

## **Policy Statement**

### **PS25/20**

---

Supporting informed decision making: Final rules for Consumer Composite Investments

**December 2025**

## This relates to

Consultation Papers 24/30 and 25/9 which are available on our website at [www.fca.org.uk/publications](http://www.fca.org.uk/publications)

**Email:**

[cp24-30@fca.org.uk](mailto:cp24-30@fca.org.uk)

---

All our publications are available to download from [www.fca.org.uk](http://www.fca.org.uk).

**Request an alternative format**

Please complete this [form](#) if you require this content in an alternative format.

Or call 0207 066 1000



**Sign up** for our **news and publications alerts**

See all our latest press releases, consultations and speeches.

# Contents

<b>Chapter 1</b>	Summary . . . . .	<b>Page 4</b>
<b>Chapter 2</b>	Application and scope . . . . .	<b>Page 15</b>
<b>Chapter 3</b>	The product summary and the distribution chain. . . . .	<b>Page 20</b>
<b>Chapter 4</b>	Costs and charges . . . . .	<b>Page 26</b>
<b>Chapter 5</b>	Risk and return. . . . .	<b>Page 33</b>
<b>Chapter 6</b>	Past performance. . . . .	<b>Page 40</b>
<b>Chapter 7</b>	General product information. . . . .	<b>Page 43</b>
<b>Chapter 8</b>	Consequential Handbook amendments, transitional provisions, complaints handling and use of our FSMA powers . . . . .	<b>Page 45</b>
<b>Annex 1</b>	Cost Benefit Analysis. . . . .	<b>Page 50</b>
<b>Annex 2</b>	List of non-confidential respondents . . . . .	<b>Page 58</b>
<b>Annex 3</b>	Abbreviations used in this paper. . . . .	<b>Page 60</b>
<b>Appendix 1</b>	Made rules (legal instrument)	

## Chapter 1

### Summary

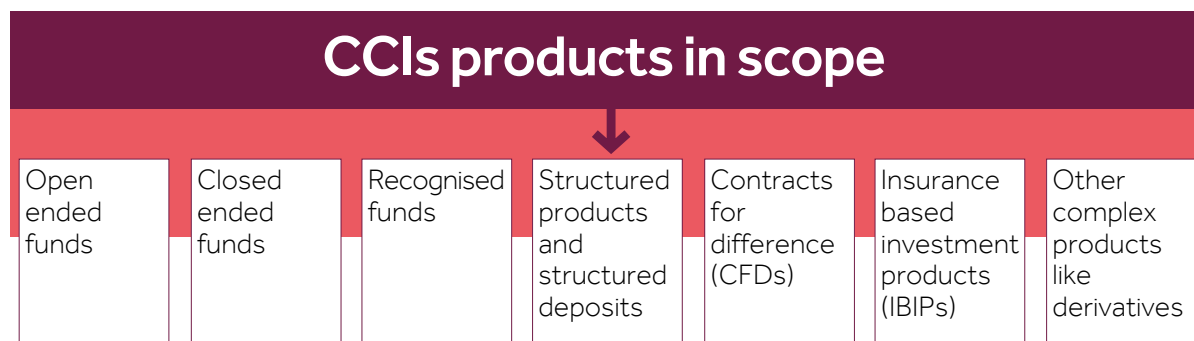
- 1.1** This policy statement (PS) sets out our final rules for providing information on Consumer Composite Investments (CCIs). The PS summarises the feedback to our consultations in December 2024 ([CP24/30](#)) and April 2025 ([CP25/9](#)) and explains how we have considered it.
- 1.2** This regime will help support a thriving retail investment culture in the UK as part of a wider package of consumer investments reforms. The choices consumers make – how much to save or invest and what to invest in – play a huge role in determining their financial wellbeing in later life. Around 19 million UK adults hold retail investment products (Financial Lives survey 2024). We want to see a market that empowers more consumers to invest for their future with confidence, understanding the costs, risks and potential returns.
- 1.3** Consumers need clear, concise information delivered at the right time to make properly informed investment decisions. To facilitate this, the CCI regime is underpinned by the Consumer Duty (the Duty). We have stripped away excessive templating and prescriptive documents, giving firms freedom to innovate and deliver engaging communications to consumers. We have maintained detailed rules only to make sure key metrics are standardised and comparable across the products in scope.
- 1.4** This new flexibility aims to facilitate communications that genuinely help consumers. Firms are best placed to describe their products to investors, so we are looking to the industry to eradicate jargon and produce simple information under the CCI regime. This can demystify investing and give consumers the confidence to make decisions for their financial futures.
- 1.5** The central guiding principle of the regime is what works best to inform consumers. We have carried out behavioural and consumer testing to inform the final CCI rules. Alongside this PS, we have published the findings of consumer testing that informed the [requirements for disclosing cost information](#). We would also like to thank stakeholders who shared their research and testing results with us throughout the consultation process, which we have considered alongside our own.

### What is a CCI?

---

- 1.6** The CCI regime will replace the Packaged Retail and Insurance-based Investment Products (PRIIPs) regime and the Undertakings for Collective Investment in Transferable Securities (UCITS) disclosure requirements with a single framework tailored for UK consumers and markets.

- 1.7** The scope of the regime is set by the legislation. A CCI is an investment where the returns are dependent on the performance of, or changes in, the value of underlying or reference assets. Products explicitly included are:



- 1.8** This is not an exhaustive list, and firms will need to consider whether their products are CCIs. Some products are specifically excluded from scope. This includes vanilla corporate bonds, pension products and pure protection insurance contracts.

## Who this affects

---

- 1.9** This PS primarily affects firms that manufacture or distribute CCIs.
- A manufacturer of a CCI is a person who creates, develops, designs, issues, manages, operates, or carries out a CCI.
  - A distributor of a CCI is a person who offers, advises on, or sells a CCI, or provides investment services relating to a CCI to retail investors.
- 1.10** This PS will also be of interest to:
- Consumers and consumer organisations
  - Industry bodies that represent or provide professional services to investment firms.

## The wider context

---

- 1.11** We want to facilitate a stronger retail investment culture. Increased participation in this market will benefit consumers and will also provide capital to drive the economy and boost growth. This is a shared ambition with the Government, who have set out their Financial Services Growth and Competitiveness strategy.
- 1.12** Our CCI rules go hand in hand with our reforms to the advice guidance boundary. We are finalising our framework for targeted support, a new form of support which will allow firms to make specific recommendations designed for groups or cohorts of consumers. It is vital that, when they are directed to products, consumers get and understand the right information, delivered in a compelling way, about those investment choices.

- 1.13** Consumers can only make properly informed decisions for their financial futures if they understand the potential benefits from investing as well as the risks. We are continuing to support the Investment Association's work to improve risk information in financial promotions. We have looked to ensure the CCI regime complements this through encouraging firms to provide a balanced view of risk and return. We want product information to equip consumers to make the right decisions for their circumstances, not inadvertently deter them from investing by overemphasising the potential risks.
- 1.14** We have set out how we are streamlining our rules and reducing complexity for firms following the introduction of the Duty. The Duty, and changes in markets and technology, give us an opportunity to look again at the best ways of supporting consumer understanding. We want to simplify disclosure requirements and ensure our rules are consistent and future proof so they can help firms to support consumers. The increased flexibility we are introducing as part of the CCI regime aligns with this ambition and will provide firms more freedom to innovate to help consumers make effective, timely and properly informed decisions.

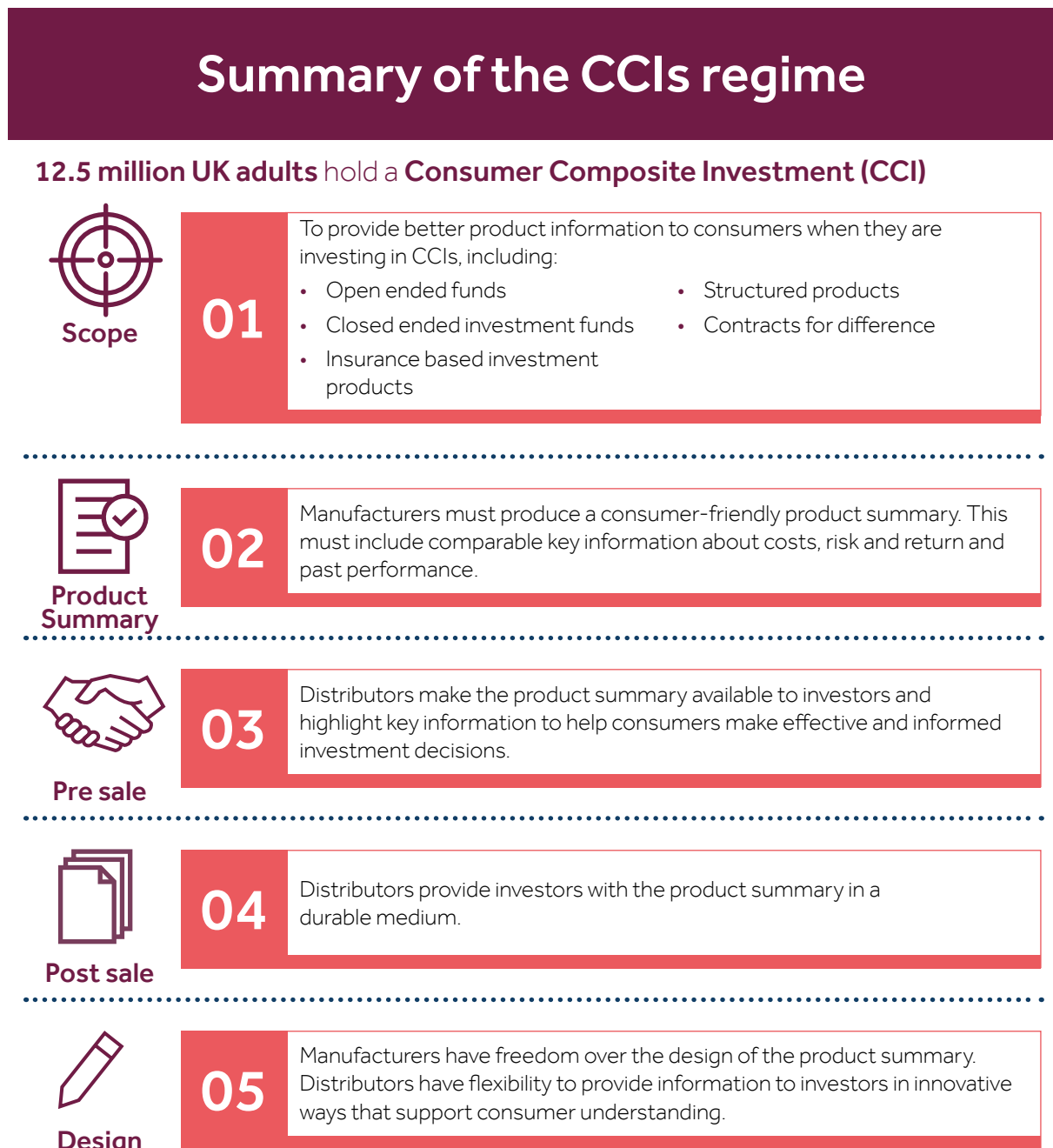
## What we are changing

---

- 1.15** PRIIPs and UCITS disclosures currently require firms to explain their products using rigidly prescribed document templates. They often contain excessive amounts of information, are unengaging, and typically rely on legalistic financial jargon. Consumers do not usually read these documents, and we do not believe they help consumers make investment decisions enough. In our behavioural testing, most participants said Key Information Documents (KIDs) were not engaging.
- 1.16** So, we are moving to a more flexible and proportionate approach, that will let firms innovate and produce more engaging, consumer-centric communications.
- 1.17** The guiding standard is what works best for consumers. Manufacturers will have considerable freedom over the design of product summaries. We have set out standardised requirements only for the content which we think must be included, to ensure consumers can compare information that is calculated to common standards on costs, risk and return and past performance. Our rules set a minimum set of requirements that firms can add additional information to if they think it will help consumer understanding.
- 1.18** We expect manufacturers to provide information to consumers simply and clearly, and to use language that consumers can understand. Firms should consider how they can test and innovate to produce communications that support better understanding of investing and are appropriate for their target market.
- 1.19** Distributors will have the option to prioritise highlighting the key information before providing a product, avoiding information overload and helping consumers navigate complex financial decisions. We expect distributors to use the information received from manufacturers to produce compelling consumer journeys that help people find the right products for them.

- 1.20** We have made targeted amendments to the methodologies for calculating and displaying costs, risk and return and performance, reflecting the feedback and engagement throughout our consultation and engagement process. We are grateful for the input which has helped us strike a balance between simplicity, accuracy and comparability.
- 1.21** Firms will have an 18-month implementation period before the regime comes fully into force. During this time, they will be able to familiarise themselves with the new rules and make the necessary changes to their systems and procedures.

**Figure 1: Overview of the regime**



## Summary of feedback and our response

---

- 1.22** Overall, we received 211 responses to CP24/30 and 109 responses to CP25/9. 96 responses to CP24/30 and 32 responses to CP25/9 were from a range of stakeholders that provided general feedback on the proposals. The other responses focused on matters related to closed ended investment funds (CEIFs). We also discussed the proposals with the Financial Services Consumer Panel, Practitioner Panel, Smaller Business Practitioner Panel and Listing Authority Advisory Panel. We are grateful to stakeholders for their constructive responses, and to those participants who took part in our series of roundtables and wider engagement.
- 1.23** Most respondents to the consultations supported the overall aims of the proposals. There was broad agreement that the regime should enable flexibility and promote innovation, alongside standardisation of key metrics. There were a wide range of views on the level of standardisation we should prescribe – some firms requested more prescription to aid comparison, and suggested setting page limits or templates, but others wanted more freedom to exercise their judgement, in line with the Duty. We have maintained the overall spirit of the proposals for the product summary. We do not consider greater standardisation would help achieve the aims of the regime. The increased freedom under CCIs will allow firms to innovate and potentially deliver more consumer-friendly disclosures over time.
- 1.24** **Scope:** Some respondents asked for more clarity on scope, particularly on the thresholds for non-retail products. Some requested greater clarity and flexibility over options for manufacturers to restrict distribution to non-retail customers and to disapply CCI disclosure requirements. We have clarified the scope of the regime, particularly for corporate bonds. We have also simplified the criteria for whether products are considered non-retail, providing manufacturers with the ability to 'opt-out' of selling their products to retail clients.
- 1.25** **Information needed:** Respondents said that, while we had reduced the information now required in the documentation, there was still a lot of information included, which could overwhelm consumers. However, some respondents requested we add in other data points to the product summary, such as information on the product's target market. Consumer groups also stressed that consumers should have access to comprehensive information, received at the right time throughout their investment journey. We have adjusted our proposals to give distributors greater flexibility over the information they highlight to consumers pre-sale, focusing on the information needed to help consumers make timely, effective, and properly informed decisions.
- 1.26** More detailed feedback focused on our proposals for the presentation of costs and charges, the responsibilities of manufacturers and distributors, the transitional arrangements and the risk and return score. We held 3 workshops on these topics to work through the feedback with respondents in more detail in Summer 2025.
- 1.27** **Costs and charges:** Most respondents noted the importance of a headline figure for consumers and welcomed our proposals to remove implicit transaction costs from disclosures. Respondents were divided on whether explicit transaction costs should be added to the ongoing costs and charges figure in a total summary cost. They also

asked for one-off costs to be removed from the summary cost. We carried out further consumer testing which reinforced the value of a single headline figure to aid consumer understanding. However, we agree with the concerns about including one-off costs in a figure indicating costs over a 12-month period. We have amended our policy so that the ongoing costs figure (OCF) must be presented as the headline figure. Explicit transaction costs and one-off costs do not need to be aggregated with ongoing costs, but they will need to be disclosed. Feedback we received from CEIFs and their representatives and our response is given below.

