COBS 6.1ZA.13R) [deleted]	Information about costs and charges of different services or products (MiFID provisions)
		<u>COBS 6A (other than COBS 6A.2.5R, 6A.2.14R and COBS 6A.2.25R)</u>	<u>Information about the firm, its services, costs and charges</u>
		...	
...			
1B.	CATPs and professional clients		
1B.1	R	The <i>COBS</i> provisions shown below do not apply between a <i>UK CATP operator</i> and its <i>professional clients</i> in relation to the operation of a <i>UK QCATP</i> .	
		COBS provision	Description
		...	
		COBS 6.1 <u>COBS 6A</u>	<u>Information about the firm, its services, costs and remuneration charges</u>
		...	
2.	Transactions between an MTF operator and its users		
2.1	R	The <i>COBS</i> provisions (applicable to <i>MiFID business</i>) shown below do not apply to a transaction between an operator of an <i>MTF</i> and a member or participant in relation to the use of the <i>MTF</i> .	
		COBS provision	Description
		...	
		COBS 6.1ZA <u>COBS 6A</u>	<u>Information about the firm, its services, costs and compensation information (MiFID provisions) charges</u>
		...	
...			

1 Annex **Application to TP firms and Gibraltar-based firms (see COBS 1.1.1CR)**
2

1 Annex **Part 1: TP firms**
2

...			
2.	Application of COBS		
2.1	R	In addition to those <i>rules</i> specified in <i>GEN 2.2.26R</i> , a <i>TP firm</i> must also comply with:	
		...	
		(2)	(to the extent that the <i>rule</i> does not already apply to such a <i>TP firm</i> as a result of <i>GEN 2.2.26R</i>) the provisions in:
		(a)	<i>COBS 2.2 (Information disclosure before providing services (other than MiFID and insurance distribution)); where a rule in that section applies to a firm carrying on designated investment business in relation to a non-mass market investment; [deleted]</i>
		...	
		(g)	...
		(ga)	<i>COBS 6A (Information about the firm its services, costs and charges);</i>
		...	
...			

Part 2: Gibraltar-based firms

...			
2.	Application of COBS		
2.1	R	In addition to those <i>rules</i> applying by virtue of <i>GEN 2.3.1R</i> , a <i>Gibraltar-based firm</i> must also comply with:	
		...	

		(2)	(to the extent that the <i>rule</i> does not already apply to such a <i>Gibraltar-based firm</i> as a result of <i>GEN 2.3.1R</i>) the provisions in:
		(a)	COBS 2.2 (Information disclosure before providing services (other than MiFID and insurance distribution)); where a rule in that section applies to a firm carrying on designated investment business in relation to a non-mass market investment; [deleted]
		...	
		(g)	...
		(g-a)	<u>COBS 6A (Information about the firm, its services, costs and charges);</u>
		...	
		...	

2 Conduct of business obligations

...

COBS 2.2 (Information disclosure before providing services (other than MiFID and insurance distribution)) and COBS 2.2A (Information disclosure before providing services (MiFID and insurance distribution provisions)) are deleted in their entirety. The deleted text is not shown but the sections are marked '[deleted]' as shown below.

[*Editor's note:* The substance of the deleted provisions now appears at COBS 6A.2.5R and COBS 6A.2.13R.]

2.2 ~~Information disclosure before providing services (other than MiFID and insurance distribution) [deleted]~~

2.2A ~~Information disclosure before providing services (MiFID and insurance distribution provisions) [deleted]~~

...

Amend the following as shown.

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

...

Disclosure of payments or benefits received from, or paid to, third parties

...

2.3A.13 R In implementing the requirements of *COBS 2.3A.10R* to *COBS 2.3A.12R*, a *firm* must take into account the costs and charges *rules and guidance* in: *COBS 6A.2.25R* to *COBS 6A.2.39G*.

(1) (~~for *MiFID*, equivalent third country or optional exemption business~~) ~~*COBS 6.1ZA.11R*, *COBS 6.1ZA.12R* and *COBS 6.1ZA.14R*~~; and

(2) (~~for *insurance-based investment products*~~) ~~*COBS 6.1ZA.11R* to *COBS 6.1ZA.13R* and *COBS 6.1ZA.15AR*~~.

[~~Note: article 11(5) of the *MiFID Delegated Directive*~~]

...

4 Communicating with clients, including financial promotions

...

4.7 Direct offer financial promotions

...

Direct offer financial promotions relating to MiFID, equivalent third country or optional exemption business

4.7.-1A R ...

(2) A *firm* must ensure that a marketing communication of the type in (1) includes such of the information referred to in the *rules* on information disclosure (~~*COBS 6.1ZA*~~ *COBS 6A* and *COBS 14.3A*) as is relevant to that offer or invitation.

...

Other direct offer financial promotions

4.7.1 R (1) Subject to (3), a *firm* must ensure that a *direct offer financial promotion* that is addressed to, or disseminated in such a way that it is likely to be received by, a *retail client* contains:

(a) the information referred to in the *rules* on information disclosure (~~*COBS 6.1.4R*, *COBS 6.1.6R*, *COBS 6.1.7R*, *COBS 6.1.7BR*, *COBS 6.1.9R*~~ *COBS 6A*, *COBS 14.3.2R*, *COBS 14.3.3R*, *COBS 14.3.4R* and *COBS 14.3.5R*) as is relevant to that offer or invitation; and

...

...

Guidance

- 4.7.2 G Although *COBS 4.7.1R(1)(b)* does not apply in relation to *MiFID*, *equivalent third country or optional exemption business*, similar requirements may apply under ~~*COBS 2.2A*~~ *COBS 6A*.

...

6 Information about the firm, its services and remuneration

COBS 6.1 (Information about the firm and compensation information (non-MiFID and non-insurance distribution provisions)) and COBS 6.1ZA (Information about the firm and compensation information (MiFID and insurance distribution provisions)) are deleted in their entirety. The deleted text is not shown but the sections are marked '[deleted]' as shown below.

[*Editor's note:* The substance of the deleted provisions now appears in COBS 6A.]

6.1 ~~Information about the firm and compensation information (non-MiFID and non-insurance distribution provisions) [deleted]~~

6.1ZA ~~Information about the firm and compensation information (MiFID and insurance distribution provisions) [deleted]~~

...

COBS 6 Annex 7 (Identified costs that should form part of the costs to be disclosed to clients) is deleted in its entirety. The deleted text is not shown but the annex is marked '[deleted]' as shown below.

6 Annex 7 ~~R Identified costs that should form part of the costs to be disclosed to clients [deleted]~~

Insert the following new chapter, COBS 6A, after COBS 6 (Information about the firm, its services and remuneration). All the text is new and is not underlined.

[*Editor's note:* The text of COBS 6A is shown as it is proposed to appear in the Handbook once all of its provisions have commenced. In general, it is proposed that the provisions of COBS 6A commence in June 2028. It is proposed that certain provisions will commence at different times or will be subject to transitional provisions, as further explained in the consultation paper.]

6A Information about the firm, its services, costs and charges

6A.1 Application and purpose

Application

- 6A.1.1 R This chapter applies to a *firm* that carries on *designated investment business* for a *client*.
- 6A.1.2 R If a *firm* provides *basic advice* on *stakeholder products* in accordance with the *basic advice rules*, this chapter does not apply to that service.

Business with professional clients

- 6A.1.3 R (1) A *firm* is not required to provide a *professional client* with the information required by:
- (a) COBS 6A.2.16R (Information concerning safeguarding of cryptoassets); and
 - (b) subject to (2), any other *rule* in this chapter to the extent that the *client* has agreed in writing not to receive such information.
- (2) Notwithstanding any agreement in (1)(b), a *firm* must provide a *professional client* with the information required by the following *rules* (to the extent applicable to the business carried on):
- (a) COBS 6A.2.5R (General information requirements);
 - (b) COBS 6A.2.12R (Managing investments);
 - (c) COBS 6A.2.13R (Financial Reporting Council’s Stewardship Code commitment);
 - (d) COBS 6A.2.14R (Safeguarding client investments and client money); and
 - (e) COBS 6A.2.25R to COBS 6A.2.27R (Information about costs and charges).

Interpretation

- 6A.1.4 R In this chapter, in relation to *issuing a qualifying stablecoin*, a reference to a *client* does not include a *holder* of a *qualifying stablecoin* until that *holder* is identifiable to the *firm*.

Purpose

- 6A.1.5 G The *rules* in this chapter seek to ensure that a *firm* provides its *clients* with adequate information about the *firm*, its services and the costs and charges that will be, and are, incurred by a *client* in relation to those services.