- 1.28 Responsibilities of manufacturers and distributors:** Respondents asked for clearer lines to be drawn between these responsibilities due to concerns over liability for communications. In particular, there was weaker support for distributors to make their own product summary. We have adjusted the rules so that distributors cannot make their own product summaries or change manufacturers' product summaries. These documents must be made available before a sale and provided to consumers in a durable medium after any sale. However, we still want distributors to be able to use the underlying data from manufacturers to build compelling consumer journeys. To give them the flexibility to do this, we have clarified that pre-sale, distributors only need to highlight the information consumers need to make a properly informed decision, not all the information in the product summary. We have set out our minimum expectations for this, but beyond this firms should use their own judgement under the Duty.
- 1.29 Timeline:** Some respondents asked for a single implementation period for all CCLs, and some respondents asked for this to be longer than our proposed 18 months. There were mixed views on whether manufacturers should be allowed to produce a product summary before the end of the transition period. We have set an 18-month implementation period for all CCLs, starting from 8 December 2025. We consider this to be sufficiently long to allow firms to move to the new regime based on the feedback we received and the criticisms of the current framework. We have retained the option for manufacturers to move from their current disclosure document to the CCL product summary when the legislation commences on 6 April 2026. Given the strong criticism from respondents of the current PRIIPs regime, we do not want to place regulatory barriers in the way of firms who can move to the new regime before the end of the transition period, and distributors who are able to support them; we know this adds complexity but market forces can determine the early take-up. The full regime and rules in this PS will come into force on 8 June 2027.
- 1.30 Risk and return:** Respondents asked that the risk score and narrative should also represent the potential returns for investors, to help firms present a balanced view of products' potential benefits and risks to consumers. We agree and have ensured the rules are clear that firms should present consumers with a balanced message on risk and return. Respondents also argued that high illiquidity should not make products an automatic 9 on the risk and return scale. We have amended our policy so that illiquidity should increase the risk and return score by at least one to reflect the higher risk to consumers of not being able to access their money immediately. We also had feedback that the risk score methodology would not be appropriate for structured products. We have modified the rules so structured products must calculate their risk and return score using a value-at-risk equivalent volatility (VEV) model, which is better suited to their profile.

- 1.31 Cost benefit analysis (CBA):** Some respondents disagreed with our CBA assumptions that many distributor-related costs associated with our proposals were already captured under Duty implementation costs. We acknowledge that the CCI regime will introduce additional costs not accounted for under the Duty CBA or the CBA for CP24/30, including familiarisation costs and system change costs specific to these proposals. We have updated the CBA to reflect the feedback and better account for the obligations distributors will have in the rules.
- 1.32 Closed ended investment funds:** We received coordinated feedback from 115 CEIFs and CEIF directors to CP24/30 and 77 to CP25/9. These were based on feedback from the Association of Investment Companies and the Cost Disclosure campaign group, whose response to CP24/30 had 467 signatories. The feedback focussed on three main areas which we respond to below.
- 1.33** Some respondents suggested that CEIFs should be out of scope or ring-fenced from the CCI regime and not required to make CCI disclosures to retail investors. They said that their disclosure obligations under the Listing Rules and Companies Act, such as through annual reports, should be sufficient.
- 1.34** The Government has confirmed that its legislative intention is for CEIFs to be subject to the CCI regime. As CEIFs are funds whose purpose is to spread investment risk, generally have a significant retail shareholder base, advertise to retail investors, and compete with other CCIs for retail investors, it is appropriate that they are subject to the regime to ensure comparability and support fair competition in consumers' interests. Annual reports and accounts are too complex for retail consumers to navigate and understand to get the basic information required to make an investment decision.
- 1.35** Some respondents asked that the manager appointed by the Board of the fund to run the fund, the Alternative Investment Fund Manager (AIFM), should be solely responsible for compliance with the CCI regime. Under the Designated Activities Regime (DAR) our rules cover both authorised and unauthorised firms that carry on CCI activities. Only the activity of manufacturing a CCI is in scope of the regime, which we consider more proportionate than requiring authorisation of unauthorised manufacturers. Where more than one firm is involved in the manufacturing activities, it is up to manufacturers to agree among themselves their respective areas of responsibility. In the case of CEIFs, we expect the vast majority of responsibility will be borne by the AIFM.
- 1.36** CEIF stakeholders argued that our proposals would not fairly represent CEIFs' costs. They said the costs of running CEIFs reduce the net asset value (NAV) but are not paid directly by investors. They said that investors receive the performance of the share price, which is indirectly affected by the costs of running the fund. They said that a CCI which owns CEIFs should not have to pull through their costs, saying that this would conflate a direct charge (the ongoing costs of the top-level fund) with an indirect cost. A small number of correspondents from the CEIF sector were, however, in favour of our proposals on cost disclosure and pull through.
- 1.37** We engaged extensively with the CEIF sector during this consultation and have amended our proposals to ensure that our final rules allow consumers to compare CEIFs with other investment options while accommodating their unique characteristics. The new regime gives CEIFs considerable new freedom to help consumers understand CEIFs that the PRIIPs template did not permit.

- 1.38** It is important that investors understand the costs of CEIFs, whether they are investing in them as standalone investments or as a constituent of another CCI, and for these to be transparent so they can assess the value of the product. The importance of costs to investors is underlined by the focus some CEIFs put on the value of their management fees in marketing materials to retail investors, and by the large number of fee reductions or restructurings in the last year.
- 1.39** We expect CEIFs' ongoing costs to be presented and to be clearly and accurately described. We have made significant changes to the former PRIIPs regime to remove the costs of gearing and maintaining real assets from the OCF so that the costs represent the costs of managing the fund and are comparable with other CCIs. The onus is on firms to explain costs in a way that consumers understand.
- 1.40** Where another CCI invests in CEIFs we expect the costs of those underlying CEIFs to be transparent and clearly presented to consumers by manufacturers in the product summary. We also expect distributors to make these costs clear. However, we will not expect these costs to be added to the OCF. This will apply to both passive and active funds, given the strong feedback against our proposal that passive funds would be exempted from pulling through the costs of CEIFs. We expect performance fees in underlying CEIFs and other CCIs to be made clear to consumers, as well as potential conflicts of interest, such as where the same manager benefits from fees paid by both the underlying CEIF and the investors in the investing CCI.

## Supporting consumer understanding under CCIs

---

- 1.41** The requirements under the CCI regime, including for the product summary, set a minimum standard that ensures information is comparable and understandable, and consumers are informed about the features of the products they buy. We encourage firms to innovate, considering how they can meet consumers' information needs and equip them to make effective, timely and properly informed decisions on investing. We also expect firms to use plain English rather than technical jargon, particularly when explaining what the product is and what it invests in.

### Example

A manufacturer wants to help consumers contextualise the information in the product summary, including on the value for money offered by their product. They choose to include information from their funds' Assessment of Value that compares the costs, risk and return, and past performance of the product against other products in its peer group/with similar investment strategies. They display this information graphically. They include a plain English explanation of how their product compares against similar ones.

### Example

A distributor wants to help consumers frame the risk and return score, and better understand the risk associated with investing in a particular market. Their testing has shown that including information on the historic maximum drawdown helps consumers understand the risk and return trade off from this type of product. They provide this as supplementary information in the consumer journey, with a clear explanation in plain English of what it shows.

### Example

A distributor wants to help a consumer understand how different products they are considering have performed relative to keeping the money in cash. They choose an appropriate cash benchmark and build this into their presentation of the past performance data supplied to them in the machine-readable file by the manufacturers. They explain what it is showing to their customers, and under what circumstances someone might consider choosing an investment product over a cash product.

## How it links to our objectives

---

### Consumer Protection

- 1.42** When investors get clear and useful information they can engage with, they can make informed decisions that fit their financial circumstances, risk tolerance, and saving goals. Our proposals advance this objective by setting standards that allow firms to make sure consumers are supported in their decision-making, but without unduly burdening firms with requirements that are unlikely to help improve consumer outcomes.

### Competition

- 1.43** An effective product information regime should include high quality, well timed, and comparable information to support consumers' decision making. It should also allow firms to compete on the merits of their products. Our proposals should result in firms providing their customers with engaging and relevant information that empowers them to make timely, well-informed decisions. It also allows firms to highlight features of their products. The proposed standardisation of key metrics will enable consumers to compare products more effectively, and efficiently, facilitating comparison across substitutable products.
- 1.44** This should promote effective competition in the interests of consumers, encouraging firms to attract consumers by providing good value and high-quality products.

## Secondary international competitiveness and growth objective

- 1.45** We aim to enable consumers to make well-informed investment decisions, understanding costs, risks and performance. This will help build trust and confidence in investing and financial services, in turn increasing participation in investment which should, in the long run, improve people's financial lives and support healthy capital markets. Consumers being able to trust the information they see from financial services firms is vital to ensure growth of the sector is sustainable. We are also reducing the prescriptive and templated requirements on firms, allowing them to more effectively explain the merits of their products and compete in the market.

## Equality and diversity considerations

---

- 1.46** We have taken into consideration the wide range of consumers within this market. Simple, engaging communications can help all consumers looking to invest, including those consumers with characteristics of vulnerability or those groups who are underrepresented in investing. A more flexible framework is better equipped to help firms account for consumers with varying levels of financial sophistication and help consumers navigate their financial lives.
- 1.47** Overall, we do not consider that the proposals negatively impact any of the groups with protected characteristics under the Equality Act 2010.

## Environmental, social & governance considerations

---

- 1.48** In developing this Policy Statement, we have considered the environmental, social and governance implications of our proposals and our duty under ss. 1B(5) and 3B(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.
- 1.49** We considered how these rules relate to the Sustainability Disclosure Requirements (SDR). By reducing prescription and allowing for greater flexibility in general product information, firms could incorporate sustainability-related content from SDR disclosures or other sustainability information into product summaries and provide links or use layering to bring consumers' attention to the standalone SDR disclosures.

## Measuring success

---

- 1.50** We will support firms throughout the 18-month implementation period. After the regime goes live, we will supervise and monitor the regime to understand the initial impact of our changes on firms and ensure it enables good consumer outcomes.

**1.51** To measure success, we will monitor:

- the readability of investment product information
- the accessibility of product information in firms' consumer journeys
- the success of this work through our ongoing work on the Consumer Duty to assess consumer outcomes once these rules are in force
- retail investors' understanding of fund information using the Financial Lives survey (FLS).

## Next steps

---

**1.52** The optional transition period for the CCI regime will begin when the legislation commences on 6 April 2026. From this date, manufacturers will be able to choose between producing a product summary or following the disclosure requirements that currently apply to them. More detail on the transitional provisions is provided in Chapter 8.

**1.53** This transition option is available to all manufacturers, including manufacturers of Overseas Funds Regime (OFR) schemes.

**1.54** The rules in this PS will come into effect on **8 June 2027**.

## Chapter 2

# Application and scope

- 2.1** This chapter responds to the feedback we received to our proposals on the general application and scope of the CCI regime.
- 2.2** In CP24/30 we proposed that a CCI is defined as a product where the returns that may be received by the investor are dependent on the performance of indirect investments (meaning underlying or reference assets). This aligns with the legislation and covers all products in scope of the former PRIIPs and UCITS regimes.

## Debt securities

---

- 2.3** We proposed that certain debt securities, such as structured products, should be in scope, and carried across the PRIIPs clarifications as to which debt securities are considered CCIs.
- 2.4** Some respondents were concerned that the rules were too complex to achieve our policy intention of clearly excluding “vanilla” debt securities, i.e. corporate bonds. They specifically mentioned that rules relating to the default risk of the issuer and exclusions from being considered a commercial or industrial activity were unclear.

### Our response

Vanilla corporate bonds issued by commercial companies are not within scope of the CCI regime, and we have looked to make this clearer in the rules. We have looked to simplify our definition of which debt securities are in scope by excluding ‘plain vanilla listed bonds’, which will be added to the Handbook glossary next year as part of our new rules for the public offers and admissions to trading regime. We have also added bonds tracking the Euro Interbank Offered Rate (EURIBOR), and other similar Interbank Offered Rates, to the list of debt securities that will not be considered CCIs, following feedback that it was not clear they were excluded.

---

## Non-retail products

---

- 2.5** We proposed to disapply our requirements to an offer of a CCI which is a readily realisable security where the offer met certain criteria:
- the marketing materials are clearly marked that the product is intended for professional clients and not for retail clients;
  - the issuer has taken reasonable steps to ensure that communications are directed only to professional investors; and,

- the minimum investment requirement for each end investor is more than £50,000.

**2.6** Some respondents said that the cumulative nature of these requirements was excessive, and products that meet one of the criteria should be out of scope. One respondent suggested our proposed guidance that CCIs without a product summary cannot be distributed should be made a rule, to clarify that such products are not for retail consumers.

**2.7** There was concern about the use of the term 'readily realisable security'. Some respondents considered this term too narrow and argued that we should use 'non-retail financial instrument', to align with the term used by the Duty. One respondent felt that products which have a minimum investment of £50,000, but which are traded on the secondary market in smaller amounts, may be caught in scope of CCI rules. They noted that the term 'denomination', that exists in the current PRIIPs rules and in the Duty definition of non-retail financial instruments, was not used in the draft CCI rules. They believed that the treatment of derivatives was unclear due to this.

### Our response

There are complexities in defining non-retail products across the broad scope of the regime, and the different ways CCIs are distributed and held, which our definition attempted to capture. We appreciate that the cumulative nature of the requirements caused concern that products not intended for retail might be captured, and that using a similar but slightly altered version of a Duty term adds complexity for firms.

We have altered our rules by removing the criterion relating to a minimum investment amount. A CCI will not be subject to the Product Disclosure sourcebook (DISC) where:

- communications and marketing materials are clearly marked as not for retail, and
- the manufacturer takes steps to ensure that the product is not directed to retail investors, including setting an appropriate distribution strategy.

This allows manufacturers to remove their CCI products from the scope of DISC by marking them as not for retail and ensuring they are not directed to retail investors.

Distributors must not direct or sell any CCI products that do not have an up-to-date product summary to a retail client.

We consider it helpful for all retail investors to be provided with the information we have set out in DISC, as they are less equipped than institutional investors to make investment decisions about complex packaged products without access to a concise summary.

## Overseas ETFs

---

- 2.8** A few respondents said that the requirement for exchange traded funds (ETFs) to produce a KID under PRIIPs prevented UK-based retail consumers from accessing US ETFs and this would persist under our proposed rules, which require manufacturers to create a product summary.

### Our response

We believe clear, accurate product information is important for informed decision making. Our rules do not create a barrier for retail consumers to access US ETFs. An overseas fund can only be marketed to UK retail investors if it is a "recognised scheme". This requires the fund to either apply for recognition under the OFR (if it operates in a jurisdiction that the Treasury are satisfied have met the equivalent protection test), or to apply for recognition under S.272 of the Financial Services and Markets Act 2000 (FSMA). There are currently no US funds that are recognised schemes in the UK.

The CCI regime offers manufacturers considerable flexibility in the format of their disclosure documents. This should make it easier for overseas firms to market their products in the UK. The decision to enter the UK retail investment market is a commercial one for those firms.

---

## Closed-ended investment funds

---

- 2.9** We proposed that the regime would apply to the retail distribution of securities issued by CEIFs.
- 2.10** Respondents representing the CEIF sector strongly disagreed that these should be in scope. They noted that, as listed companies, their disclosure requirements under the UK Listing Rules and the Companies Act should be sufficient. They argued that they operate a fundamentally different investment model to, for example, open-ended funds, and are more like listed commercial companies. Some argued that this is particularly the case for Real Estate Investment Trusts that are listed under Chapter 11 of the UK Listing Rules and closed-ended infrastructure funds.

### Our response

The Government has confirmed that its legislative intention is for CEIFs to be subject to the CCI regime. CEIFs are not commercial operating companies like Tesco plc. They are a form of collective investment scheme that are required to spread investment risk when investing and managing assets in order to be listed. As a result, they are listed under the

closed-ended investment funds chapter of the UK Listing Rules rather than the equity shares (commercial companies) chapter.

AIFMD reporting data shows that retail consumers comprised around 49% of investors in CEIFs in Q4 2024, and many CEIFs are marketed to retail investors. 107 CEIFs, including venture capital trusts (VCTs) have more than 75% retail investor concentration. Closed-ended investment funds mainly compete with open-ended funds, ETFs, and other CCI products in the retail investment market. 46% of CEIFs are equity funds that are substitutable products for open-ended equity funds or ETFs. CEIFs investing in infrastructure and real assets compete with Long Term Asset Funds (LTAFs), as well as certain commercial companies that do not offer the same diversification benefits of CEIFs or LTAFs.

The annual report and accounts and other disclosures produced to comply with UK Listing Rules and the Companies Act are not appropriate for retail investors to use to compare with other investments. It is important that these funds are in scope of the CCI regime so that consumers can make informed choices between substitutable investments.

For clarity, overseas CEIFs are also CCIs.

---

## Requirements on unauthorised manufacturers

---

- 2.11** We proposed that some of our principles for business and basic product governance standards should be applied to unauthorised manufacturers, including overseas unauthorised manufacturers and CEIFs.
- 2.12** Most respondents agreed that this was important as a baseline for consumer protection and to ensure fair competition. Some respondents argued that it was unnecessary to apply such standards to OFR manufacturers, as the regulatory frameworks in which the products are manufactured have been granted equivalence by the Treasury.
- 2.13** Respondents from the CEIF sector objected to these requirements applying to them. They argued that the AIFM alone should be the manufacturer for the purposes of compliance with CCI rules, saying that the non-executive directors of investment companies have appointed the manager to fulfil these functions. They argued that the Listing Principles should be sufficient to meet the principles' requirements.

### Our response

To ensure consistency of consumer protection and a level playing field between investment options, it is important that certain basic, high-level product governance standards should apply to unauthorised manufacturers – who are not subject to the Duty – in the same way that they apply to authorised manufacturers. We have therefore kept our proposals in this area. These requirements only apply when a manufacturer is carrying on a CCI designated activity. We consider this to

be a proportionate way to regulate these persons in a much more limited way than authorised persons.

The definition of 'manufacture' is set by Regulation 5 of the CCI Regulations. CCI rules will apply to anyone carrying out an activity under this definition. Where more than one party is involved in manufacturing a product, we expect them to agree the division of their responsibilities in writing. It is appropriate that each manufacturer should have responsibilities that align to its role in manufacturing the CCI. We expect firms involved in manufacturing the same product to coordinate their efforts to meet our requirements, but it is not the case that each firm must necessarily have a role in meeting every rule. In the case of CEIFs, the AIFM will likely be principally or solely responsible for the day-to-day operation of the investment company and therefore the vast majority of CCI requirements. However, the Board would have created the investment company and remains responsible for its strategy, overseeing and remunerating the AIFM, and removing or replacing the AIFM.

We recently wrote to the Chancellor, setting out an action plan to address concerns about the application of the Duty for firms primarily engaged in wholesale activity. We have provided more clarity on our supervisory approach and expectations under the Duty when firms work together to manufacture products for retail customers, and our expectations for CCIs mirror this. And, in the first half of next year, we will consider changes to make clear when and how firms can rely on each other when they work together in distribution chains.

We recognise that UK listed CEIFs are subject to the Listing Principles in the UK Listing Rules at UKLR 2.2 and have clarified that compliance with the Listing Principles where manufacturers are subject to them will be sufficient to comply with the principles in DISC.

OFR funds operate in jurisdictions that the Treasury are satisfied have met the equivalent protection test. We have therefore taken OFR manufacturers out of the requirements to follow a number of our Principles for Businesses and basic product governance standards.

---

## Chapter 3

# The product summary and the distribution chain

- 3.1** This chapter responds to feedback on our proposals for assigning responsibility for product information between manufacturers and distributors.

### Manufacturer responsibilities for product information

---

- 3.2** We proposed that manufacturers should prepare information on their products, consisting of general product information, costs and charges, performance, and risk information. We proposed that manufacturers should make this available to distributors in a machine-readable format. These would be required to be reviewed and updated at least once every year to ensure that they remain compliant.
- 3.3** We proposed that manufacturers should also produce a consumer-friendly product summary, which it should provide to the distributors, except where distributors have decided to provide their own product summary.
- 3.4** Most respondents agreed that manufacturers should produce a product summary. Most respondents agreed with our proposals for the information to be included. Some said we had prescribed too many data points and raised concerns with some details of how those were calculated (for example, risk or cost information). Others suggested additional data points that should be prescribed. Respondents also largely agreed that the underlying information should be made available to distributors.
- 3.5** Respondents mostly agreed that manufacturers should provide underlying information in a machine-readable file. However, some questioned the necessity of providing this as well as a product summary. Some were also concerned about the practicality of communicating qualitative product information in such a file. Another view suggested this is a question for industry only.
- 3.6** One respondent suggested that firms who manufacture products which they and only they distribute should not be required to create machine-readable files.

#### Our response

We have retained our proposals on the provision of underlying product information, and the need for manufacturers to provide this in a machine-readable file. This ensures that distributors can easily access standardised information about the products they sell and prepare communications that meet consumers' information needs. We have made an exception for those firms which are the only distributors of products they themselves manufacture; in these circumstances the firm does not need to produce a machine-readable information file.

We have not identified from the responses any information that should be removed from or added to the required core information.

---

## Product summary and distributor responsibilities

---

- 3.7** We proposed that consumers should receive a product summary. This should be a document with general product information and key information about costs, risk and return, and past performance calculated to standardised methodologies. Manufacturers and distributors would have freedom in the design, delivery and additional content of this document. Our proposals were designed to be technology positive.
- 3.8** We proposed that consumers should receive the product summary, or the information in it, before the point-of-sale so that they could consider the information and factor it into their decision. We provided guidance that this should generally be early in the journey, before the customer has initiated the transaction to invest. We proposed that they should also receive the product summary in a durable medium at the point-of-sale or as soon as reasonably practicable afterwards.
- 3.9** We proposed that distributors should be able to amend a manufacturer's product summary or produce their own where they thought it appropriate to help consumer understanding or tailor disclosures to their own customer base. We proposed that they should not modify the substance of the information supplied by the manufacturer, and must ensure that their disclosures were clear, fair, and not misleading.
- 3.10** There were a wide range of contrasting views on the flexibility of the product summary. Some said that our proposals allowed too much freedom and would result in documents with differing contents and appearances, which would undermine product comparability and worsen consumer understanding. Others said that the proposals were too prescriptive, with too many data points. We also received a range of template suggestions, including prescribed section headings to provide consistency, a prescribed order of information to ensure all product summaries had the same basic structure, and setting a fixed page limit.
- 3.11** Most respondents disagreed with allowing distributors to edit product summaries. They said this would result in burdensome liability risks for distributors, and that it would not be easy to define the difference between changes in presentation and in substance. There was concern that what was proposed as an optional matter might become in effect a mandatory part of meeting the Duty's standards. Manufacturers argued it would be burdensome to check the accuracy and compliance of distributor-produced or edited documents. Distributors raised concerns about ensuring the accuracy of manufacturer disclosures.
- 3.12** Several respondents said that the function of the product summary was unclear and the requirement to provide it (or the information within it) twice, both before and at or after the point-of-sale, was duplicative. They also argued that it may overlap with existing communications, such as a fund factsheet.

- 3.13** Respondents were largely in favour of our proposal that consumers receive the product summary in a durable medium after the purchase of CCI, seeing this as a useful 'receipt'.
- 3.14** A few respondents were concerned about the framing of the rules which prevent firms from contradicting or downplaying information in the product summary. They argued that this language is overly subjective and creates compliance risks which may inhibit innovation. They considered that these issues would be satisfactorily covered by the 'fair, clear and not misleading' rules, and Duty obligations. Another respondent suggested that firms would be more confident if the rules were reframed in the positive.

### Our response

Balancing flexibility for firms, and the opportunities it brings for innovation, with standardised disclosures to ensure product comparability, is a difficult trade-off. We have kept the core elements of prescription and the areas of flexibility in our proposals. We believe the requirements under the CCI regime complement the Duty standards. These should enable firms to use judgement to create disclosures and journeys that support consumer understanding and decision making.

We agree that the freedom for distributors to amend the manufacturer's product summary may create regulatory uncertainty and restrict innovation. We have changed our rules so that the creation of a product summary will be the responsibility of the manufacturer. Distributors will be required to deliver these to consumers, unamended, in a durable medium at the point of sale or shortly after. We have also clarified record keeping requirements for the product summary, including for any updates made to it.

We have amended the obligation on distributors to better reflect the role of the product summary. Pre-sale, distributors will be required to ensure that the product summary is made available, for those consumers who would find it useful. Distributors must also provide consumers with sufficient product information to meet consumers' information needs, and equip them to make an effective, timely and properly informed decision about the product.

To clarify our expectations, we have set out that distributors must highlight at a minimum the following information:

- A brief explanation of the product
- The ongoing costs figure of the product, and other costs relevant to the product (for example, one-off costs)
- The risk and return score of the product and a brief explanation of the product's risk and return profile, including any required warnings for the product

We encourage firms to consider how to effectively incorporate this information into consumer journeys and help consumers engage with it. Firms should consider what information might be of importance to consumers – for example limitations in access to redress due to an overseas manufacturer.

We want to ensure firms have freedom and regulatory certainty to explain and contextualise disclosures. We have therefore removed some of the rules on downplaying information in the product summary, and rephrased others to allow for greater flexibility. Communications with customers must be fair, clear and not misleading.

There are similar restrictions on downplaying information in our Conduct of Business Sourcebook (COBS). Firms have said these can cause similar challenges when communicating risk information. We will be reviewing these requirements to see how we can help firms provide balanced communications to consumers.

---

## Co-operation and information sharing

---

- 3.15** We proposed that manufacturers would be required to provide distributors with qualitative information on their product's target market and distribution strategy, particularly about customers with characteristics of vulnerability. Distributors would be required to liaise with others in the distribution chain where they were concerned or became aware that the information supplied was misleading or non-compliant. We also proposed that firms throughout the distribution chain should proactively cooperate and share information to assist others in meeting their regulatory obligations.
- 3.16** Some respondents were concerned about these rules, arguing that these duplicated, or significantly extended, similar responsibilities under the Duty.

### Our response

Rules creating obligations about information sharing are needed for unauthorised firms in the distribution chain as they are not subject to the Duty. As we stated in CP24/30, we think an effective product information regime requires firms across the distribution chain to work together in the interests of consumers. This requires firms to be proactive in providing information to each other. However, we have altered these provisions to clarify that these processes should be proportionate. Where these information sharing rules apply to firms already subject to the Duty, they do not create a higher standard than is required by the related requirements in the Principles for Business (PRIN) 2A.

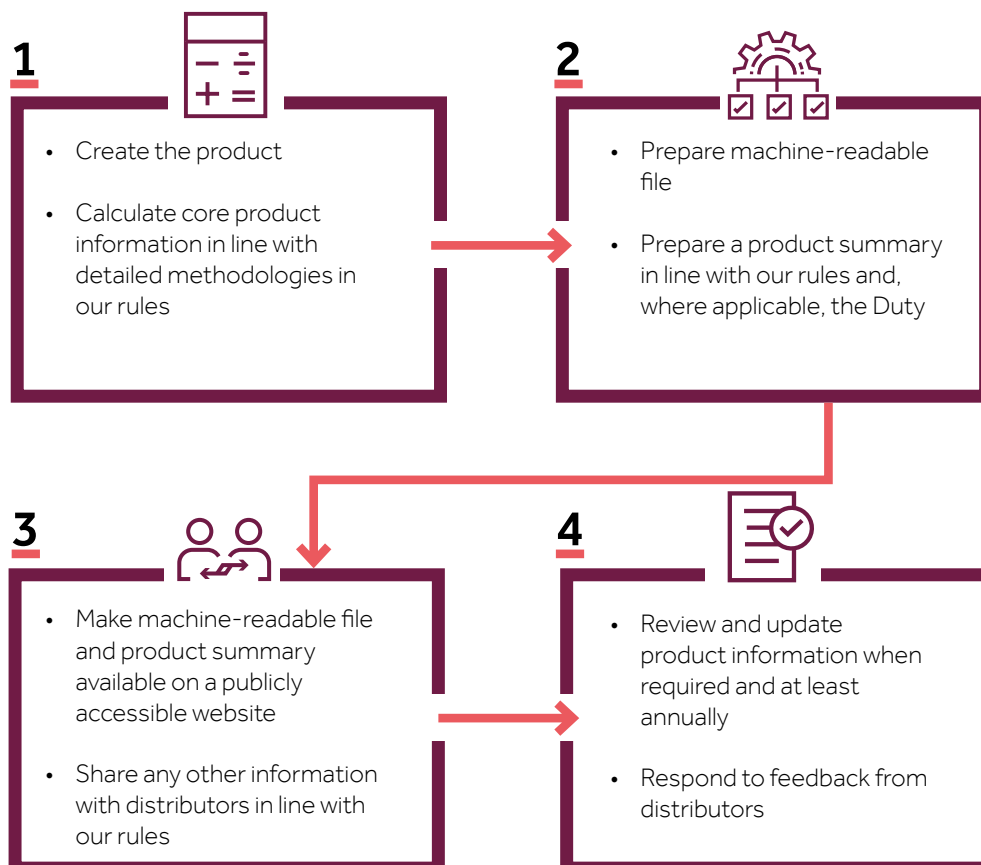
Authorised firms in the chain are reminded of their obligations under the Duty to check, where appropriate, that they support consumer understanding. Where relevant, research findings could be shared with firms in the chain to help improve the effectiveness of the information provided to consumers.

We have amended the requirement for distributors to report problems and inaccuracies in the product summary to other firms in the distribution chain. It now aligns more closely with the language used in the Consumer Duty.