Consumer Duty and other relevant provisions

- 6A.1.6 G (1) The *Consumer Duty* requires *firms* to act to deliver good outcomes for *retail customers*, including (among other requirements) obligations to ensure their communications equip *retail customers* to make decisions that are effective, timely and properly informed (*PRIN 2A.5.3R*).
- (2) The information requirements in this chapter are intended to support *retail customer* understanding of the services that a *firm* provides. In providing the information required by this chapter, *firms* should have particular regard to *PRIN 2A.5.7G* and *PRIN 2A.5.8R*.
- 6A.1.7 G This chapter imposes requirements relating to the disclosure of information to *clients*. *COBS* contains other requirements relating to the disclosure of information, including in *COBS 14* (Providing product information to clients).
- 6A.1.8 G (1) *Firms* undertaking a *qualifying cryptoasset activity* should be aware of the requirements in *CRYPTO* which may apply when offering and providing services to *clients*. *CRYPTO* places requirements on *firms* that are separate and complementary to the requirements in this chapter.
- (2) *Firms* have flexibility in how their systems and operations discharge the requirements in *COBS 6A* and *CRYPTO*.

6A.2 Information to clients

Timing of disclosure

- 6A.2.1 R A *firm* must:
- (1) provide a *client* with the information required by the *rules* in this section before the *firm* carries on *designated investment business* for that *client*, unless a *rule* in this section provides otherwise; and
- (2) communicate information in good time for a *client* to be able to make an effective decision.
- 6A.2.2 G (1) A *firm* communicating with a *retail customer* should have particular regard to *PRIN 2A.5.5R* (Communications to retail customers).
- (2) In meeting its obligations under the *Consumer Duty*, a *firm* might provide information at different points in the customer journey. For example, a *firm* might publish generic information about its costs and charges on its website and then provide detailed costs and charges information before a *client* enters into a specific transaction in compliance with the detailed requirements in this section.

Medium of disclosure

- 6A.2.3 R (1) A *firm* must provide a *client* with the information required by the *rules* in this section:
- (a) in a *durable medium*; or
 - (b) by means of a website (where it does not constitute a *durable medium*) provided that the *website conditions* are satisfied.
- (2) Where information is required to be provided before a *firm* carries on *designated investment business* for a *client*, the *firm* must provide that information in the way specified in (1) before a *client* is bound by an agreement in relation to the relevant *designated investment business*.
- 6A.2.4 G COBS 6A.2.3R enables a *firm* to meet its obligation to provide a *client* with information on a timely basis without providing that information in a *durable medium* or by means of an appropriate website, provided that the information is provided in the way specified in that *rule* before a *client* is bound by an agreement.

[*Editor's note*: The substance of the provision at COBS 6A.2.5R is moved from COBS 2.2 and 2.2A.]

General information requirements

- 6A.2.5 R A *firm* must provide appropriate information to a *client* with regard to:
- (1) the *firm* and its services;
 - (2) all costs and related charges; and
 - (3) so far as relevant to the service to be provided:
 - (a) *designated investments* and proposed investment strategies, including appropriate guidance on, and warnings of, the risks associated with investment in those *designated investments* or in respect of particular investment strategies; and
 - (b) *execution venues*.

Information about a firm and its services

- 6A.2.6 R A *firm* must provide a *client* with the following general information:
- (1) the name and address of the *firm*, and the contact details necessary to enable a *client* to communicate effectively with the *firm*;
 - (2) the methods of communication to be used between the *firm* and the *client* including for the purpose of sending and receiving orders;

- (3) a statement of the fact that the *firm* is authorised by the *FCA* or the *PRA*, as applicable;
- (4) where the *firm* is acting through an *appointed representative* or a *tied agent*, a statement of this fact; and
- (5) the nature, frequency and timing of:
 - (a) the reports on the performance of the service to be provided by the *firm* to the *client* in accordance with the *rules* on reporting to *clients* (*COBS* 16 and 16A); and
 - (b) where the *firm* is providing *personal recommendations*, any *suitability report* to be provided by the *firm* to the *client* (*COBS* 9C).

6A.2.7 R A *firm* must provide a *client* with:

- (1) if the *firm* is subject to a requirement in *SYSC* to establish, implement and maintain a conflicts of interest policy:
 - (a) a description of that policy, which may be provided in summary form; and
 - (b) if requested by the *client*, further details of that policy; or
- (2) in any other case, a description of how the *firm* will ensure the fair treatment of the *client* when a *material interest* or conflict of interest may or does arise.

6A.2.8 G A *firm* disclosing details of its *authorisation* should refer to the appropriate form of words set out in *GEN* 4 Annex 1 or *GEN* 4 Annex 1A as appropriate.

Information to be provided by insurance intermediaries

- 6A.2.9 R In addition to the information in *COBS* 6A.2.5R to 6A.2.7R, before the conclusion of a *life policy* and, if necessary, on its amendment:
- (1) a *firm* must provide a *client* with the following information:
 - (a) whether the *firm* is an *insurance intermediary* or an *insurance undertaking*;
 - (b) whether it provides a *personal recommendation* about the insurance products offered; and
 - (c) information about the procedures allowing *clients* and other interested parties to register *complaints* about the *firm* with the *firm* and the *Financial Ombudsman Service* or, if the *Financial Ombudsman Service* does not apply, information about the out-of-court complaint and redress procedures

available for the settlement of disputes between the *firm* and its *clients*; and

- (2) an *insurance intermediary* must also provide the *client* with the following information:
- (a) the fact that it is included in the *Financial Services Register* (or, if it is not included in the *Financial Services Register*, the register in which it has been included) and the means for verifying this;
 - (b) whether it has a direct or indirect holding representing 10% or more of the voting rights or capital in a given *insurance undertaking* (that is not a *pure reinsurer*);
 - (c) whether a given *insurance undertaking* (that is not a *pure reinsurer*) or its *parent undertaking* has a direct or indirect holding representing 10% or more of the voting rights or capital in the *firm*; and
 - (d) whether it is representing the *client* or is acting for and on behalf of the *insurer*.

6A.2.10 R Where an *insurance intermediary* proposes or advises on a *life policy*, before the conclusion of a *life policy* and, if necessary, on its amendment, an *insurance intermediary* must provide the *client* with at least information on whether the *firm*:

- (1) gives a *personal recommendation* on the basis of a fair and personal analysis; or
- (2) is under a contractual obligation to conduct *insurance distribution* exclusively with one or more *insurance undertakings*, in which case, it must provide the names of those *insurance undertakings*; or
- (3)
 - (a) is not under a contractual obligation to conduct *insurance distribution* exclusively with one or more *insurance undertakings*; and
 - (b) does not give a *personal recommendation* on the basis of a fair and personal analysis,

in which case, it must provide its *client* with the names of those *insurance undertakings* with which the *insurance intermediary* may and does conduct business.

6A.2.11 R If an *insurance intermediary* informs a *client* that it gives a *personal recommendation* on the basis of a fair and personal analysis, it must give that *personal recommendation* on the basis of an analysis of a sufficiently large number of insurance contracts available on the market to enable it to make a

personal recommendation, in accordance with professional criteria, regarding which *life policy* would be adequate to meet the *client's* needs.

Managing investments

- 6A.2.12 R (1) A *firm* that *manages investments* for a *client* must establish an appropriate method of evaluation and comparison, such as a meaningful benchmark, based on the investment objectives of the *client* and the types of *designated investments* included in the *client* portfolio, so as to enable the *client* to assess the *firm's* performance.
- (2) If a *firm* proposes to *manage investments* for a *client*, the *firm* must provide the *client* with the following information:
- (a) information on the method and frequency of valuation of the *designated investments* in the *client* portfolio;
 - (b) details of any delegation of the discretionary management of all or part of the *designated investments* or funds in the *client* portfolio;
 - (c) a specification of any benchmark against which the performance of the *client* portfolio will be compared;
 - (d) the types of *designated investment* that may be included in the *client* portfolio and the types of transaction that may be carried out in those *designated investments*, including any limits; and
 - (e) the management objectives, the level of risk to be reflected in the manager's exercise of discretion and any specific constraints on that discretion.

[*Editor's note*: The substance of the provision at COBS 6A.2.13R is moved from COBS 2.2.3R and COBS 2.2A.5R.]