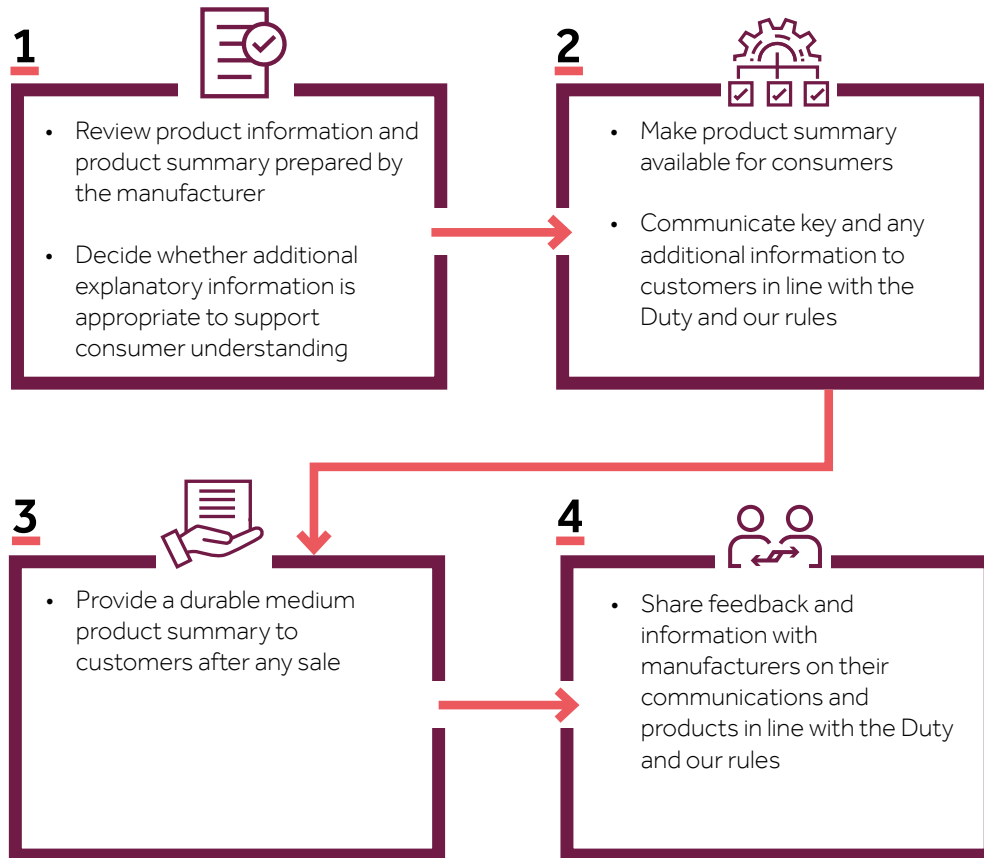
In the first half of 2026, we are planning to consult on changes to rules on the application and requirements of the Duty, including in relation to firms working together in distribution chains and on the sharing of information through the chain. These changes will also apply to the rules in DISC, ensuring consistency for firms across the Handbook and additional clarity over their obligations.

**Figure 2: Summary of manufacturer and distributor responsibilities**

### Role of manufacturers



## Role of distributors



## Chapter 4

# Costs and charges

- 4.1** This chapter responds to feedback received on our proposals for the calculation and presentation of costs in CP24/30 and feedback on cost information and changes to Article 50 and 51 of the Markets in Financial Instruments Directive (MiFID) Organisational Regulation outlined in CP25/9.
- 4.2** These rules should be considered alongside existing obligations for distributors, which are unchanged.

## Presentation of costs and charges

---

- 4.3** We proposed that costs and charges be presented as a single, aggregated summary cost indicator, to aid consumer understanding and product comparability. Respondents generally agreed with a headline figure, but many disagreed with including one-off and transaction costs in this number. They argued that this would result in a misleading aggregation of different types of costs and charges. They added that it would imply, for example, that entry or exit costs were paid annually, rather than on a one-off basis. Some expressed support for the Ongoing Charge Figure (OCF) as an appropriate headline cost for consumers.
- 4.4** Some respondents were concerned that our proposed rules implied that all cost categories should be disclosed, even where these were zero for a particular product. They said that this may result in the presentation of unnecessary information to consumers.
- 4.5** Respondents from the CEIF sector objected to the term 'charges', as when investing in a CEIF, the costs of manufacturing are taken from the NAV and are not paid directly by the investor. Some preferred the term 'expenses', as it more accurately represents this mechanism.

### Our response

Our approach is guided by a need for simplicity. Our consumer testing found that people can often struggle to understand cost information, and value a single, headline figure. However, we agree that the proposed summary cost indicator could have implied that one-off costs were payable every 12 months. We have removed the requirement to aggregate these with the ongoing costs figure.

Our final rules require firms to disclose the OCF as the headline figure, both as a percentage, and as a pounds-and-pence number.

One-off costs should be disclosed prominently but separately to ongoing costs where these exist. Transaction costs are not included in the OCF.

If costs are zero, they do not need to be included in the product summary. Manufacturers should provide written confirmation of zero-cost categories to distributors in the underlying information file.

Firms have the flexibility to explain product information to consumers in line with their Duty obligations, including flexibility over terminology.

---

## Transaction costs

---

- 4.6** In CP24/30, we proposed requiring the disclosure of both explicit and implicit transaction costs and aggregating them into the summary cost figure. In CP25/9, we amended our proposals to remove the requirement to disclose implicit transaction costs, while keeping the aggregation of explicit costs.
- 4.7** Industry respondents were opposed to the requirement to calculate and disclose implicit transaction costs and welcomed proposal to remove this requirement in CP25/9.
- 4.8** Views were evenly split on including explicit transaction costs. Those in favour argued that transaction costs can affect returns significantly and should be disclosed. They said that doing so also aids comparability between different products and strategies. Those opposed said that transaction costs are a necessary result of a firm's work in constructing a portfolio and implementing a strategy, and do not provide consumers with decision useful information. They said that best-execution rules and the Duty provided sufficient protection, and the market had reduced transaction costs close to a practical minimum.
- 4.9** These respondents also felt strongly that transaction costs should not be aggregated into the summary cost figure, saying that they affect consumer's returns in a different way, and combining them with ongoing costs would be misleading.
- 4.10** Several respondents noted that implicit transactions costs will be kept for pension products, which would undermine the reduced burden from removing them for CCI's.
- 4.11** Two respondents asked that we clarify whether bid-ask spreads are an implicit or explicit transaction cost.

### Our response

It is important that explicit transaction costs are transparent. They can represent a significant drag on returns and differ significantly across products depending on the nature of the strategy and underlying assets. Practice in comparable jurisdictions varies, but the International Organization of Securities Commission's (IOSCO) good practice guidance (FR09/16) is clear that consumers should be made aware of them.

We believe that a narrative disclosure of transaction costs, as is currently required under UCITS, does not sufficiently help consumer understanding and limits comparison between different products and strategies. However, we accept that these costs are different in nature and effect to other types of ongoing costs, and aggregating them may not be helpful for consumers.

We are requiring a numerical disclosure of explicit transaction costs, presented separately to ongoing costs. We are giving firms the flexibility to present this number on the product summary in the way that is most appropriate, for example, alongside an explanation of the product strategy rather than other costs. We encourage firms to take innovative approaches to presenting transaction costs, explaining them to consumers, and ensuring comparability and contextualisation.

We see the bid-ask spread as an implicit transaction cost, as it is the result of market mechanisms rather than explicit cost paid by the CCI. For clarity, we regard mark-ups and mark-downs as an explicit cost that should be included.

Pension products are out of scope of the CCI regime, and we are not making changes to their disclosure requirements.

---

## Pull-through costs

---

- 4.12** We proposed that funds investing in other investment products should 'pull-through' the costs incurred into their ongoing costs. We proposed to exempt passive funds which invest in CCIs incidentally as part of tracking an index from this requirement.
- 4.13** Respondents disagreed with the different requirements for active and passive funds. They saw this as putting active funds at a competitive disadvantage.
- 4.14** There were a range of views on the general principle of pull-through. Most supported the costs of underlying open-ended funds and ETFs being pulled through into a single synthetic OCF as is current practice. Others saw it as important for consumers to be made aware of the total drag on returns from underlying investment costs, including CEIFs, and to reduce the potential to design vehicles that could hide costs. Others saw these costs as the product of strategy implementation that should be disclosed only where there is a conflict of interest (for example, a firm investing in products it manages or manufactures itself).
- 4.15** The majority of CEIFs and some asset managers thought that CEIFs should not be included in pull-through. They argued that this would combine direct charges (the OCF of the top-level fund-of-funds) with indirect costs which dragged on the NAV growth of the CEIF but which are not direct charges to the end investor. They argued that the investing fund experiences the CEIF's performance through the share price, which is not necessarily perfectly correlated with the NAV from which costs are taken.

## Our response

We expect all manufacturers to clearly describe the costs associated with their product in a way that is clear, fair and not misleading. Consumers should have transparency over all costs, direct and indirect, that have an impact on their investment. We expect firms to present and explain these in a way that promotes consumer understanding. In general, IOSCO guidance (FR09/16) and international practice has been to pull through costs of underlying funds into a synthetic OCF. This has also been the case in the UK for funds investing in open-ended funds and ETFs, but the treatment of CEIFs has been inconsistent.

Given the strong feedback against our original proposal that passive funds would be exempted from pulling through costs, we are not proceeding with this proposal.

It is appropriate for the costs of underlying CEIFs to be disclosed. However, we will not require these costs to be added to the investing fund's ongoing costs figure. Where a CCI invests in CEIFs we expect the costs of those underlying CEIFs to be transparent and clearly presented to consumers by manufacturers in the product summary. We will require manufacturers to calculate the weighted average cost to NAV ratio using the same methodology for pulling through the costs of other CCIs.

We will require the costs of all other underlying CCIs to continue to be pulled through into a synthetic OCF. The research we have seen clearly shows that consumers want and expect to be shown these underlying costs and prefer them to be pulled through into a single number. Firms will be able to layer their cost disclosure by additionally breaking out the costs of the underlying funds if they think this is helpful for consumer understanding.

We also expect performance fees in underlying CCIs, including CEIFs, to be made clear to consumers in the same way as for standalone funds, as well as potential conflicts of interest. This includes where the same manager benefits from fees paid to manage the investing fund and any underlying CEIFs.

---

## Gearing and maintenance of real assets

- 4.16** We received generally positive feedback on our proposals to remove the requirement for closed-ended investment funds to include gearing and the maintenance of real assets in cost disclosure. Several respondents commented that this should also apply to other CCI products.

### Our response

We agree that the same cost calculation rules should apply across CCI product categories. We have changed our rules so that no CCIs will be required to include gearing or the maintenance of real assets in their ongoing cost calculations.

---

## Costs and charges for structured products

---

- 4.17** Respondents noted that estimating costs over a 12-month period, based on data over the previous 12 months, is not appropriate for structured products. This is because structured products do not have historical cost data and can sometimes have a maturity date shorter than one year.

### Our response

We agree that products should disclose the costs that the investor will incur where these are known in advance. We also agree that, where a product's maturity date is under one year, costs should be shown over the lifetime of the product. We have amended our rules to reflect this.

---

## Non-sterling denominated products

---

- 4.18** Some respondents had concerns about our decision to mandate a pounds-and-pence summary cost figure for products that are denominated in other currencies. They argued that fluctuations in exchange rates could result in these figures being misleading. They also noted that we allow past performance to be shown in non-sterling currencies.

### Our response

The regime is designed for UK consumers who are typically more comfortable dealing with sterling, and the cost figures are illustrative. We consider that it is most appropriate for these figures to be displayed in pounds and pence.

---

## Redrafting MiFID Organisational Regulation (MiFID Org Reg) Article 50

---

- 4.19** We proposed a redrafted version of MiFID Org Reg Article 50 as part of transferring it into the Handbook. Our redrafting reflected Handbook drafting style. We also wanted to ensure that these rules did not conflict with our proposed CCI rules, so that the CCI product costs and charges required to be aggregated for MiFID pre- and post-sale disclosure are the same as those required to be disclosed in the CCI product summary. We did not intend to make any substantive changes beyond those needed to ensure that there is no contradiction between MiFID and CCI disclosure rules.
- 4.20** Most respondents agreed with our proposals to ensure the costs of manufacturing a CCI for MiFID disclosures were the same as the product summary. Some respondents encouraged us to make wider changes to MiFID disclosure requirements. Some respondents, including those from the CEIF sector, suggested excluding CEIFs from these requirements and removing the requirement to aggregate costs. Others suggested we exclude professional investors from these requirements.
- 4.21** Several respondents disagreed with retaining the requirement to disclose the 'cumulative effect' of costs. They argued that this is similar to the PRIIPs 'Reduction in Yield' methodology that we have proposed not to require under CCIs, and that to retain this element of the MiFID Org Reg would be contradictory.
- 4.22** Two respondents argued that the requirement to disclose actual product costs in ongoing disclosures was burdensome, since distributors would not have access to the actual incurred costs.
- 4.23** Several responses were concerned that the rules might result in duplicative disclosures where multiple firms provide services to a consumer. Another response related to this provision argued that, where a platform facilitates the paying of adviser fees, but does not 'arrange or direct' them, this rule would permit them not to disclose them in its aggregated costs. Some respondents were concerned that we had not updated COBS 6 Annex 7 to reflect the new requirements of the CCI regime, for example deleting implicit transaction costs.

### Our response

MiFID disclosures serve a different purpose to the product summary. They ensure consumers understand the total costs of investing, including costs of distribution and advice which cannot be included on a product summary, where relevant. We believe aggregation of these costs is important to ensure consumers can understand the total cost impact from the products and services they have chosen.

We will undertake a wider review of the requirements of MiFID in 2026, including the extent to which we can rely on the Duty alone, now we have completed the transposition of MiFID Org Reg requirements into our Handbook.

For this reason, we have not considered changing the rules on aggregation or cumulative cost disclosures now. No prescriptive methodology is specified for this requirement. Firms can use a one-year period to display the 'cumulative effect' of costs if they consider this appropriate and helpful for consumer understanding. As CEIFs are CCIs and their costs reduce the net asset value of the investment, they are included. Firms should contextualise these costs in a way that supports consumer understanding.

The requirements for disclosing investment service costs are a restatement of existing rules under MiFID. They do not change the requirements on firms.

The product costs for CCI products under COBS 6 disclosures are those required by DISC. These are ongoing costs, one-off and transaction costs. For ongoing disclosures, where actual performance fees are known, these should also be included.

---

## Removing MiFID Org Reg Article 51

---

- 4.24** Respondents agreed with these proposals and so we will proceed as consulted.

## Chapter 5

# Risk and return

- 5.1** This chapter responds to the feedback we received to our proposals for the calculation and presentation of risk and return information.

## Risk and return score & narrative

---

- 5.2** We proposed manufacturers calculate a risk and return metric, based on volatility, calculated by the standard deviation of returns over 5 years.
- 5.3** We also proposed that manufacturers write a risk and return description of the product. This is to help consumers better understand the risks involved and the factors that might affect performance. These descriptions should be concise and written so that consumers can understand and engage with them.
- 5.4** Most respondents agreed with a risk and return scale based on the standard deviation of returns. They said this would be applicable to a wide range of products and would help consumers compare products.
- 5.5** Many respondents highlighted the importance of the new regime facilitating communications with balanced descriptions of a product's risk and the potential returns, to help consumers understand the benefits of investing.
- 5.6** Some respondents disagreed that the calculation should be based on a standard deviation of returns over 5 years. They suggested it be over 10 years instead, to align with the presentation of past performance.
- 5.7** Some respondents argued that the risk and return score does not reflect the risk of reduction in purchasing power for retail investors who choose to keep their money in cash savings rather than investments. They suggested we introduce a second scale or diagram to highlight this risk to investors.
- 5.8** Some respondents felt that the risk and return score would overpower the risk and return narrative and investors wouldn't read the explanation and context provided. They suggested the narrative should not form part of the up-front information and instead should be layered along the consumer journey.