- 6A.2.13 R A *firm* (other than a *venture capital firm*) which is *managing investments* for a *professional client* that is not a natural person must disclose clearly on its website or, if it does not have a website, in another accessible form:
- (1) the nature of its commitment to the Financial Reporting Council's Stewardship Code; or
 - (2) where it does not commit to the Code, its alternative investment strategy.

Safeguarding client investments and client money

- 6A.2.14 R (1) A *firm* that holds *designated investments* or *client money* for a *client* subject to the *custody chapter* or the *client money chapter* must provide that *client* with the following information:
- (a) a summary of the steps which the *firm* takes to ensure the protection of any *designated investments* belonging to the *client* or *client money* it holds; and
 - (b) where relevant:
 - (i) that the *designated investments* or *client money* of that *client* may be held by a third party on behalf of the *firm*;
 - (ii) the responsibility of the *firm* under the applicable national law for any acts or omissions of the third party;
 - (iii) the consequences for the *client* of the insolvency of the third party;
 - (iv) that the *designated investments* belonging to the *client* may be held in an omnibus account by a third party and a prominent warning of the resulting risks;
 - (v) if it is not possible under national law for *designated investments* belonging to a *client* held with a third party to be separately identifiable from the proprietary *designated investments* of that third party or of the *firm*, that fact and a prominent warning of the resulting risks; and
 - (vi) where accounts that contain *designated investments* or *client money* belonging to that *client* are or will be subject to the law of a jurisdiction other than that of the *United Kingdom*, an indication that the rights of the *client* relating to those *designated investments* or *client money* may differ accordingly.
- (2) A *firm* that holds *designated investments* or *client money* for a *client* must inform the *client*:
- (a) about the existence and the terms of:
 - (i) any security interest or lien which the *firm* has or may have over the *client's designated investments* or *client money*; or
 - (ii) any right of set-off it holds in relation to the *client's designated investments* or *client money*; and

- (b) that another *person* may have a security interest or lien over, or right of set-off in relation to, those *designated investments* or *client money*.
- (3) A *firm* within (1) must also, before:
- (a) entering into *securities financing transactions* in relation to *designated investments* held by it on behalf of a *client*; or
 - (b) otherwise using such *designated investments* for its own account or the account of another *client*,
- provide the *client* with clear, full and accurate information on the obligations and responsibilities of the *firm* with respect to the use of those *designated investments*, including the terms for their restitution, and on the risks involved.
- (4) A *firm* must provide the information required by this *rule* to a *client* in relation to any *custody assets* the *firm* may hold for a *client*, including any *custody assets* which are not *designated investments*.
- 6A.2.15 G (1) *Firms* subject to the *custody rules* are reminded of the information requirements concerning *safe custody assets* in CASS 9.3 (Prime brokerage agreement disclosure annex).
- (2) *Firms* doing *insurance distribution* activities that have elected to comply with the *client money chapter* are reminded to provide *clients* with the information specified in COBS 6A.2.14R.

Information concerning safeguarding of cryptoassets

- 6A.2.16 R (1) This *rule* applies to a *firm* that *safeguards cryptoassets* for a *client* which are *client cryptoassets*.
- (2) All of the information that is required to be provided under this *rule* must be given in plain language. To the extent that that information needs to include any legal or technical terms, these must be explained and should not assume any prior knowledge or particular expertise of the *client*.
- (3) The *firm* must provide the *client* with the following information which relates to the *firm's* approach to compliance with CASS 17.3 (Cryptoasset safeguarding trusts) in relation to any trust in which the *client's client cryptoassets* will, or may be, held by the *firm*:
- (a) an explanation of the protections which the *client* will have, and any potential risks that may affect them, as a result of the *firm's* approach to setting up the trust in accordance with CASS 17.3.14R, including:

- (i) whether or not that trust will, or may, contain *client cryptoassets* belonging to other *clients*, and any associated risks of that which may affect the *client*;
 - (ii) a description of how, in the event of the *firm's failure*, the existence of a shortfall in the trust property would affect the *client*, taking account of any provision for the allocation of shortfalls between beneficiaries in that trust that has been set out in the trust terms; and
 - (iii) an explanation of whether the *client's client cryptoassets* within that trust would be applied towards funding the distribution costs of the trust on the *failure* of the *firm* and, if so, the basis on which those costs would be deducted from the *client's* entitlement; and
- (b) an explanation of whether, in the course of the *firm's* dealings with the *client*, the *firm* will or might not *safeguard cryptoassets* in trust for the *client* as a result of any of the exemptions at CASS 17.3.4R to CASS 17.3.6R and, if so, any potential risks resulting from that which could impact the *client*, including on the *failure* of the *firm* (such explanation must also be given to the *client* in the course of seeking any informed consent that is required under CASS 17.3.5R(4) or CASS 17.3.6R(1)(c)).
- (4) The *firm* must provide the *client* with the following information which relates to the *firm's* policies and procedures relating to *means of access* under CASS 17.4 (Means of access) in relation to any *means of access* which relate, or may relate, to the *cryptoassets* in respect of which the *firm* is carrying on *safeguarding cryptoassets*:
- (a) an explanation of the *firm's* security and organisational arrangements in relation to the *means of access*;
 - (b) whether or not the *firm* relies on third parties to hold part of the *means of access*; and
 - (c) any responsibilities which the *client* themselves has in relation to those security and organisational arrangements.
- (5) The *firm* must provide the *client* with the following information which relates to the *firm's* use of third parties appointed under CASS 17.6 where the *client's client cryptoassets* will be, or may be, held by such a third party. This information must be given in relation to each arrangement that the *firm* has with such a third party that involves, or may involve, the *client's client cryptoassets*:
- (a) the fact that a third party will be, or may be, appointed to carry on the activity of *safeguarding cryptoassets* in relation

to the *client's client cryptoassets*, the name of the third party and the country in which it is headquartered;

- (b) whether or not that third party's appointment by the *firm* is limited to the services described at CASS 17.3.12R;
- (c) whether a further *person* will be, or may be, appointed by the third party with the *firm's* consent to carry on the activity of *safeguarding cryptoassets* in relation to the *client's client cryptoassets* and, if so, that *person's* name and the country in which they are headquartered;
- (d) the responsibility of the *firm*, taking into account its agreement with the *client* and applicable law, for any acts or omissions of the third party (or any *person* appointed by that third party with the *firm's* consent) that may affect the *client*; and
- (e) the consequences for the *client* of the insolvency of the third party, taking into account:
 - (i) applicable law applying to the third party; and
 - (ii) the technical arrangements which the third party may be authorised by the *firm* to use (for example, where the *client's cryptoassets* may be controlled by that third party in the same virtual address or device as *cryptoassets* in respect of which it is carrying on *safeguarding cryptoassets* relating to other *clients* of the *firm*).

- (6) The *firm* must provide the *client* with information as to whether, and on what basis, the *client* may terminate the *firm's* services of *safeguarding cryptoassets* or give instructions to request the return or transfer of *cryptoassets* in relation to which such services are being provided.

- 6A.2.17 R (1) This *rule* applies where a *firm safeguards cryptoassets* for a *client* but does not treat them as *client cryptoassets* in reliance upon CASS 17.3.12R.
- (2) The following paragraphs of COBS 6A.2.16R apply to a *firm* to which this *rule* applies:
- (a) COBS 6A.2.16R(2);
 - (b) COBS 6A.2.16R(4); and
 - (c) COBS 6A.2.16R(6).

- 6A.2.18 G (1) *Firms* may consider it helpful to include a glossary of technical terms alongside any information given to *clients* under *COBS* 6A.2.16R or *COBS* 6A.2.17R.
- (2) Particular concepts that may need to be explained to meet *COBS* 6A.2.16R(2) (and, therefore, *COBS* 6A.2.17R(2)(a)) are likely to include ‘blockchains’, ‘wallets’ and ‘private cryptographic keys’.

[*Editor’s note*: It is proposed that *COBS* 6A.2.19R to 6A.2.24G commence on 8 June 2027.]

Client money: general information about interest and fees

- 6A.2.19 R (1) A *firm* that holds *client money* must state prominently on a publicly accessible website:
- (a) the rate of interest it pays to *clients* on *client money* it holds, expressed as a percentage, including if that rate is zero;
 - (b) an explanation of how that rate of interest is determined, provided in a way that is likely to be understood by the *firm’s clients*;
 - (c) any *fees* it charges for holding *client money*; and
 - (d) the possibility that other costs or charges, including taxes on interest paid, may arise for the *client*.
- (2) A *firm* must ensure that the information in (1) is kept up to date.
- (3) A *firm* may provide an indicative rate of interest under (1)(a) that is a reasonable approximation of the rate paid where the rate of interest varies once or more per day.

Client money: interest and fees information for clients

- 6A.2.20 R (1) Subject to (2), before a *firm* receives *money* from a *client* that will be held as *client money* subject to the *client money chapter*, it must provide that *client* with the information in (3) on the basis of holding that *client money* for 1 year.
- (2) Where a *firm* cannot provide the information in (3) before it receives the *money* it must provide the *client* with that information without undue delay after it receives the *money*.
- (3) The information referred to in (1) and (2) is:
- (a) the annual rate of interest the *firm* pays to *clients* on *client money* it holds as at the date the *money* is received;

- (b) the estimated cash amount of any interest the *firm* will pay to the *client* based on the rate of interest in (a); and
- (c) any *fee* the *client* will pay to the *firm*, expressed as:
 - (i) a cash amount; and
 - (ii) a percentage of the amount of the *money* received.
- (4) A *firm* is not required to provide a *client* with the information in (3) where the *money* is received in order to fund a contemporaneous buy order for an *investment*.

Client money: ongoing disclosure of information about fees and interest

- 6A.2.21 R (1) A *firm* that holds *client money* for a *client* must provide the *client* with a statement of the interest paid in relation to, and *fees* charged for, holding that *client money* at least annually.
- (2) In relation to the *client money* the *firm* held for the *client* during the period covered by the statement, the statement in (1) must include:
- (a) the rate of interest paid by the *firm*, expressed as a percentage;
 - (b) the amount of interest paid by the *firm*, expressed as a cash amount; and
 - (c) the *fees* the *client* was charged expressed as:
 - (i) a cash amount; and
 - (ii) a percentage of the amount of *client money* held.
- (3) A *firm* is not required to provide the statement in (1) where:
- (a) the *client* is not a *retail client*; or
 - (b) the *client money* is held in connection with:
 - (i) a *personal pension scheme*;
 - (ii) a *stakeholder pension scheme*; or
 - (iii) any *designated investment business* that relates to those *designated investments*.
- 6A.2.22 G Where the *firm* provides other periodic reporting, including post-sale costs disclosure under COBS 6A.2.33R, the *firm* may combine the statement of interest paid and *fees* charges with that other periodic reporting.

Prohibition on retaining interest and charging a fee for holding client money

- 6A.2.23 R Where a *firm* has notified a *retail client* under CASS 7.11.32R that it will not pay some or all of the interest earned on *client money* held for that *client*, it must not also charge the *client* a *fee* for holding that *client money* during the period when it does not pay all of that interest to the *client*.
- 6A.2.24 G COBS 6A.2.23R is related and supplemental to the *rules* and *guidance* on paying interest earned on *client money* in CASS 7.11, in particular CASS 7.11.32R and CASS 7.11.33G.

[*Editor's note*: It is proposed that COBS 6A.25R to 6A.2.39G commence once the instrument is made, subject to transitional provisions as proposed in COBS TP3.]

Information about costs and charges

- 6A.2.25 R A *firm* must provide a *client* with:
- (1) appropriate information about all costs and charges in relation to:
 - (a) its *designated investment business*; and
 - (b) those *designated investments* which it *distributes*; and
 - (2) information about how the costs and charges are to be paid by the *client*.
- 6A.2.26 G Subject to the specific requirements in this section and having regard to its obligations under the *Consumer Duty*:
- (1) a *firm* may provide a *client* with information about costs and related charges at different points in its engagement with that *client* to support effective decision-making; and
 - (2) a *firm* may provide a *client* with such additional information, including itemised breakdowns, as will help it to meet the *retail customer* understanding outcome.
- 6A.2.27 R A *firm* must provide a *client* with an itemised breakdown of the costs and charges information that it is required to provide by the *rules* in this section when requested by the *client*.

Pre-sale costs and charges information

- 6A.2.28 R (1) Before a *firm* carries on *designated investment business* for a *client*, it must provide that *client* with pre-sale costs and charges information.
- (2) The information in (1) must be:
- (a) specific to the service to be provided to the *client*;

- (b) based on a reasonable estimate of the costs and charges which the *client* will incur; and
 - (c) presented on an annualised basis.
- (3) For the purpose of (2)(a), where a *firm* sells to a *client*, or *arranges* for a *client* to buy, a *designated investment*, the information in (1) must be specific to the transaction.
- 6A.2.29 R (1) A *firm* must present the pre-sale costs and charges information required by COBS 6A.2.28R in the following way:
- (a) a figure representing the total price to be paid by the *client*, comprising:
 - (i) all direct and indirect costs in connection with the *designated investment business* carried on by the *firm*; and
 - (ii) ongoing costs in relation to the *designated investment* to which the *designated investment business* relates;
 - (b) separately itemised figures for the following costs and charges related to the *designated investment* to which the *designated investment business* relates:
 - (i) one-off costs;
 - (ii) transaction costs; and
 - (iii) where applicable, the ongoing costs of any *closed-ended investment funds*;
 - (c) an explanation of how any performance fees and carried interest will apply in relation to:
 - (i) the carrying on of *designated investment business*; and
 - (ii) any *designated investment* to which that *designated investment business* relates; and
 - (d) notice of the possibility that other costs, including taxes, related to transactions in connection with the *designated investment* or the *designated investment business* may arise for the *client* that are not paid via the *firm* or imposed by it.
- (2) Each figure provided under (a) and (b) must be expressed as:
- (a) a cash amount; and
 - (b) a percentage of the amount to be invested.

- 6A.2.30 R (1) Where the *designated investment* is a *consumer composite investment*, a *firm* must provide the figures in COBS 6A.2.29R(1)(b) by reference to the relevant *product summary*.
- (2) A *firm* is not required to provide the figures in COBS 6A.2.29R(1)(b) in relation to a *non-PRIP packaged product*.
- 6A.2.31 G (1) A *firm* that carries on *designated investment business* in relation to a *non-PRIP packaged product* should provide appropriate information about the costs and charges related to the *designated investment* by reference to the relevant *key features illustration*.
- (2) COBS 6A.2.31G(1) provides *guidance* on the costs to be disclosed instead of the figures in COBS 6A.2.29R(1)(b) where the *designated investment* is not a *consumer composite investment*.
- 6A.2.32 G (1) A *firm* may satisfy the requirement in COBS 6A.2.29R(1)(c)(ii) in relation to a *consumer composite investment* by providing a link to the explanation in the relevant *product summary*.
- (2) Where a *firm* charges a flat fee for a service, the percentage figure provided for the purpose of COBS 6A.2.29R(2)(b) should be provided on the basis of the total amount invested to which the flat fee relates and thereby provide a clear indication of the marginal cost to the *client* of the relevant transaction.

Post-sale costs and charges information

- 6A.2.33 R (1) This *rule* applies to a *firm* that provides a service to a *client* on a continuing basis.
- (2) At least annually, a *firm* must provide a disclosure to the *client* of post-sale costs and charges information that is specific to the service provided to the *client*.
- (3) A *firm* must continue to provide disclosures under (2) for as long as it provides its service to the *client*.
- (4) A *firm* is not required to provide post-sale costs and charges information under the *rules* in this section to a *client* that relates to:
- (a) a *personal pension scheme*;
 - (b) a *stakeholder pension scheme*; or
 - (c) any *designated investment business* that relates to those *designated investments*.
- 6A.2.34 R (1) A *firm* must provide post-sale costs and charges information for the period covered by the disclosure on the basis of all of the costs and charges actually incurred by the *client* during that period.