### Our response

We want consumers to be able to make properly informed investment decisions. To do this, they need to be presented with a fair view of both the benefits and risks of a product. We have amended the description of the risk score to clarify it is a risk and return score. This will help balance the messaging on investing and reflect the potentially higher return from taking higher risk over the long term.

We have changed the calculation of the standard deviation of returns to be over 10 years instead of 5. We believe this provides a better representation of the volatility of the product over the long term. Products with less than 10 years of returns must use simulated past performance using the history of the underlying assets or an appropriate benchmark where that is not possible.

We have not mandated including additional information to show the risk of reduced purchasing power from staying in cash. We believe it is valuable for consumers to understand the impact of inflation, but the relevance of this information may differ from product to product. Distributors can give additional or educational information along the consumer journey to help with consumer understanding and engagement. We believe distributors are best placed to decide what information would be most appropriate to help their clients, in line with their obligations under the Duty.

The risk and return narrative is an important tool to help investors in their decision-making. It explains the nuances and the risk and return features of the product to help them find the appropriate investment for their risk tolerance. Distributors should consider how they can supplement this information along the consumer journey to help consumer engagement and understanding of investment risk and return.

---

## Adjustment of risk and return score

---

- 5.9** We proposed that manufacturers would be required to amend the risk and return score where, based on their understanding of the product and its material risks or other relevant characteristics, they consider the number is inappropriate. For example, if there is credit risk that may result in a consumer being unable to realise their investment, a manufacturer should increase the score.
- 5.10** We said that manufacturers may cautiously adjust the risk and return score down, but only in limited scenarios. That would be where there is at least 90% protection of the initial investment or where the initial risk score is not representative of the overall risk of the product. For example, where the calculation included a period of extreme market anomalies.
- 5.11** Many respondents asked why we allowed the firms to adjust the score as this would lead to subjective results and similar products may receive a different score. Some argued it would also incentivise firms to adjust the score downwards inappropriately.
- 5.12** Two respondents argued we had not accounted for risks such as concentration risk when adjusting the score.

### Our response

We expect products with similar investment characteristics to end up with similar scores on the risk and return scale. However, we want to provide flexibility where certain products have unique features that make them riskier. We believe manufacturers are best placed to determine this and reflect this risk by increasing the risk and return score. Our product governance requirements, including those under DISC, require firms to assess the risks of a CCI they manufacture. These should be accurately reflected in the risk score.

Firms will only be allowed to adjust the score downwards where there is at least 90% capital guarantee or where the initial score is not representative of overall risks of the investment. Any downgrading of the risk and return score should be done cautiously.

The list of other relevant risks in our rules is non exhaustive. Firms must adjust the score and disclose any other significant risk which could impact the performance or return of the CCI. This would include concentration risk.

## Conversions to 1-10 scale

- 5.13** We proposed changing the risk and return scale from 1-7 as it was under PRIIPs and UCITS to a 1-10 scale. This was to provide more granular differentiation.
- 5.14** Most respondents supported our proposal to move to a 1-10 scale as it would reduce the risk of bunching of products on the scale. However, others thought that this could confuse investors as the smaller bands would lead to more frequent migration, saying it would also be costly for firms to keep updating the risk and return score.
- 5.15** Some disagreed with the calibration of some of the risk and return bands. They felt that a volatility of 12% should result in a score of 4 or lower rather than 5. Some investment products that are considered secure and recommended to retail investors like those based on the S&P 500 index would potentially come out at a 6 on the risk and return scale. They argued this could put off new investors and make these investments look riskier than they are.

### Our response

We will be proceeding with the risk bands we proposed. We consider the additional granularity will ultimately help consumers differentiate products' risk profiles and how they align with their risk tolerance. Consumers are also typically more familiar with a score out of 10 than one out of 7. Our behavioural testing showed a slight improvement in consumer comprehension under the 1-10 risk scale.

**Table 1: Conversion of Standard Deviation range to CCI risk and return score**

Risk and return score	Standard Deviation range (%)
1	<0.5
2	0.5 – <2
3	2 – <5
4	5 – <9
5	9 – <12
6	12 – <16
7	16 – <20
8	20 – <30
9	30 – <50
10	50 and above

From our assessment and external research we have been shown, most products will not move between risk buckets more often than they would currently do under the 1-7 scale. However, for products on the borderline of 2 buckets which therefore may fluctuate between those buckets at different times during the year, we have added guidance to clarify that this would not require an update to the product summary outside of the yearly review.

We believe the calibration of the bands reflects the wide range of products in scope of the CCI regime and will allow consumers to easily compare between products. Some products are considered 'safer' than others. However, they still come with risks that consumers need to be aware of when deciding where to invest their money. We consider the relative positioning of different asset classes under our bands to be a fair representation to help consumer decision making.

## Product specific scores

- 5.16** We proposed certain product types would be assigned a minimum risk and return score of 9. This was due to their inherent risks and the difficulties retail investors face in understanding and evaluating these products. Many of these products are also subject to restrictions or rules relating to their marketing or distribution.
- 5.17** We proposed that products which are structured so that a consumer could lose more than their principal investment must be assigned a 10 and include a warning to that effect.

- 5.18** Products with very low liquidity or that are not regularly priced must come with a warning that this may impact a consumer's ability to redeem their investment. Most respondents agreed with our proposals.
- 5.19** Several respondents raised concerns about the triggers that lead to an automatic risk and return score of 9. They said low liquidity should not result in a score of 9. Some products, for example real estate investments, are inherently illiquid but not necessarily high-risk.
- 5.20** A few also disagreed with VCTs being automatically given a score of 9. One respondent asked that we clarify if investments in Enterprise Investment Schemes (EISs) would get a 9.
- 5.21** Respondents felt the use of gearing and leverage would be reflected in the product's standard deviation value and so should not be a factor resulting in a score of 9. They said derivatives are also often employed to reduce the risk of the product. A few respondents asked that we clarify what we mean by 'highly leveraged'.

### Our response

We agree that illiquid products should not always be considered high-risk. However, illiquid assets present important risks that consumers should consider, as they can often be difficult to sell and to value. As well as the risks of investing in inherently illiquid assets, the potential inability to get money out quickly if needed is also an important risk for retail investors to consider.

So, we are no longer requiring that products with low liquidity be allocated an automatic score of 9. Instead, we are requiring CCLs that either invest in illiquid assets or present a retail investor with a delay or added cost when trying to get their money out to add at least +1 to their risk and return score. Where both these criteria are met, manufacturers will only need to add +1 once. This will prevent double-counting where access is limited as a liquidity management tool, which can often serve as important protection for consumers. Where a product is already a 9 prior to considering its liquidity, it would not need to add +1. Where products that invest in illiquid assets are regularly traded on an exchange they would not need to add +1, as these have transparent market valuations and can typically be easily and quickly sold.

VCTs contain features which make them high risk. They invest in early-stage companies which are more likely to fail. We think it is appropriate for these products to be a 9 to make consumers aware of the high risk of investing in them. We have also clarified that EISs would automatically get a score of 9.

Some degree of gearing or leverage will be accounted for in the calculation of volatility. But these features make a product very risky as they amplify gains and losses. This is also true of derivative products. We want to make sure that these high risks are reflected in the risk

score. Products that use derivatives, for example, to reduce risk, will not necessarily be an automatic 9.

It will be for manufacturers to determine whether the amount of leverage in their product meets a threshold that is considered high-risk. They will need to consider their obligations to make sure they accurately reflect the risk of their products.

---

## Structured products

---

- 5.22** In our consultation we split structured products into 3 broad categories: capital guaranteed notes, structured capital-at-risk products (SCARPs) and structured deposits.
- 5.23** Capital guaranteed notes guarantee a return on the original investment if held to maturity. For these products we proposed that the manufacturer calculate their risk score based on the volatility of the underlying assets or mix of asset classes. The manufacturer would then need to adjust the risk score to factor any additional risks and to reflect the level of protection offered. For structured deposits where the initial capital is subject to the same protections as a bank account, we proposed that manufacturers can automatically assign a 1.
- 5.24** SCARPs combine features of derivatives and fixed-income products, and their returns are tied to the performance of multiple indices. We proposed that these products should be given a risk score of 9 and have a label highlighting their complexity.
- 5.25** Some respondents disagreed with applying the standard deviation methodology to structured products. They argued this methodology was inappropriate as structured products do not have past performance and each product has its own structure. They also argued that a risk and return score based on the volatility of the underlying asset class or mix of asset classes will not reflect the actual risk of the product as this comes from the product features. These respondents suggested a bespoke approach for measuring risk and return for structured products. A few respondents suggested we use a value-at-risk equivalent volatility (VEV) methodology.

### Our response

We recognise that structured product manufacturers would face difficulties if calculating the volatility track record by simulating the past performance due to the unique features of these products. So, we are requiring structured product manufacturers to use the VEV methodology to calculate volatility. Manufacturers must then use the bands in Table 1 to determine their risk and return score. Manufacturers will still need to adjust the risk and return score upwards to factor in other risks, in particular credit risk or the risk of investors having difficulty in getting their money out.

Given the VEV methodology captures many of the risks of SCARPs, for example, the non-linear returns, SCARPs with returns tied to the performance of multiple indices or featuring gearing will no longer need to be an automatic 9. These products will still need a label warning investors that these products are complex and there is a greater risk of consumer misunderstanding.

Structured deposits with the same protections as a bank account must be assigned a baseline score of 1. Manufacturers must then factor in other applicable risks such as credit or illiquidity risk to the risk and return score.

---

## Chapter 6

# Past performance

- 6.1** This chapter responds to feedback on the calculation and presentation of past performance information under the new regime.

## The past performance graph

---

- 6.2** For CCIs that have past performance, we proposed that manufacturers must produce a line graph showing the product's past 10 years of performance, plotting its pound value on the y-axis, and calendar years on the x-axis. We said firms should present performance over rolling 12-month periods, using a minimum of quarterly data points, and an initial investment amount of £10,000. Distributors were given the flexibility to substitute the £10,000 with the investor's initial investment amount. Where products have between 3 months and 10 years of performance data, we required that they present the data they do have.
- 6.3** Respondents noted that if past performance was presented in rolling 12-month periods, requiring the x-axis to be labelled for calendar years may not match the period reflected.
- 6.4** Several respondents disagreed with the requirement for a minimum of quarterly data points. They said this would not be granular enough to reflect the actual volatility of a product and recommended a minimum of monthly data points for the line graph.
- 6.5** Some respondents thought that allowing products to present just a few months of past performance could give a misleading impression of an investment's performance and would not be decision useful information for retail investors.
- 6.6** For products that have less than 10 years of past performance and are the result of a merger of two or more funds, we said the graph must show the performance of each of the pre-merger funds.
- 6.7** Many respondents disagreed with this proposal. They said that to include the performance of the merger component funds would cause consumer confusion and make it difficult to see the overall performance of the product.

### Our response

We agree that the label for the x-axis should be applicable to incomplete calendar years and have amended the rule to account for this. We have also amended the rule requiring quarterly data points to instead require monthly data points, to more accurately reflect an investment's volatility.

We consider that products with a record of their performance should be able to show it to prospective investors. We will still require that manufacturers include a prominent statement to explain that the performance shown may not be representative of performance in the longer term. It is firms' responsibility to make sure their description of any past performance is fair, clear and not misleading.

We agree that including pre-merger past performance information may cause confusion. It is unlikely that this information will be of use to most retail investors, so we have removed this requirement.

---

## Non-Sterling denominated products

---

- 6.8** We proposed that for a product that is denominated in a currency other than Sterling, the £10,000 initial investment would be replaced by the equivalent amount in that currency.
- 6.9** Some respondents did not agree with converting £10,000 to an equivalent amount in another currency and said this would lead to seemingly random initial investment amounts.

### Our response

We have clarified the rule to reflect our intention that the conversion to a non-GBP currency should be divisible by 1,000 and be a value of similar magnitude to £10,000.

---

## Benchmarks on the graph

---

- 6.10** We proposed that the graph include a benchmark chosen by the manufacturer. But we said that where products have no appropriate benchmark, the manufacturer would need to explain how the product's performance may be assessed. For authorised funds, we said that if any target, constraining or comparator benchmarks were included in their prospectus, those benchmarks must be included in the graph.
- 6.11** One respondent asked if a fund that has changed its investment objective should use the benchmark presented prior to the change and then present the benchmark relevant to its amended investment objective.
- 6.12** A respondent asked for clarification as to why the benchmark rules for authorised funds in the product summary differed from those required under COBS 4.5.12 to COBS 4.5.14.

## Our response

We agree that if there has been a material change to a fund's objectives and strategy, the period on the graph showing the fund's performance prior to the change should not be compared to a benchmark that is not relevant to its previous strategy. We have clarified our expectation that the benchmark used for the period prior to the change, should be consistent with the fund's previous objectives.

Because the slight difference between the proposed DISC rules for the use of benchmarks for authorised funds and the rules in COBS 4.5 has caused some confusion, we have decided to instead mirror the rules in COBS 4.5.12, 4.5.13 and 4.5.14, which will ensure consistency across our rules.

---

## Chapter 7

# General product information

- 7.1** This chapter responds to feedback on our proposals on the information that consumers need to know about the characteristics and features of an investment.
- 7.2** We proposed to require general product information in the product summary which included relevant information about the product (such as its name, identifiers and objectives), whether there are penalties for early exit, whether cover may be available from the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS), and how to make a complaint about the product or manufacturer.
- 7.3** Some respondents said there was too much general information required, and it would be difficult for consumers to engage with. Some respondents agreed that some of this information is necessary in a record of sale, but is not useful for consumers pre-sale, such as how to make a complaint or details about a feeder fund's master fund. On the other hand, some respondents wanted more information added and offered a range of different suggestions. Consumer groups also stressed that consumers should have access to comprehensive information, received at the right time throughout their investment journey.
- 7.4** One respondent was concerned that our proposed requirements for information on how to complain to a manufacturer would confuse consumers about who to complain to. They proposed to include more detail to explain the type of complaints that can be directed to the product manufacturer, and those that should be directed to the distributor.
- 7.5** We received several responses that noted target market information was not required from manufacturers in the product summary.
- 7.6** Two respondents highlighted the relevance of the jurisdiction where a fund is domiciled, as this could affect the net return received by a retail investor due to varying rates of tax charged at source, depending on the jurisdiction. They suggested that this information be required in the product summary.

### Our response

We believe our amended requirements for presenting information pre-sale (see Chapter 3) will allow distributors to ensure consumers are not overloaded, through highlighting key, decision useful information. Significantly reducing the information in the product summary itself could lead to many investors not being able to find important information about the product, preventing effective decision making.

We have added an option allowing firms to supply a link to information on how to make a complaint where this is preferred to including the information in the product summary. We do not think it is necessary to provide guidance on all the types of complaints that should be directed to either a manufacturer or a distributor of a CCI. The Dispute Resolution: Complaints sourcebook (DISP) already includes complaints forwarding rules that require authorised firms to forward on a complaint to the relevant firm in the distribution chain, where they are satisfied that another authorised person is solely or jointly responsible instead. We have added similar complaints forwarding rules to the complaints handling requirements that will apply to unauthorised CCI manufacturers and distributors. This should make sure that unauthorised firms who receive a complaint which is not appropriate for them to handle forward it onto the relevant firm.