- (2) Post-sale costs and charges information must include all direct and indirect costs in connection with the *designated investment business* carried on by the *firm* and any *designated investments* in relation to which that *designated investment business* is carried out.
- (3) Where the actual costs and charges incurred by the *client* cannot reasonably be ascertained, the *firm* may provide the *client* with a reasonable estimate of the costs and charges incurred by the *client* during the period covered by the disclosure.
- 6A.2.35 G (1) Disclosures of post-sale costs and charges provided under *COBS* 6A.2.33R and *COBS* 6A.2.34R provide transparency to *clients* about what they have paid for a service a *firm* has provided. As such, the *FCA* expects that a *firm* will align the periods covered by disclosures of costs and charges with the periodicity of its reporting so that, taken together, the full period during which the service was provided is covered. For example, if a *firm* provides post-sale costs and charges information quarterly, it will report across successive 3-month periods covering the full period of service provision.
- (2) In providing disclosures of the post-sale costs and charges information across particular periods, a *firm* is not prevented from also providing additional information across a different period in which that information is consolidated or broken down. For example, a *firm* may provide a disclosure of the post-sale costs and charges information each quarter and then also provide, as additional information, an annual account for the full year which consolidates those disclosures.
- 6A.2.36 R (1) A *firm* must present the post-sale costs and charges information required by *COBS* 6A.2.33R in the following way:
- (a) a figure representing the total costs and charges incurred by the *client*, comprising:
- (i) all direct and indirect costs in connection with the *designated investment business* carried on by the *firm*; and
- (ii) the following costs and charges related to each *designated investment* to which the *designated investment business* relates:
- (A) one-off costs;
- (B) ongoing costs;
- (C) transaction costs; and
- (D) performance fees and carried interest; and

- (b) a separately itemised figure for the *ongoing costs* of any *closed-ended investment funds* to which the *designated investment business* relates.
- (2) A *firm* must provide a *client* with sufficient information to enable the *client* to understand the effect of costs and charges on the *client's* return on their investments in *designated investments*:
- (a) during the relevant reporting period; and
 - (b) over the period during which the *firm* has carried on *designated investment business* for the *client*.
- 6A.2.37 R Each figure provided under *COBS* 6A.2.36R(1) must be expressed as:
- (1) a cash amount; and
 - (2) a percentage of the amount invested.
- 6A.2.38 G A *firm* may provide post-sale costs and charges information together with, or as part of, any other periodic reporting to the *client* (see, for example, the requirements in *COBS* 16 and *COBS* 16A).

Guidance on costs and charges information

- 6A.2.39 G (1) The *rules* on providing information about costs and charges require *firms* to provide *clients* with information about all of the costs and charges which they incur, or may incur, in relation to *designated investment business* and *designated investments*.
- (2) In relation to a *firm's designated investments business*, this should include:
- (a) 'one-off charges', being the costs and charges paid to a *firm* at the beginning or at the end of carrying out *designated investment business* for a *client*, including deposit fees, termination fees and switching costs;
 - (b) 'ongoing charges', being the ongoing costs and charges paid to a *firm* for carrying out *designated investment business* for a *client*, including management fees, advisory fees and custodian costs; and
 - (c) 'service transaction costs', being explicit costs and charges that are related to transactions arranged or executed by the *firm* or other parties, including:
 - (i) broker commissions;
 - (ii) entry and exit charges paid to a fund manager;

- (iii) platform fees;
 - (iv) mark-ups (embedded in the transaction price);
 - (v) stamp duty;
 - (vi) transactions tax; and
 - (vii) foreign exchange costs.
- (3) Payments made to third parties in connection with *designated investment business* should be included within the relevant costs and charges.
- (4) *Firms* should refer to *DISC 6* to understand the different types of costs and charges associated with a *consumer composite investment*.
- (5) In relation to other types of *designated investment*, costs and charges information should include:
- (a) ‘one-off charges’, being the costs and charges (included in, or additional to, the price of the *designated investment*) paid to a *manufacturer* at the beginning or at the end of the investment in the *designated investment*, including front-loaded management fees and distribution fees;
 - (b) ‘ongoing charges’, being the costs and charges related to the management of the *designated investment* that are deducted from the value of the *designated investment* during the period of investment in it, including management fees, service costs, swap fees, securities lending costs and taxes and financing costs; and
 - (c) ‘transaction costs’, being the costs and charges that are incurred in the course of the buying or selling of *investments* underlying or otherwise relating to a *designated investment* including costs of the type described in *COBS 6A.2.39G(2)(c)*.
- (6) In relation to post-sale costs and charges information, the figure representing total costs and charges in *COBS 6A.2.36R(1)(a)* should not include the separate figure required by *COBS 6A.2.36R(1)(b)* unless the *ongoing costs* of any *closed-ended investment fund* have been paid directly by the *client*.
- (7) *Firms* are reminded that the *rules* on inducements in *COBS 2.3* and *COBS 2.3A* may also require a *firm* to disclose information to a *client* about benefits provided or received by the *firm* in relation to its *designated investment business*.

Cooperation and information sharing

- 6A.2.40 R A *firm* must establish adequate arrangements to obtain information from the *manufacturers* of those *designated investments* which it *distributes* for the purposes of providing *clients* with the information required by the *rules* in this section.
- 6A.2.41 G Requirements elsewhere in the *Handbook* require *manufacturers* and *distributors* to share information with one another. These include:
- (1) *PRIN* 2A.3.12R (Manufacturer: selecting distribution channels and providing information to distributors) and *PRIN* 2A.3.16R (Distributors: obtaining information from manufacturers);
 - (2) *PROD* 3.2.16R (Information disclosure to distributors) and *PROD* 3.3.3R (Obtaining information from manufacturers); and
 - (3) *DISC* 2A.1.1R (Cooperation and information-sharing duties).

[*Editor's note:* COBS 6.1ZA.15B to COBS 6.1ZA.15J, which are disclosure obligations that apply to insurance distributors, insurance intermediaries and insurers and implemented requirements of the Insurance Distribution Directive, are deleted without direct replacement. Instead, the costs, charges and third party payment provisions above apply to those financial service providers to the extent that they are firms carrying out designated investment business.]

Information about costs and charges of different services or products

- 6A.2.42 R
- (1) This *rule* applies to a *firm* that provides more than one service or product as part of a package or as a condition of the same agreement or package.
 - (2) The *firm* must inform the *client* whether it is possible to buy the different components separately and provide information on the costs and charges of each component.
 - (3) If the agreement or package is offered to a *retail client*, the *firm* must:
 - (a) inform that *retail client* if the risks resulting from the agreement or package are likely to be different from the risks associated with the components when taken separately; and
 - (b) provide that *retail client* with an adequate description of the different components of the agreement or package and the way in which their interaction modifies the risks.

Cross-selling requirements where insurance is the primary product

- 6A.2.43 R When offering a non-insurance ancillary product or service as part of a package or the same agreement with a *life policy*, a *firm* must:

- (1) inform the *client* whether it is possible to buy the different components separately and, if so, provide the *client* with an adequate description of:
 - (a) the different components; and
 - (b) where applicable, any way in which the risk or insurance coverage resulting from the agreement or package differs from that associated with the components taken separately; and
- (2) provide the *client* with separate evidence of the costs and charges of each component.

Cross-selling requirements where insurance is the ancillary product

- 6A.2.44 R When offering a *life policy* ancillary to, and as part of, a package, or in the same agreement with a non-insurance product or service, a *firm* must offer the *client* the option of buying the non-insurance goods or services separately.
- 6A.2.45 R *COBS* 6A.2.44R does not apply where the non-insurance product or service is any of the following:
- (1) a *designated investment*;
 - (2) *designated investment business*;
 - (3) a credit agreement as defined in point 3 of article 4 of the *MCD* which is:
 - (a) an *MCD credit agreement*;
 - (b) an *exempt MCD credit agreement*;
 - (c) a *CBTL credit agreement*; or
 - (d) a credit agreement referred to in articles 72G(3B) and (4) (Local authorities) of the *Regulated Activities Order*; or
 - (4) a payment account as defined in regulation 2(1) (Interpretation) of the *Payment Accounts Regulations*.
- 6A.2.46 G *COBS* 6A.2.44R and *COBS* 6A.2.45R do not prevent the distribution of insurance products which provide coverage for various types of risks (multi-risk insurance policies).
- 6A.2.47 G In addition to the *rules* in *COBS* 6A.2.44R and *COBS* 6A.2.45R, *firms* should still comply with the other *rules* in *COBS* relating to the offer and sale of insurance products that form part of the package or agreement, such as *COBS* 2.5 (Optional additional products).

Information about redress

- 6A.2.48 R (1) A *firm* must make available to a *client*, who has used or intends to use the *firm's* services, information necessary for the identification of the *compensation scheme* if the *firm* is a *participant firm*.
- (2) The information under (1) must include the amount and scope of the cover offered by the *compensation scheme*.
- (3) A *firm* must provide, on the *client's* request, information concerning the conditions governing compensation and the formalities which must be completed to obtain compensation.

- 6A.2.49 G *Firms* are reminded of their obligations to publish information about their processes for dealing with *complaints* and about the *Financial Ombudsman Service* in *DISP* 1.2 (Consumer awareness rules).

Notification of material change

- 6A.2.50 R A *firm* must notify a *client* about any material change to the information provided under this section which is relevant to a service that the *firm* is providing to that *client*.

Similar transactions

- 6A.2.51 G (1) A *firm* need not treat each of several transactions for a *client* in respect of the same type of *designated investment* as a new or different service and so does not need to comply with the disclosure *rules* in this chapter in relation to each transaction after the initial transaction unless specifically required by a *rule* in this section (see, for example, *COBS* 6A.2.28R(3)).
- (2) A *firm* should ensure, however, that the *client* has received all relevant information in relation to such a subsequent transaction that differs from that disclosed in respect of a previous transaction.

Avoiding duplicative information

- 6A.2.52 R A *firm* need not provide a *client* with the information required by a *rule* in this section if the *firm* is satisfied on reasonable grounds that the information required by that *rule* has been, or will be, provided by another *person* at the time and in the manner required by this section.
- 6A.2.53 G (1) Where more than one *firm* is involved in the *distribution* of a *designated investment* to a *client* (such as a *firm* providing *investment advice* and a *platform service provider*), the effect of *COBS* 6A.2.52R is that only one *firm* need provide the *client* with the information about costs and charges required by the *rules* in this section. That information would need to include the costs and charges of both *firms*.

- (2) The *FCA* would generally expect the *firm* with the most direct relationship with the *client* to provide the information on costs and charges.

Record-keeping

- 6A.2.54 G *Firms* are reminded of the general recordkeeping requirements in *SYSC* 3.2 and *SYSC* 9.

Amend the following as shown.

7 Insurance distribution

...

7.3 Additional insurance distribution obligations

...

Distribution of connected contracts through exempt persons

7.3.6 R ...

- (2) The requirements referred to in (1) are:

...

- (d) ~~*COBS* 6.1ZA.7AR(1)(a) and (c) (Status disclosure general information: insurance distribution)~~ *COBS* 6A.2.9R(1)(a) and (c) (Information to be provided by insurance intermediaries);

...

- (f) ~~*COBS* 6.1ZA.16AR to 6.1ZA.16DR (cross-selling)~~ *COBS* 6A.2.43R to *COBS* 6A.2.45R.

...

...

8 Client agreements (non-MiFID provisions)

8.1 Client agreements: non-MiFID designated investment business

...

Providing a client agreement

...

- 8.1.3 R (1) A *firm* must, in good time before a *client* is bound by any agreement relating to *designated investment business* or before the provision of those services, whichever is the earlier, provide that *client* with: the terms of any such agreement.
- (a) ~~the terms of any such agreement; and~~
- (b) ~~the information about the *firm* and its services relating to that agreement or to those services required by COBS 6.1.4R, including information on communications, conflicts of interest and authorised status.~~

...

Record keeping: client agreements

...

- 8.1.6 G When considering its approach to client agreements, a *firm* should be aware of other obligations in the *Handbook* which may be relevant. These include the *fair, clear and not misleading rule*, the *rules* on disclosure of information to a *client* before providing services, the *rules* on distance communications (principally in ~~COBS 2.2~~, COBS 5, ~~6~~ COBS 6A and COBS 13) and the provisions on record keeping (principally in SYSC 3, for *insurers* and *managing agents*, and SYSC 9, for other *firms*).

8A Client agreements (MiFID provisions)

8A.1 Client agreements (MiFID, equivalent third country or optional exemption business)

...

General requirement for information to clients

- 8A.1.5 R (1) A *firm* must provide a *client* with: the terms of any agreement for the provision of *investment services* or *ancillary services*.
- (a) ~~the terms of any agreement for the provision of *investment services* or *ancillary services*; and~~
- (b) ~~the information required by COBS 6.1ZA.5R and COBS 6.1ZA.8R relating to that agreement or to those *investment services* or *ancillary services*.~~

...

...

Avoiding duplicate information

8A.1.8 G (1) *Rules in ~~COBS 6.1ZA~~ COBS 6A and COBS 14.3A require a firm to provide a client with information about:*

- (a) *the firm and its services for clients and potential clients (including information on communications, conflicts of interest and authorised status);*

...

...

Record keeping: client agreements

...

8A.1.12 G When considering its approach to *client* agreements, a *firm* should be aware of other obligations in the *Handbook* which may be relevant. These include the *fair, clear and not misleading rule*, the *rules* on disclosure of information to a *client* before providing services (principally in ~~COBS 2.2A, 6.1ZA~~ COBS 6A and COBS 13) and the provisions on record keeping (principally in SYSC 9).

...

9B Targeted support

...

9B.6 Disclosure

...

Guidance

9B.6.14 G (1) *Firms are reminded of their obligations under ~~COBS 6.1 (Information about the firm and compensation information (non-MiFID and non-insurance distribution provisions)) and COBS 6.1ZA (Information about the firm and compensation information (MiFID and insurance distribution provisions))~~ COBS 6A (Information about the firm, its services, costs and charges).*

- (2) *To the extent applicable, firms are reminded of their obligations under ~~COBS 2.2 (Information disclosure before providing services (other than MiFID and insurance distribution)) and under COBS 2.2A (Information disclosure before providing services (MiFID and insurance distribution provisions))~~. [deleted]*

...

...

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

...

10A.2 Assessing appropriateness: the obligations

...

Bundled packages: MiFID business and insurance-based investment products

- 10A.2.2 R Where a bundle of services or products is envisaged pursuant to ~~COBS 6.1ZA.16R~~ COBS 6A.2.42R (for MiFID business *designated investment business*) or ~~COBS 6.1ZA.16AR to COBS 6.1ZA.16E~~ COBS 6A.2.43R to COBS 6A.2.45R (for *insurance-based investment products*), the assessment made pursuant to *COBS 10A.2.1R* must consider whether the overall bundled package is appropriate.

...

...

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*:

...

- (iv) irrespective of whether the *policy* is offered as part of a package pursuant to ~~COBS 6.1ZA.16AR to COBS 6.1ZA.16ER~~ COBS 6A.2.43R to COBS 6A.2.45R;

...

...

...

14.3 Information about designated investments (non-MiFID provisions)

...

~~Information about UCITS schemes and non-UCITS retail schemes~~

- 14.3.11 R ~~If a *firm* provides a *client* with a *product summary* that meets all of the requirements applying in relation to that *document* in *DISC*, it will have provided appropriate information for the purpose of the requirement to disclose information on:~~
- ~~(1) *designated investments* and investment strategies (*COBS 2.2.1R(1)(b)*); and~~
 - ~~(2) *costs and associated charges* (*COBS 2.2.1R(1)(d)* and *COBS 6.1.9R*);~~
- ~~in relation to the costs and associated charges in respect of the *UCITS scheme* or *non-UCITS scheme* itself, including the exit and entry commissions. [deleted]~~

~~Distributor disclosure requirements for UCITS or non-UCITS retail schemes~~

- 14.3.12 G ~~A *product summary* provides sufficient information in relation to the costs and associated charges in respect of the *UCITS* or *non-UCITS retail scheme* itself. However, a *firm* distributing *units* in a *UCITS* or *non-UCITS retail scheme* should also inform a *client* about all of the other costs and associated charges related to the provision of its services in relation to *units* in the *UCITS* or *non-UCITS retail scheme* (see *COBS 6.1ZA.14BR* and *DISC 6.6.1R(2)*). [deleted]~~

14.3A Information about financial instruments (MiFID provisions)

...

Providing a description of the nature and risks of financial instruments

...

- 14.3A.4 G ~~*COBS 14.3A.3R* supplements *COBS 2.2A.2R* (Information disclosure before providing services (MiFID provisions)) *COBS 6A.2.5R* (General information requirements).~~

...

18 Specialist Regimes

...

18.2 Energy market activity and oil market activity

...

Providing best execution

...

- 18.2.9 E (1) In order to take reasonable care to ascertain the price which is the best available, a *firm*:
- (a) should disregard any *charges* and *commission* made by it or its agents that are disclosed to the *customer* under ~~COBS 6.1.9R (Information about costs and associated charges)~~ COBS 6A.2.25R to COBS 6A.2.39G;

...

...

...

18.11 Authorised professional firms

...

- 18.11.2 R *COBS* does not apply to an *authorised professional firm* with respect to its *non-mainstream regulated activities*, except that:

...

- (3) the *rules* in the following parts of *COBS* which implemented the *IDD* apply in relation to *insurance distribution activities*:

- (a) ~~COBS 2.1.1R, COBS 2.2A~~ and *COBS 2.3A* (Conduct of business obligations);

...

- (c) ~~COBS 6.1ZA~~ COBS 6A (Information about the firm, its services, costs and compensation information (MiFID and insurance distribution provisions) charges);

...

...

...