We have not added a requirement for firms to describe their target market. We consider that the information included in the product summary provides consumers with the information they need to assess whether a product is suitable for their needs. Information on the target market is also designed for firm-to-firm communications, in many cases it will not be consumer-friendly.

The relevance of a fund's domicile to an investor is based on the impact this has on the product's features. For example, the level of tax applied and how this affects the product's returns, or access to compensation schemes. We consider these elements are already adequately covered so it is not necessary to also require inclusion of where a fund is domiciled.

We have not added any new points to the general information required in the product summary. We do not believe any of the suggested additions from respondents justified mandatory inclusion. Our requirements set a minimum standard of content for the product summary. Firms may choose to include additional elements where they believe this will help consumer understanding.

---

## Chapter 8

# Consequential Handbook amendments, transitional provisions, complaints handling and use of our FSMA powers

- 8.1** In this chapter we respond to feedback received on the consequential changes to other areas of the handbook needed due to the CCI rules, the implementation period and transitional provisions, and complaints handling principles for unauthorised firms.

## Transitional arrangements

---

- 8.2** We consulted on an 18-month implementation period. We proposed that manufacturers would have the flexibility to switch to producing a product summary document or continue with their current disclosure arrangements, while the wider regime (for example, to share the underlying machine-readable data with distributors) would come in after 18 months. Distributors' obligations to provide the relevant disclosure document would not change during this period.
- 8.3** For CEIFs we initially proposed a 12-month implementation period but indicated in CP25/9 that we were minded to change this to a single implementation period for all CCIs. We set out that authorised fund managers of UCITS schemes and non-UCITS retail schemes (NURS) will not need to transition to a PRIIPs KID at any point.
- 8.4** Most respondents disagreed with our proposals to allow flexibility over what document was produced, with many in favour of a single implementation date for all products, 18-24 months after publication of the final rules. They said it would be operationally challenging for distributors to change their systems to accommodate CCI product summaries alongside current disclosure documents while preparing systems for the implementation of the wider regime. They said having different documents in circulation could be confusing for consumers, noting the different risk scoring. Some respondents suggested a 4 month grace period between the final rules and the start of the transition period to allow firms to consider the final rules.
- 8.5** Most respondents welcomed our proposals for managing the end of the UCITS exemption and agreed that the implementation timeline should be the same for all products.

### Our response

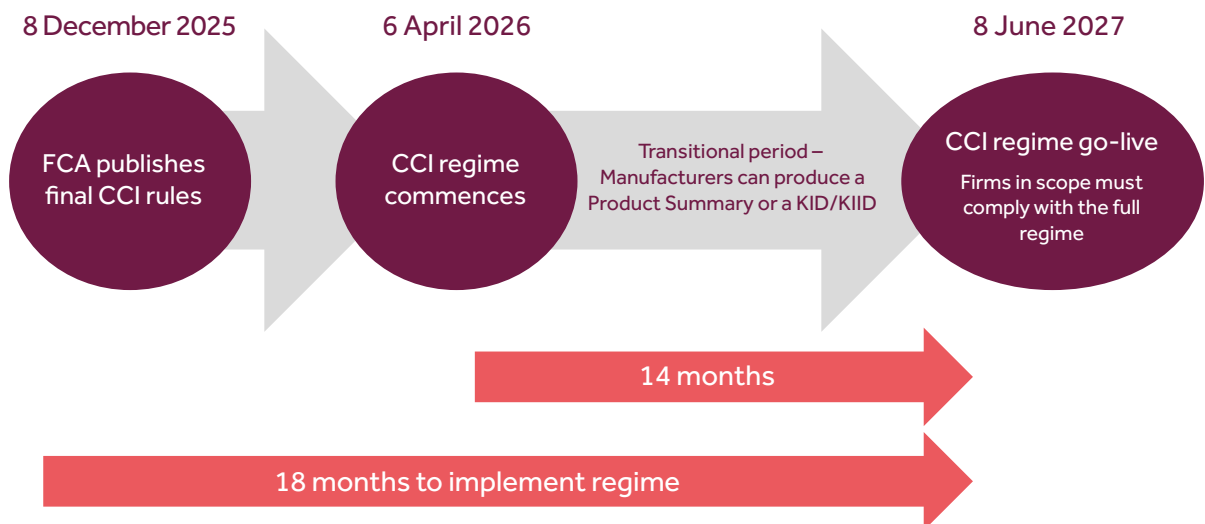
Given the widespread dissatisfaction firms have reported with the PRIIPs KID we do not want to prevent firms from transitioning to a product summary when they are able to. We do not think a gradual transition to the product summary rather than a single go-live date will add material confusion for consumers. They are already exposed to multiple product information documents with different methodologies under PRIIPs and UCITS.

We have maintained our proposals to allow firms 18 months before the full go-live of the regime, beginning from the date of publication of these final rules. This will apply to all products in scope of the regime. We believe this is sufficient time for firms to prepare for the new requirements, which primarily alter existing obligations for firms rather than introduce completely new regulatory concepts. The full go-live date for the regime will be 8 June 2027.

We have maintained our proposals to allow firms flexibility over the document they produce before the full go-live date. The CCI legislation commences on 6 April 2026 and will mark the beginning of the transitional period. Manufacturers will have the flexibility to produce a product summary from this date. This gives all firms 4 months to familiarise themselves with the proposals before any firm can choose to produce a product summary. Manufacturers also have the flexibility to keep producing their current documents until the go-live date. We expect manufacturers and distributors to work together to manage any operational risks and prepare for the full implementation of the regime.

The only part of the CCI regime that will turn on before 8 June 2027 is the ability to produce and make available a product summary. Distributors' obligations remain as just to provide the relevant disclosure document until 8 June 2027.

**Figure 3: Summary of implementation timeline**



## Consequential amendments

- 8.6** We consulted on amendments to several areas of the Handbook which will be impacted by the replacement of requirements relating to PRIIPs and the Key Investor Information (KII) Regulations with requirements for CCI. We proposed changes to the PRIIPs and KII-related references to reflect the CCI regime.

### Proposed amendments where we received feedback

Proposal	Feedback	Our response
The rules in COBS that apply to the presentation of past performance differ in some respects to the proposed DISC rules for CCIs' past performance in the product summary. We proposed that where the past performance of a CCI is presented in a context other than the product summary, firms may elect to comply with either the relevant DISC rules or the applicable COBS rules.	Some respondents said that providing flexibility between the application of either the COBS or the DISC rules on the presentation of past performance would create inconsistency in how firms present a CCI's performance. They said that this would make it difficult and confusing for consumers to compare between products.	We agree that our past performance rules should be consistent. We will consult on amending the COBS 4 rules for the presentation of past performance in early 2026, to align with the new DISC rules. The amended COBS rules will be finalised before the end of the implementation period.
We proposed to exclude authorised contractual schemes (ACS) and qualified investor schemes (QIS) from the requirements for CCIs, as these schemes are not intended for the general retail market and investors must meet eligibility criteria.	Two respondents were concerned that our exclusion of ACS and QIS schemes from the CCI regime left gaps, and these funds may still be required to produce a product summary, for example where a retail investor meets the applicable eligibility criteria.	We have added units in ACS and QIS schemes to the list of excluded products from the CCI regime to provide more clarity for firms.
No proposal – request for clarification	We were asked whether we would be amending the MiFID Investor Protection Q&A, which includes guidance on the disclosure on costs and charges. Respondents also referred to the UCITS Level 3 Materials, which includes guidance on the calculation methodologies for risk and cost metrics and a template for the Key Investor Information Document (KIID).	We will not be providing updated guidance on the MiFID Investor protection guidance nor to the UCITS Level 3 Materials. We will keep under review whether firms could benefit from additional guidance to replace Level 3 materials that are no longer relevant due to the changes under CCIs.

## Complaints handling

---

- 8.7** We consulted on applying simplified complaints handling requirements on unauthorised manufacturers and distributors of CCI, other than operators of OFR funds, who are already subject to complaints handling rules.
- 8.8** Most respondents agreed our proposals were a proportionate means to give consumers the ability to complain to unauthorised firms. Two respondents noted that those consumers will still have fewer rights than those investing in products that are manufactured or distributed by authorised firms. One asked us to go further and consider how to enable Financial Ombudsman Service access for investors in unauthorised manufacturers' products.
- 8.9** Some respondents from the CEIF sector objected to the proposals as imposing additional requirements on them compared to the PRIIPs regime, under which they said complaints were handled by the AIFM rather than the fund itself.

### Our response

In addition to adding a complaint forwarding rule into DISC, we are taking forward all the other proposed rules that we consulted on. Under PRIIPs the manufacturer of a PRIIP was required to have a complaints procedure and to include a section on how to complain in the KID, so these are not new requirements. Where a CEIF unauthorised manufacturer is a co-manufacturer with an AIFM, they can agree to assign responsibility for complaints handling to the AIFM if appropriate.

In CP25/9 we outlined that unauthorised CCI manufacturers and distributors do not fall within the compulsory jurisdiction of the Financial Ombudsman Service. In some instances, firms can decide to join the Financial Ombudsman Service's voluntary jurisdiction (VJ) where they are not authorised by the FCA or are carrying on activities falling outside the scope of the service's compulsory jurisdiction. However, the Financial Ombudsman Service do not plan to extend their VJ to cover complaints relating to the activities of unauthorised CCI manufacturers or distributors.

---

## Use of our FSMA powers

---

- 8.10** We explained in CP25/9 that the Treasury had amended Part 11 and 14 of FSMA to make available within the DAR, including for CCI-related designated activities, the majority of the investigative and enforcement powers applicable to authorised persons. We consulted on applying our existing policies on the exercise of these powers, contained in the Decision Procedure and Penalties Manual (DEPP) and the Enforcement Guide. We also consulted on maintaining the Regulatory Decisions Committee (RDC) as the

decision maker for any enforcement action under Part 14, including for decisions made in relation to the new DAR prohibition power at section 206B FSMA.

**8.11** Regulation 7 of the Consumer Compositive Investments Regulations empowers the FCA to give a direction imposing on firms such requirements as the FCA considers appropriate. The procedure for giving such a direction is contained in FSMA (as amended by the DAR Regulations) includes giving a supervisory notice. We consulted on making decisions for these notices under Executive Procedures, in line with our general approach in DEPP to the exercise of intervention powers (including our Part 4A own initiative requirement power).

**8.12** Respondents agreed with these proposals.

#### Our response

We will proceed as consulted.

---

## Annex 1

# Cost Benefit Analysis

1. We carried out a cost benefit analysis (CBA) of the proposals set out in CP24/30, which introduced a new product information regime for CCIs. This was supplemented by a further CBA of the additional draft rules set out in CP25/9. Below, we summarise the feedback we received from stakeholders to these CBAs and our response.

## Feedback and our response

---

2. Overall, while some respondents agreed with our CBAs, the majority of respondents believed that we had underestimated the costs of our proposals. Respondents disagreed with our assessment that any distributor-related costs associated with our proposals had already been captured under Consumer Duty implementation costs. We have set out an amended approach to the treatment of the costs incurred by distributors below.
3. We also received feedback relating to the impact on manufacturers and third-party providers of KIDs, as well as our assessment of benefits. We address these points below.

## Treatment of costs to distributors

4. Most respondents, including firms and industry bodies, disagreed with our treatment of costs to distributors and our assessment that any costs to distributors from our proposals had been accounted for when the Duty was introduced. We had suggested that under the Duty, distributors would already be disclosing much of the key information contained in the KID through other channels, in the absence of our proposals. However, respondents argued that distributors would face additional costs because of our proposals, including familiarising themselves with the new requirements, disseminating those within their firms, and making any systems changes needed (such as the costs of extracting and reproducing information contained in the machine-readable files produced by manufacturers). The respondents did not provide a quantified breakdown of these costs.

### Our response

We recognise that the new CCI regime places additional, explicit requirements on distributors beyond what can be inferred from the Duty. However, as we have amended the rules in this policy statement to remove the option for distributors to produce their own product summaries, these requirements are less extensive than previously consulted on, and therefore less costly for firms to implement.

Due to our previous assessment in the consultation paper that any costs incurred by distributors could be attributed to the Duty, we included zero

costs for distributors in CP24/30 and CP25/9. The original estimates, which covered manufacturers only, are shown in Table 4 below. We now present revised estimates of the policy costs to distributors.

## Overview of CCI distributors

5. For the purposes of this analysis, a manufacturer is a firm that creates, develops, designs, issues, manages, operates, or otherwise carries out a CCI, as defined in the CCI regime. Distributors such as advisers, intermediaries and platforms sell CCIs to retail investors on an advised or unadvised basis. Advised sales can be in person or online, and there are around 5,000 FCA-regulated firms involved in advised sales of CCIs. Unadvised sales typically take place through direct-to-consumer platforms, of which there are around 70.
6. In some cases, a distributor and manufacturer are vertically integrated, meaning the same firm both manufactures and directly sells a CCI to retail investors. Where this is the case, the responsibilities for manufacturing and distribution are combined within a single entity.

## Updated Cost Estimates for Distributors

7. We estimate a one-off cost to distributors from our proposals of £13.1m. We consider these costs are proportionate given the benefits of our proposals, which we set out in our previous CBAs.
8. These estimated costs represent an average cost of just under £2,500 per firm over 5,321 firms. The average cost by firm size is set out in the table below (with numbers rounded to the nearest hundred).

**Table 2: Estimated One-Off Costs for Distributors**

Size	Number of firms	Average cost per firm
<b>Large</b>	7	£75,700
<b>Medium</b>	116	£24,500
<b>Small</b>	5,198	£1,900

9. These costs are broken down by type as follows (with numbers again rounded to the nearest hundred).

**Table 3: Breakdown of Distributor Cost Drivers**

Cost type	Total cost across all distributors
<b>Familiarisation and gap analysis</b>	£5,322,500
<b>Training</b>	£1,378,900
<b>IT project</b>	£535,000
<b>Change project</b>	£5,886,500

- 10.** The table below summarises the net present value (NPV) and estimated annual net direct cost to business (EANDCB) for both manufacturers and distributors, as calculated for each of CP24/30, CP25/9 and this PS, as well as the total across all interventions.

**Table 4: Aggregate NPV and EANDCB for All Firms**

	NPV	EANDCB
<b>CP24/30</b>	£48.8m	£5.7m
<b>CP25/9</b>	£3.2m	£0.4m
<b>PS25/20</b>	£13.1m	£1.5m
<b>Total</b>	£65.1m	£7.6m

## Methodology and Key Assumptions

- 11.** The assumptions we used to estimate distributor costs were as follows:
- All costs are assessed against a baseline where existing disclosure requirements and the Consumer Duty apply.
  - 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.
- 12.** Using FCA internal data, we identified 5,321 firms with permissions to sell investment products to retail customers, for whom we estimate costs from our policy. We categorise these by size using our standardised cost model (SCM – more information on this is provided in our [Statement of Policy on CBAs](#)), and identify 7 large firms, 116 medium firms and 5,198 small firms.
- 13.** We expect distributors will face one-off costs associated with familiarising themselves with our rules and assessing their current practices against what will be required. The table below summarises the assumptions we used to quantify these costs. They are derived from our SCM.