TP 2 Other Transitional Provisions

TP 2

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provisions: coming into force
...					
2.1	<i>COBS 6.1</i> [deleted]	G	<p>(1) If a <i>firm</i> provides services of an ongoing nature to an existing <i>client</i> it need not provide information to that <i>client</i> that it would be required to provide under <i>COBS</i> to a new <i>client</i> but which it was not required to provide under <i>COB</i>.</p> <p>(2) Services of an ongoing nature include <i>safekeeping and administration investments</i> and <i>managing investments</i>,</p>	From 1 November 2007 indefinitely	1 November 2007
2.2	<i>COBS 6.1</i> [deleted]	G	<p>(1) If a <i>firm</i> provides a service for an existing <i>client</i> that is not of an ongoing nature and which relates to the same particular type of <i>designated investment</i> as a previous service, the <i>firm</i> need not provide information to that <i>client</i> that it would be required to provide under <i>COBS 6.1</i> to a new <i>client</i> but which it was not</p>	From 1 November 2007 indefinitely	1 November 2007

			<p>required to provide under COB.</p> <p>(2) But a firm should ensure that the client has received all relevant information in relation to a subsequent transaction, such as details of product charges that differ from those described in respect of a previous transaction.</p>		
...					

Insert the following new transitional provisions, COBS TP 3, after COBS TP 2. All the text is new and is not underlined.

TP 3 Information about the firm, its services, costs and charges

Interpretation

TP 3.1 R In these transitional provisions:

- (1) ‘transitional period 1’ means the period beginning with [*Editor’s note*: insert the date on which this instrument comes into force] and ending with 7 June 2027; and
- (2) ‘transitional period 2’ means the period beginning with 8 June 2027 and ending with [*Editor’s note*: insert date, provisionally 7 June 2028].

Application of COBS 6A

TP 3.2 R Except as otherwise specified in these transitional provisions:

- (1) the *rules* in COBS 6A do not apply during transitional period 1 and transitional period 2; and
- (2) the *rules* in COBS 2.2, COBS 2.2A, COBS 6.1, COBS 6.1ZA, COBS 6 Annex 7 and CASS 9.4 continue to apply during transitional period 1 and transitional period 2 as they applied immediately before [*Editor’s note*: insert the date on which this instrument comes into force].

Information about client money

- TP 3.3 R (1) *COBS* 6A.2.19R to *COBS* 6A.2.24G (retained interest rules) do not apply during transitional period 1.
- (2) During transitional period 2, the following provisions apply in relation to the *rules* in (1):
- (a) *COBS* 6A.1.1R (Application);
 - (b) *COBS* 6A.1.2R (Exemptions from application);
 - (c) *COBS* 6A.1.3R (Business with professional clients);
 - (d) *COBS* 6A.2.1R (Timing of disclosure);
 - (e) *COBS* 6A.2.2G (Guidance on timing of disclosure);
 - (f) *COBS* 6A.2.3R (Medium of disclosure); and
 - (g) *COBS* 6A.2.4G (Guidance on medium of disclosure).

Information about costs and charges

- TP 3.4 R *COBS* 6A.2.25R to *COBS* 6A.2.39G apply during transitional period 1 and transitional period 2 subject to the following transitional provisions.

Costs and charges: consumer composite investments

- TP 3.5 R *COBS* TP 3.6 and *COBS* TP 3.7 apply during transitional period 1.
- TP 3.6 R (1) This *rule* applies to a *firm* that carries on *designated investment business* in relation to a *consumer composite investment* in relation to which the *manufacturer* prepares a *product summary*.
- (2) The *firm* may comply with *COBS* 6.1ZA.14BR as it applied immediately before [*Editor's note*: insert the date on which this instrument comes into force] instead of complying with *COBS* 6A.2.25R to *COBS* 6A.2.39G.
- TP 3.7 R (1) This *rule* applies to a *firm* that carries on *designated investment business* in relation to a *consumer composite investment* in relation to which the *manufacturer* does not, or is not required to, prepare a *product summary*.
- (2) *COBS* 6A.2.25R to *COBS* 6A.2.39G do not apply to the *firm*.
- TP 3.8 G *DISC* TP 2.11 applies in relation to a *consumer composite investment* of a type in *COBS* TP 3.7. *DISC* TP 2.11 requires that a *firm* complies with *COBS* 6.1Z.14R as it applied on 5 April 2026 in respect of that *consumer composite investment* until the end of transitional period 1.
- TP 3.9 R (1) This *rule* applies:

- (a) to a *firm* that carries on *designated investment business* in relation to a *consumer composite investment*; and
 - (b) during transitional period 2.
- (2) The *firm* may comply with COBS 6.1ZA.14BR as it applied immediately before [*Editor's note*: insert the date on which this instrument comes into force] instead of complying with COBS 6A.2.25R to COBS 6A.2.39G.

Costs and charges: other business

- TP 3.10 R COBS TP 3.11 and COBS TP 3.12 apply during transitional period 1 and transitional period 2.
- TP 3.11 R (1) This *rule* applies to a *firm* that carries on *designated investment business*:
- (a) other than in relation to a *consumer composite investment*; and
 - (b) to which the *rules* in COBS 6.1ZA applied immediately before [*Editor's note*: insert the date on which this instrument comes into force].
- (2) The *firm* may comply with COBS 6.1ZA.14BR as it applied immediately before [*Editor's note*: insert the date on which this instrument comes into force] instead of complying with COBS 6A.2.25R to COBS 6A.2.39G.
- TP 3.12 R (1) This *rule* applies to a *firm* that carries on *designated investment business*:
- (a) other than in relation to a *consumer composite investment*; and
 - (b) to which the *rules* in COBS 6.1 applied immediately before [*Editor's note*: insert the date on which this instrument comes into force].
- (2) The *firm* may comply with the *rules* in COBS 6.1 as they applied immediately before [*Editor's note*: insert the date on which this instrument comes into force] instead of complying with COBS 6A.2.25R to 6A.2.39G.

Consequential amendments

- TP 3.13 R (1) Provisions of the following sourcebooks that relate to provisions of COBS 2.2, COBS 2.2A, COBS 6.1 and COBS 6.1.ZA apply in respect of a *designated investment* or *designated investment business* to which those sections of COBS apply under these transitional

provisions as they would have applied immediately before [*Editor’s note: insert the date on which this instrument comes into force*]:

- (a) the *Glossary*;
- (b) *SYSC*;
- (c) *COBS*, other than those sections;
- (d) *ICOBS*;
- (e) *BCOBS*;
- (f) *CASS*;
- (g) *SUP*; and
- (h) *DISC*.

- TP 3.14 G (1) Consequential amendments have been made throughout the *Handbook* as a result of the revocation of *COBS 2.2*, *COBS 2.2A*, *COBS 6.1* and *COBS 6.1ZA* and their replacement with *COBS 6A*.
- (2) *DISC TP 3.13R* preserves the effect of relevant *rules* and *guidance* as they were before those amendments were made for *designated investments* and *designated investment business* to which some or all of those sections of *COBS* continue to apply under these transitional provisions.

Amend the following as shown.

Sch 1 Record keeping requirements

...

Sch 1.3 G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
COBS 2.2A.7R [deleted]	Information before providing services	Information provided to <i>clients</i>		
...				

<p><i>COBS</i> 6.1ZA.25R <u>[deleted]</u></p>	<p>Information about the <i>firm</i> and compensation information (MiFID business)</p>	<p>Information provided to <i>clients</i> about the <i>firm</i> and compensation information</p>		
<p>...</p>				

Annex D

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

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

1 Application

...

1 Annex Application (see ICOBS 1.1.2R)

1

Part 1: Who?			
Modifications to the general application rule according to type of firm			
...			

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	...	
		(2)	Within the scope of such an election, a <i>firm</i> must:
		(a)	comply with the rest of the Handbook <u>Handbook</u> (except for <i>COBS</i> 6.1A, <i>COBS</i> 6.1B and <i>COBS</i> 6.1.9R <u><i>COBS</i> 6A.2.25R to <i>COBS</i> 6A.2.39G</u>) treating the <i>pure protection contract</i> as a life policy <u>life policy</u> and a <i>designated investment</i> , and not as a <i>non-investment insurance contract</i> ; and
		...	
		...	
...			

Annex E

Amendments to the Banking: Conduct of Business sourcebook (BCOBS)

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

1 Application

...

1 Annex Structured deposit business

1

1 Annex Application of BCOBS to firms selling structured deposits

1

...		
1.2	G	<i>A firm</i> to which <i>BCOBS</i> 1 Annex 1 paragraph 1.1R applies should read and understand the reference to the appropriate information rule in <i>BCOBS</i> 4.1.4AG as referring to <i>COBS 2.2A.2R</i> <u><i>COBS 6A.2.5R</i></u> .
...		

Annex F

Amendments to the Client Assets sourcebook (CASS)

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

7 Client money rules

...

7.10 Application and purpose

...

Credit institutions and approved banks

...

7.10.23 G *Firms* carrying on ~~*MiFID business*~~ *designated investment business* are reminded of their obligation to supply investor compensation scheme information to *clients* under ~~*COBS 6.1.16R*~~ or ~~*COBS 6.1ZA.22R*~~ (~~Compensation Information~~) *COBS 6A.2.48R* (Information about redress).

7.10.24 R A *CRD credit institution* or an *approved bank* that is not a *CRD credit institution* must, in respect of any *client money* held in relation to its *designated investment business* that is not *MiFID business*, comply with the obligations referred to in ~~*COBS 6.1.16R*~~ (~~Compensation information~~) *COBS 6A.2.48R* (Information about redress).

...

7.13 Segregation of client money

...

Client bank accounts

...

7.13.14A R A *firm* may only use one or more *client bank accounts* under *CASS* 7.13.13R(3A)(b) if:

(1) prior to using any such *client bank accounts*, it:

...

(b) provides each of its *clients* with a written explanation of the risks that arise as a result of the longer notice period for withdrawals that:

...

- (ii) in respect of the medium of the explanation, satisfies ~~whichever of COBS 6.1.13R (Medium of disclosure) or COBS 6.1ZA.19R (Medium of disclosure) applies to the firm in respect of its obligations to provide information to the client~~ COBS 6A.2.3R (Medium of disclosure); and

...

...

9 Information to clients

9.1 Application

9.1.1 R This chapter applies as follows:

...

- (2) subject to paragraphs (3) and (4), ~~CASS 9.4 and CASS 9.5 apply~~ applies to a *firm* to which either or both CASS 6 (Custody rules) and CASS 7 (Client money rules) applies;
- (3) ~~CASS 9.4 and CASS 9.5 do~~ does not apply to a *firm* which only *arranges safeguarding and administration of assets*; and

...

...

CASS 9.4 (Information to clients concerning custody assets and client money) is deleted in its entirety. The deleted text is not shown but the section is marked ‘[deleted]’ as shown below.

[*Editor’s note:* The effect of the provisions in CASS 9.4 is delivered through the proposed new COBS 6A.]

9.4 ~~Information to clients concerning custody assets and client money~~ [deleted]

Amend the following as shown.

TP 1 Transitional Provisions

TP 1.1

(1)	(2)	(3)	(4)	(5)	(6)
-----	-----	-----	-----	-----	-----

	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provisions: coming into force
...					
12A	CASS 9.4	R	<i>Firms need not comply with this rule in respect of a business relationship with a particular client consisting of the provision of either or both MiFID business or designated investment business services that existed before 1 December 2014, unless and until the terms governing the relationship are materially amended on or after that date. Firms must comply with this rule in respect of any such relationship that is entered into on or after 1 December 2014. [deleted]</i>	From 1 December 2014 to 1 June 2015	1 December 2014
...					

Annex G

Amendments to the Supervision manual (SUP)

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

6 Applications to vary and cancel Part 4A permission and to impose, vary or cancel requirements

...

6.4 Applications for cancellation of permission

...

When will the relevant regulator grant an application for cancellation of permission?

...

6.4.22 G In deciding whether to cancel a *firm's Part 4A permission*, the FCA will take into account all relevant factors in relation to business carried on under that *permission*, including whether:

...

- (3) the *firm* has ceased to hold or control *custody assets* in accordance with instructions received from *clients* and ~~COBS 6.1.7R or COBS 6.1ZA.9R (Information concerning safeguarding of designated investments belonging to clients and client money)~~ COBS 6A.2.14R (Safeguarding client investments and client money);

...

...

6 Annex 4 Additional guidance for a firm winding down (running off) its business

...

6 Annex 4.2A G

1	A <i>firm</i> must comply with <i>CASS 5.5.80R</i> and <i>CASS 7.11.34R</i> (Client money: discharge of fiduciary duty) and <i>CASS 7.11.50R</i> (Allocated but unclaimed client money) if it is ceasing to hold <i>client money</i> . A <i>firm</i> must also cease to hold or control <i>custody assets</i> in accordance with instructions received from <i>clients</i> and COBS 6.1.7R or COBS 6.1ZA.9R (Information concerning safeguarding of designated
---	---

	investments belonging to clients and client money) <u>COBS 6A.2.14R</u> (Safeguarding client investments and client money). These <i>rules</i> apply to both repayment and transfer to a third party.
--	---

...

12 Appointed representatives

...

12.5 Contracts: required terms

Required contract terms for all appointed representatives

...

- 12.5.6 G (1) If the *appointed representative* is appointed to give *advice on investments to retail clients concerning packaged products*, the *firm* should also satisfy itself that the contract requires compliance with the *rules* in *COBS 6* or ~~*COBS 6.1ZA (Information about the firm, its services and remuneration)*~~ *COBS 6A*.

...

...

Annex H

Amendments to the Product Disclosure sourcebook (DISC)

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

TP 2 Consumer composite investments: transitional provisions

...

Disclosure document: preparation and publication

TP 2.2 R ...

(5) ...

(5A) A manufacturer must also publish on the website the document specified in (1)(b) for that consumer composite investment until the end of the transitional period where:

(a) the disclosure document published for the purpose of (5) is a product summary;

(b) on 5 April 2026, the manufacturer was required to prepare one of the documents in (1)(b) in respect of that consumer composite investment; and

(c) the manufacturer has no reason to consider that document has become misleading in a material respect.

(5B) In these transitional provisions, ‘alternative disclosure document’ means the document that the manufacturer is required to publish by (5A).

...

TP 2.3 G (1) ...

(1A) Where a manufacturer was required to produce a key information document, a key investor information document or an EEA key investor information document before 6 April 2026 and moves to produce a product summary, it must continue to make the legacy document available on a publicly accessible website during the transitional period (provided it has not become misleading in a material respect).

...

...

Distribution of a consumer composite investment

TP 2.5 R (1) A *firm* must not *distribute a consumer composite investment* to a *retail investor* unless it provides the disclosure document or alternative disclosure document for that *consumer composite investment* to the *retail investor* sufficiently early to allow the investor enough time to consider the ~~disclosure~~ document before being bound by any contract or offering relating to that *consumer composite investment*.

...

TP 2.6 G *DISC* TP 2.5R(1) prohibits a *firm* from distributing a *consumer composite investment* to a *retail investor* without providing that investor with the disclosure document or alternative disclosure document prepared for that *consumer composite investment* by the *manufacturer*.

Disclosure and alternative disclosure document: review and revision

TP 2.7 R (1) In respect of each *consumer composite investment* it *manufactures*, a *manufacturer* must:

(a) review any disclosure document prepared regularly and at least once in every 12-month period; ~~and~~

(aa) review any disclosure document or alternative disclosure document prepared or provided where there is:

(i) a material change to a *consumer composite investment's* investment objectives and strategy; or

(ii) the onset of market events or circumstances which the *firm* ought reasonably to know are capable of materially altering the information provided about the risk or return of the *consumer composite investment*; and

...

(2) Following a review under (1), a *manufacturer* must publish a revised or updated disclosure document or alternative disclosure document on its website.

Financial promotions

TP 2.8 R The rules in *COBS* 4 (relating to financial promotions) do not apply to a disclosure document or an alternative disclosure document, other than a *product summary*, provided the ~~disclosure~~ document complies with the relevant content requirements in *DISC* TP 2.2R(1)(b).

Additional product communications

TP 2.9 R A *firm* must ensure that any *additional product communication* is consistent with whichever of the disclosure document or alternative disclosure document (as applicable) is used by the *firm* and prepared for the relevant *consumer composite investment* and the terms and conditions applicable to it.

...

Consequential amendments

TP 2.11 R (1) Subject to (2), provisions in the following sourcebooks apply in respect of a *consumer composite investment* for which a disclosure document or alternative disclosure document specified in *DISC* TP 2.2R(1)(b)(i), (ii) or (iii) is prepared, or is not required to be prepared by virtue of *DISC* TP 2.2R(4)(a), as they would have applied to that *consumer composite investment* on 5 April 2026 in respect of that use:

...

...

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