**Table 5: Assumptions Underlying Distributor Familiarisation Costs.**

Firm size	Large	Medium	Small
Number of FTE compliance staff assumed to read PS per firm	20	5	2
Average hourly cost of compliance staff time	£68	£63	£52
Average reading speed, words per minute	100		
Average number of words per page	300		
Length, in pages, of PS	50		
Size (FTE) of legal team (or equivalent) reading legal text	4	2	1
Hours per team member to review 50 pages of legal text	28	21	7
Average hourly cost of legal team (or equivalent) time	£79	£74	£70
Length, in pages, of legal text	65		

14. We expect that large and medium firms will face training costs associated with disseminating the new requirements within their organisations, particularly for product staff who engage with manufacturers and design products and customer journeys. We model these costs using the assumptions below. We assume zero training costs for small firms. This reflects their simpler business models and limited involvement in CCI product design. We expect that any dissemination of the new requirements within small firms would typically be managed within existing processes.

**Table 6: Training Cost Estimates for Distributors**

Firm size	Large	Medium	Small
Average number of product staff per firm to be trained	28	9	0
Average salary of product staff	£74,662	£69,918	£50,891
Total employment cost to firm per person per day	£411	£385	0
Level of training	Basic training		
Training time required	7 hours		

15. We also expect large and medium firms will face IT costs as a result of our intervention, in relation to setting up systems for extracting and reproducing the data contained in the machine-readable files provided by manufacturers. We model these costs using the assumptions below, drawn from an IT project scenario in the SCM. We assume zero IT costs for small firms, as they typically don't operate complex systems requiring integration with machine-readable files.

**Table 7: Distributor IT Costs**

Firm size	Large	Medium	Small
Total person-days across IT project team	46	8	0
Average cost per person-day of IT project team time	£452	£432	N/A

16. We assume that distributors will need to update their internal processes, customer communications and distribution agreements in light of the changes. We model the necessary associated change project using the assumptions in the table below, drawn from a change project scenario in the SCM.

**Table 8: Distributor Change Project Costs**

Firm size	Large	Medium	Small
Person-days of project manager time	5	2	1
Person-days of project team time	40	12	2
Average cost per person-day of project manager time	£471	£446	£326
Average cost per person-day of project team time	£431	£401	£326

## Assessment of costs to manufacturers

17. Of the firms that provided feedback on manufacturer costs, the majority suggested that our estimates understated the costs of implementing the proposals. While most stakeholders did not provide detailed figures, a small number offered headline estimates. We reviewed these figures but did not incorporate them directly into our cost model because they lacked sufficient granularity. Some respondents pointed to specific areas where they felt costs were underestimated, including:

- higher costs for small firms, particularly where they rely on outsourced compliance or technical support services to meet disclosure and reporting requirements;
- additional costs for firms operating multiple disclosure regimes because of divergence between UK and EU standards;
- material costs for non-MiFID firms to publish a machine-readable file, as they do not currently produce such files under MiFID requirements;
- costs for unauthorised manufacturers, particularly CEIFs; and
- the impact on overseas manufacturers in our estimate of the number of manufacturers affected.

### Our response

Respondents raised several points and suggestions regarding our cost-estimates for manufacturers but did not provide quantitative evidence or data to support revisions. Where relevant, we have noted the absence of evidence in our responses to specific points below.

We have maintained our original estimates to manufacturers, as the evidence provided by respondents was not sufficient to support revisions. Below, we set out our response to the specific ways in which respondents suggested our estimates may understate manufacturers' costs.

*Small firms and outsourcing:* We used the SCM to estimate costs for all manufacturers, including small firms. The assumptions used in the

model are based on consultation with firms and trade bodies, software vendors, a review of previous CBAs, desk-based research and internal consultation. While we recognise that some smaller firms may need to outsource support from third-party providers to make the changes, firms did not provide us with any evidence or data on the extent of any uplift needed to reflect this.

*Multiple regimes:* Firms are currently subject to different requirements in the UK and EU, as there are methodological and presentational differences between the disclosure regimes under PRIIPs and UCITS. Firms did not provide evidence of how further divergence between these regimes would increase firms' costs beyond what we estimated in our initial CBAs. Further divergence between the UK and the EU regimes is likely even if we did not introduce the changes set out in this policy statement, as the EU regime is evolving. For example, the EU has announced its intention to amend the contents of the PRIIPs KID under its Retail Investment Strategy.

*Machine-readable files:* While we recognise that some manufacturers affected by our proposals are non-MiFID firms, products in-scope of CCIs are captured by MiFID. So, even non-MiFID firms affected by our proposals will produce information for firms selling or distributing their products. We continue to consider that the additional costs associated with publishing machine-readable files are minimal, as manufacturers are largely already doing this.

*Unauthorised manufacturers:* We included estimates of costs to firms outside our regulatory perimeter in our original CBAs. In the 'Baseline and key assumptions' section of CP24/30, we combined data from different sources to capture unauthorised firms in our list of affected manufacturers as well as authorised ones. In light of feedback from CEIFs, we reviewed the data. As we expect nearly all costs to be met by the AIFM, the majority of costs for CEIF manufacturers are captured in the CBA for authorised firms. CEIFs for which the AIFM could not be matched to a firm in our SCM were treated as unauthorised manufacturers in the CBA, together with overseas firms and other relevant entities. We acknowledge that CEIFs are likely to incur minor costs related to the attribution of responsibilities, but we have not received sufficient information to quantify these.

Stakeholders did not provide us with evidence that would allow us to update our estimates of the costs of our proposals to unauthorised manufacturers.

*Overseas manufacturers:* Our estimate of the number of manufacturers affected, and the costs they would face, included overseas manufacturers.

In summary, while we acknowledge the concerns raised by respondents, we have not received sufficient evidence to justify revising our original cost estimates for manufacturers, including small, unauthorised, and overseas firms.

## Distribution of liability

---

- 18.** Our CBA in CP24/30 suggested that our proposals would shift some liability from manufacturers to distributors. Some stakeholders noted that distributors may face greater liability but questioned whether there would in fact be any associated reduction in manufacturers' liability. They asked us to clarify this.

### Our response

Our suggestion that some liability would move from manufacturers to distributors related to our initial proposal that distributors would have the freedom to amend a manufacturer's product summary or to produce their own. In cases where distributors did so, they would bear some or all the liability. Our policy has changed so that the product summary will be the sole responsibility of the manufacturer. As a result, the earlier suggestion no longer applies.

---

## Impacts on third-party providers of KIDs

---

- 19.** One stakeholder felt that our CBAs had not properly accounted for the impacts of our proposals on third-party providers of KIDs.

### Our response

In our CBA in CP24/30, we noted that some firms outsource the production of KIDs to third-party firms. However, we explained that we lacked the data needed to identify or estimate the proportion of KID production that is outsourced. This meant that we could not estimate how this outsourcing affected the costs of our proposals for manufacturers or for third-party KID producers themselves. Therefore, we made a conservative assumption that all affected manufacturers would have to make changes to their own systems and processes and incur costs to comply with our proposals. We have not received information from stakeholders that would allow us to estimate the extent of KID production outsourcing or the number of third-party KID producers and change our cost estimates accordingly. We do not think this affects our assessment that the policy is proportionate.

---

## Assessment of benefits

---

- 20.** Several stakeholders noted that many of the benefits that we expected our proposals to have were not quantified. They argued that this makes it difficult to assess the overall proportionality of the proposals.

### Our response

In preparing the CBAs in CP24/30 and CP25/9, we considered how we could quantify the benefits of our proposals but found that it was not reasonably practicable to do so. This remains our assessment. Nonetheless, we believe that the benefits we have identified are such that our proposals are proportionate. This is supported by the feedback we received on our proposals during the consultations and the breakeven analyses we presented in our CBAs.

In CP25/9, we noted that around 12.6m UK adults hold an investment that could be classed as a CCI. Taking the updated Equivalent Annual Net Direct Costs to Business (EANDCB) for the intervention in full of £7.6m, this implies that each adult holding a CCI would, on average, have to see an annual benefit of £0.60 per year for our policy to 'break even'. We consider that this is achievable, and that our intervention is proportionate.

---

## Annex 2

# List of non-confidential respondents

We are obliged to include a list of the names of respondents to our consultation who have consented to the publication of their name. That list is as follows:

### CP24/30

---

Aberdeen Group PLC  
Association for Financial Mutuals (AFM)  
Association for Financial Markets in Europe (AFME)  
Association of British Insurers (ABI)  
Association of Investment Companies (AIC)  
Association of the Luxembourg Fund Association  
Barclays Bank PLC  
British Private Equity and Private Venue Capital Association (BVCA)  
Chartered Financial Analyst Society & Institute (CFA)  
Cost Disclosure Group  
Financial and Inclusion Markets Centre  
Financial Services Consumer Panel  
Financial Services Practitioner Panel  
Freetrade  
HarrisRose & Partners  
Investment Association (IA)  
Investment Company Institute (ICI)  
Interactive Investor  
International Capital Markets Association (ICMA)  
James Grassick  
Lauren Thomas  
Mobius Life Ltd  
Optima Partners  
Philip J Milton & Company PLC  
Phoenix Group  
Personal Investment Management & Financial Advice Association (PIMFA)

Roger Cooper  
Sanlam Investments UK  
Schroders  
ShareSoc  
The Investing and savings Alliance (TISA)  
UK Shareholders Association (UKSA)  
Vince Chandler

## CP25/9

---

Aberdeen Group PLC  
AJ Bell  
Association of British Insurers (ABI)  
Association of Investment Companies (AIC)  
Association of the Luxembourg Fund Industry  
British Private Equity and Private Venue Capital Association (BVCA)  
Chartered Financial Analyst Society & Institute (CFA)  
Cost Disclosure Group  
Financial Services Consumer Panel  
Financial Services Practitioner Panel  
Investment Association (IA)  
Investment Company Institute (ICI)  
Personal Investment Management & Financial Advice Association (PIMFA)  
Schroders  
The Investing and savings Alliance (TISA)  
UK Shareholders Association (UKSA)

## Annex 3

# Abbreviations used in this paper

Abbreviation	Description
<b>ACS</b>	Authorised contractual schemes
<b>AIFM</b>	Alternative Investment Fund Manager
<b>AIFMD</b>	Alternative Investment Fund Managers Directive
<b>CBA</b>	Cost benefit analysis
<b>CCI</b>	Consumer composite investment
<b>CEIF</b>	Closed-ended investment fund
<b>CFD</b>	Contract for difference
<b>COBS</b>	Conduct of Business Sourcebook
<b>CP</b>	Consultation Paper
<b>DAR</b>	Designated Activities Regime
<b>DEPP</b>	Decision Procedure and Penalties Manual
<b>DISC</b>	Product Disclosure Sourcebook
<b>DISP</b>	Dispute Resolution: Complaints Sourcebook
<b>EANDCB</b>	Estimated annual net direct cost to business
<b>EEA</b>	European Economic Area
<b>EIS</b>	Enterprise Investment Scheme
<b>ESG</b>	Environmental, social and governance
<b>ESMA</b>	European Securities and Markets Association
<b>ETF</b>	Exchange Traded Fund
<b>EU</b>	European Union

Abbreviation	Description
<b>EURIBOR</b>	Euro Interbank Offered Rate
<b>FCA</b>	Financial Conduct Authority
<b>FLS</b>	Financial Lives Survey
<b>FSCS</b>	Financial Services Compensation Scheme
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>FX</b>	Foreign Exchange
<b>GBP</b>	British Pound Sterling
<b>IBIP</b>	Insurance-based investment product
<b>IOSCO</b>	International Organization of Securities Commissions
<b>KID</b>	Key information document
<b>KII</b>	Key Investor Information
<b>KIID</b>	Key investor information document
<b>LTAF</b>	Long term asset fund
<b>MiFID</b>	Markets in Financial Instruments Directive
<b>MOP</b>	Multi-option product
<b>NAV</b>	Net asset value
<b>NPV</b>	Net present value
<b>NURS</b>	Non-UCITS retail schemes
<b>OCF</b>	Ongoing costs figure
<b>OFR</b>	Overseas funds regime
<b>PRIIPs</b>	Packaged retail and insurance-based investment products
<b>PRIN</b>	Principles for Business
<b>PS</b>	Policy Statement
<b>QIS</b>	Qualified investor schemes

Abbreviation	Description
<b>RDC</b>	Regulatory Decisions Committee
<b>SCARP</b>	Structured capital-at-risk Product
<b>SCM</b>	Standardised cost model
<b>SDR</b>	Sustainability disclosure requirements
<b>UCITS</b>	Undertakings for collective investment in transferable securities
<b>US</b>	United States
<b>UK</b>	United Kingdom
<b>VCT</b>	Venture capital trust
<b>VEV</b>	Value-at-risk equivalent volatility
<b>VJ</b>	Financial Ombudsman's Voluntary Jurisdiction

## Appendix 1

### Made rules (legal instrument)

**CONSUMER COMPOSITE INVESTMENTS INSTRUMENT 2025****Powers exercised**

A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following 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 137D (FCA general rules: product intervention);
  - (d) section 137R (Financial promotion rules);
  - (e) section 137T (General supplementary powers);
  - (f) section 138D (Actions for damages);
  - (g) section 139A (Power of the FCA to give guidance);
  - (h) section 210 (Statements of policy);
  - (i) section 247 (Trust scheme rules);
  - (j) section 261I (Contractual scheme rules);
  - (k) section 274 (Applications for recognition of individual schemes);
  - (l) section 283 (Facilities and information in UK); and
  - (m) section 395 (The FCA’s and PRA’s procedures);
- (2) regulation 6 of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228);
- (3) the following provisions of the Public Offers and Admissions to Trading Regulations 2024 (SI 2024/105):
  - (a) regulation 14 (FCA rules relating to admissions to trading on regulated market); and
  - (b) regulation 18 (Further provision about regulated market admission rules);
 and
- (4) regulation 6 of the Consumer Composite Investments (Designated Activities) Regulations 2024 (SI 2024/1198).

B. The rule-making powers listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. All parts of this instrument except Part 2 of Annex A come into force on 6 April 2026.
- D. Part 2 of Annex A comes into force on 7 May 2026.

## Amendments to the Handbook

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

(1)	(2)
Glossary of definitions	Annex A
General Provisions sourcebook (GEN)	Annex B
Conduct of Business sourcebook (COBS)	Annex C
Banking: Conduct of Business sourcebook (BCOBS)	Annex D
Product Intervention and Product Governance sourcebook (PROD)	Annex E
Environmental, Social and Governance sourcebook (ESG)	Annex F
Decision Procedure and Penalties manual (DEPP)	Annex G
Collective Investment Schemes sourcebook (COLL)	Annex H
Investment Funds sourcebook (FUND)	Annex I
Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (PRM)	Annex J
Product Disclosure sourcebook (DISC)	Annex K

## Amendments to material outside the Handbook

- F. The Enforcement Guide (ENFG) is amended in accordance with Annex L to this instrument.

## Revocation of Level 3 Materials

- G. The FCA revokes the following Level 3 Materials, which appear on the FCA Handbook website under the PRIIPs dossier:
- (1) ‘Joint ESA supervisory statement concerning the performance scenarios in the PRIIPs KID’ (published 8 February 2019);
  - (2) ‘PRIIPs - Flow diagram for the risk and reward calculations in the PRIIPs KID’ (published 16 August 2017); and
  - (3) ‘Questions and Answers on the PRIIPs KID’ (published 20 November 2017).

## Interpretation

- H. In this instrument, any reference to direct EU legislation is a reference to it as it forms part of assimilated law.

## Notes

- I. 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**

- J. This instrument may be cited as the Consumer Composite Investments Instrument 2025.

By order of the Board  
27 November 2025

## Annex A

## Amendments to the Glossary of definitions

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

**Part 1: comes into force on 6 April 2026**

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>additional product communication</i>	any communication to a <i>retail investor</i> about a <i>consumer composite investment</i> other than the <i>product summary</i> .
<i>assumed investment amount</i>	a hypothetical assumed investment amount of: <ul style="list-style-type: none"> <li>(a) £10,000 for <i>consumer composite investments</i> other than regular premium <i>consumer composite investments</i>; or</li> <li>(b) £1,000 annually for regular premium <i>consumer composite investments</i>.</li> </ul>
<i>consumer composite investment</i>	the <i>investments</i> set out in <i>DISC</i> 1A.2.1R.
<i>Consumer Composite Investments Regulations</i>	the Consumer Composite Investments (Designated Activities) Regulations 2024 (SI 2024/1198).
<i>core information disclosures</i>	together, <i>general product information</i> , <i>risk and return information</i> , <i>costs and charges information</i> and <i>performance information</i> .
<i>costs and charges information</i>	the information set out in <i>DISC</i> 6.1.1R.
<i>DISC</i>	the Product Disclosure sourcebook.
<i>general product information</i>	the information in <i>DISC</i> 4.1.1R.
<i>one-off costs</i>	the costs and charges set out in <i>DISC</i> 6.4.1R.
<i>one-off entry costs</i>	the costs and charges set out in <i>DISC</i> 6.4.1R(2).
<i>one-off entry costs figure</i>	the sum of all <i>one-off entry costs</i> rounded to the nearest whole number.

<i>one-off exit costs</i>	the costs and charges set out in <i>DISC</i> 6.4.1R(3).
<i>one-off exit costs figure</i>	the sum of all <i>one-off exit costs</i> rounded to the nearest whole number.
<i>ongoing costs</i>	the costs and charges set out in <i>DISC</i> 6.4.4R.
<i>ongoing costs figure</i>	the sum of all <i>ongoing costs</i> rounded to the nearest whole number.
<i>performance information</i>	the information and statements in <i>DISC</i> 7.1.1R.
<i>product summary</i>	the document the <i>manufacturer</i> of a <i>consumer composite investment</i> is required to prepare by <i>DISC</i> 3.1.1R.
<i>relevant designated activity</i>	has the meaning given in section 71T(1) of the <i>Act</i> , being an activity that is a designated activity as a result of a provision specified in Part 1 of Schedule 6C of the <i>Act</i> .
<i>relevant Part 5A direction</i>	has the meaning given in section 71U of the <i>Act</i> , being a direction given under section 71O of the <i>Act</i> by virtue of designated activity regulations that are specified in the first column of the Table in Part 3 of Schedule 6C of the <i>Act</i> , other than a direction (if any) of a description specified in the corresponding entry in the second column.
<i>relevant Part 5A requirement</i>	has the meaning given in section 71T(2) of the <i>Act</i> being, in relation to a provision of the <i>Act</i> listed in the first column of the Table in Part 2 of Schedule 6C, a requirement that: <ul style="list-style-type: none"> <li>(a) is imposed by virtue of any of the designated activity regulations specified in the corresponding entry in the second column; and</li> <li>(b) is of any of the descriptions specified in the corresponding entry in the third column.</li> </ul>
<i>retail investor</i>	(in <i>GEN</i> , <i>COBS</i> , <i>COLL</i> , <i>DISC</i> and the Investment Funds sourcebook) a <i>person</i> meeting the criteria in <i>DISC</i> 1A.1.5R.
<i>risk and return information</i>	the information set out in <i>DISC</i> 5.1.1R.
<i>risk and return score</i>	the score for a <i>consumer composite investment</i> on a scale of 1 to 10 produced in accordance with <i>DISC</i> 5.1.2R.
<i>structured product</i>	a fixed-term, non- <i>deposit</i> investment product, typically a <i>debt security</i> combining or embedding a <i>derivative</i> or which has <i>derivative</i> -like features, whether or not featuring gearing or leveraged upside potential and whether or not featuring any capital protection, where the level of interest or yield payable or risk to the capital payout at maturity is linked to the performance of or fluctuations in value of one or more reference

indices, benchmarks, financial instruments, currency exchange rates or commodities.

*structured UCITS* (in *COBS* 10A) a *UCITS* which provides investors, at certain predetermined dates, with algorithm-based payoffs that are linked to the performance, or to the realisation of price changes or other conditions, of financial assets, indices or reference portfolios or *UCITS* with similar features.

*transaction costs figure* the sum of all *transaction costs* rounded to the nearest whole number.

Amend the following definitions as shown.

[*Editor's note*: the definition of 'closed-ended investment fund' takes into account the changes introduced by the Prospectus Instrument 2025 (FCA 2025/30), which come into force on 19 January 2026.]

- closed-ended investment fund*
- (1) (in *UKLR* ~~and~~ *ESG* and *DISC*) an entity:
    - (a) which is an undertaking with limited liability, including a company, limited partnership, or *limited liability partnership*; and
    - (b) whose primary object is investing and managing its assets (including pooled funds contributed by holders of its *listed securities*):
      - (i) in property of any description; and
      - (ii) with a view to spreading investment risk.
  - ...
- comparator benchmark*
- (1) (in relation to a *UCITS* scheme and a *non-UCITS* retail scheme) as defined in *COLL* 4.2.5R(3)(c-b)(iii).
  - (2) (in relation to a *qualified investor* scheme, a *long-term asset fund* and a *recognised* scheme) as defined in *DISC* 7.3.6R(3).
- complaint*
- ...
  - (4) ...
  - (5) (in *DISC*) any oral or written expression of dissatisfaction, from, or on behalf of, a *retail investor* and which relates to the *firm's* actions or omissions as *manufacturer* or *distributor* of a *consumer composite investment*.

- constraining benchmark*
- (1) (in relation to a UCITS scheme and a non-UCITS retail scheme) as defined in COLL 4.2.5R(3)(c-b)(ii).
  - (2) (in relation to a qualified investor scheme, a long-term asset fund, and a recognised scheme) as defined in DISC 7.3.6R(2).

[Editor's note: the definition of 'director' takes into account the changes introduced by the Prospectus Instrument 2025 (FCA 2025/30), which come into force on 19 January 2026. Further changes to this definition will take effect on 7 May 2026 (see FCA 2025/38).]

- director*
- (1) (except in COLL, DTR, UKLR, PRM ~~and~~ MAR 5-A and DISC TP 1) (in relation to any of the following (whether constituted in the United Kingdom or under the law of a country or territory outside it)):  
 ...
  - (2) (in COLL and DISC TP 1) a director of an ICVC, including (in accordance with regulation 2(1) of the OEIC Regulations) a person occupying in relation to the ICVC the position of director, by whatever name called.

*distribute*

- ...
- (6) ...
  - (7) (in COBS 6, COBS 13, COBS 14, COLL 9 and DISC):
    - (a) in relation to an authorised person, means to carry on any of the following activities:
      - (i) selling, or offering to sell, an investment to an investor;
      - (ii) dealing, or arranging a deal in an investment with or for an investor where the investor is to enter into the deal as buyer; or
      - (iii) advising an investor on the merits of entering an investment, including making a personal recommendation to enter the investment;
    - (b) (in DISC only) in relation to an unauthorised person, means to carry on any of the designated activities specified by regulation 5(1)(b), (c) and (d) of the Consumer Composite Investments Regulations.

*distributor*

...

- (5) ...
- (6) (in DISC) a person who distributes a consumer composite investment.
- efficient portfolio management* (in *COLL* and *DISC*) techniques and instruments which relate to *transferable securities* and *approved money-market instruments* and which fulfil the following criteria:
- ...
- feeder fund* (in *ESG* and *DISC*) any of the following:
- ...
- firm* ...
- (13) ...
- (14) (in DISC and PROD 2) either:
- (a) an authorised person; or
- (b) an unauthorised person carrying on a designated activity specified by regulation 5 of the Consumer Composite Investments Regulations.

[Editor's note: further changes to the definition of 'fund' will take effect on 7 May 2026 (see FCA 2025/38). See Part 2 of Annex A.]

- fund* (1) (other than in DISC) an AIF or a collective investment scheme.
- (2) (in DISC) an AIF, a collective investment scheme or a closed-ended investment fund.
- Holloway policy special application conditions* conditions that will be met by a *firm* where:
- (a) in the case of a *firm* which underwrites *Holloway sickness policies*:
- (i) all of the *Holloway sickness policies* of a particular type underwritten by the *firm* show a projected maturity value of not more than 20% of accumulated *premiums* at the mid-rate projection in the *key features illustrations* prepared for the purposes of COBS 13.1.1R(2) (or would have shown such a projected maturity value but for the fact that no *key features illustrations* are required to be prepared because the *Holloway sickness policies* are *PRHPs consumer composite investments* and to which COBS 13.1.1R(2) does not therefore apply);

except that no more than 5% of the relevant *Holloway sickness policies* underwritten by the *firm* may show a projected maturity value of between 20% and 25% of accumulated *premiums* at the mid-rate projection in the *key features illustrations* prepared for the purposes of COBS 13.1.1R(2) (or which would have been prepared but for the fact that such *Holloway sickness policies* are ~~PRHPs~~ consumer composite investments);

...

...

*insurance-based  
investment  
product*

- (1) (other than in DISC) a contract of insurance which offers a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed, directly or indirectly, to market fluctuations, and does not include:

...

- (2) (in DISC) a policy which offers a maturity or surrender value payable on terms that meet the criteria for a consumer composite investment including, for example:

- (a) a unit-linked policy;
- (b) a with-profits policy; and
- (c) a Holloway sickness policy.

*manufacture*

... ...

- (5) ...
- (6) (in COBS 6.1ZA, COBS 13, COLL, DISC and the Investment Funds sourcebook) in relation to an authorised person, to create, develop, design, issue, manage, operate or carry out a consumer composite investment, including making, or being able to make, changes to a term, condition or feature of a consumer composite investment.
- (7) (in DISC only) in relation to an unauthorised person, to carry on the designated activity specified by regulation 5(1)(a) of the Consumer Composite Investments Regulations.

*manufacturer*

...

- (5) ...
- (6) (in COBS 6.1ZA, COBS 13, COLL, DISC and the Investment Funds sourcebook) a person who manufactures a consumer composite investment.

<i>master fund</i>	(in <i>ESG</i> and <i>DISC</i> ) any of the following:  ...
<del><i>non-PRIIP non-CCI packaged product</i></del>	a packaged product other than a <del><i>packaged retail and insurance-based investment product (PRIIP)</i></del> <u>consumer composite investment</u> .
<i>target benchmark</i>	(1) <u>(in relation to a UCITS scheme and a non-UCITS retail scheme) as defined in COLL 4.2.5R(3)(c-b)(i).</u>  (2) <u>(in relation to a qualified investor scheme, a long-term asset fund and a recognised scheme) as defined in DISC 7.3.6R(1).</u>
<i>temporary product intervention rule</i>	(a) a rule made under sections 137D and 138M of the <i>Act</i> ; <u>or</u>  (b) <u>a rule made under regulation 6 of the Consumer Composite Investments Regulations and section 138M of the Act (as applied by those Regulations).</u>
<i>transaction costs</i>	(1) (for the purposes of COBS 19.5 and COBS 19.8) means costs incurred as a result of the buying, selling, lending or borrowing of <i>investments</i> .  (2) <u>(in DISC and COBS 6.1ZA.14BR(3)(b)) the costs and charges set out in DISC 6.5.1R.</u>
<i>website conditions</i>	...

[Note: article 23(5) of the *IDD* and ~~article 38(2) of the *KII Regulation*~~]

Delete the following definitions. The text is not struck through.

<i>EEA key investor information document</i>	a document that:  (1) relates to an <i>EEA UCITS scheme</i> ;  (2) complies with the requirements of Commission Regulation (EU) No 583/2010 as it had effect in the <i>United Kingdom</i> immediately before <i>exit day</i> ; and  (3) is provided in English.
<i>key information document</i>	a document that is drawn up for a <i>PRIIP</i> in accordance with the <i>PRIIPs Regulation</i> .

<i>key investor information</i>	<p>(1) (for a <i>UCITS</i>) key information for investors on the essential elements of a <i>UCITS scheme</i> as detailed in the <i>KII Regulation</i>;</p> <p>(2) (for a <i>non-UCITS retail scheme</i>) key information for investors on the essential elements of a <i>KII-compliant NURS</i> as detailed in <i>COLL 4.7.2R</i> (Key investor information).</p>
<i>key investor information document</i>	a short <i>document</i> containing <i>key investor information</i> for investors in a <i>UCITS scheme</i> on the essential elements of the <i>scheme</i> , as detailed in <i>COLL 4.7.2R</i> (Key investor information).
<i>KII-compliant NURS</i>	a <i>non-UCITS retail scheme</i> where the <i>authorised fund manager</i> or <i>ICVC</i> has prepared a <i>NURS-KII document</i> instead of a <i>key information document</i> .
<i>KII Regulation</i>	the <i>UK</i> version of Commission Regulation (EU) No 583/2010, specifying the form and contents of <i>key investor information</i> , the text of which is reproduced in <i>COLL Appendix 1UK</i> , which is part of <i>UK</i> law by virtue of the <i>EUWA</i> .
<i>NURS-KII document</i>	a <i>document</i> prepared for a <i>retail client</i> in a <i>non-UCITS retail scheme</i> which contains the <i>key investor information</i> required by <i>COLL 4.7.2R</i> (Key investor information).
<i>packaged retail and insurance-based investment product</i>	<p>a product that is:</p> <p>(1) a packaged retail and insurance-based investment product within the meaning of article 4(3) of the <i>PRIIPs Regulation</i>; and</p> <p>(2) not exempt from the application of the <i>PRIIPs Regulation</i> under articles 2(2) or 32 thereof.</p>
<i>PRIIP</i>	a <i>packaged retail and insurance-based investment product</i> .
<i>PRIIPs Regulation</i>	the <i>UK</i> version of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), which is part of <i>UK</i> law by virtue of the <i>EUWA</i> .
<i>PRIIPs technical standards</i>	the <i>UK</i> version of Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the

requirement to provide such documents, which is *UK* law by virtue of the *EUWA*.

*synthetic risk and reward indicator* (in *COLL*) a synthetic indicator within the meaning of article 8 of the *KII Regulation*.

[Note: article 2(2) of the *UCITS implementing Directive No 2*]

## **Part 2: comes into force on 7 May 2026**

Amend the following definition as shown.

- fund*
- (1) (other than in *DISC*, *CASS 15*, *SUP 3A* and *SUP 16 Annex 29BR*) an *AIF* or a *collective investment scheme*.
  - (2) (in *DISC*) an *AIF*, a *collective investment scheme*, or a *closed-ended investment fund*.

[*Editor's note*: the amendment to the Glossary definition of 'fund' on 7 May 2026 overwrites the amendment to this Glossary definition set out in the Payments and Electronic Money (Safeguarding) Instrument 2025 (FCA 2025/38), which was due to come into effect on the same date.]

## Annex B

### Amendments to the General Provisions sourcebook (GEN)

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

#### 4            Statutory status disclosure

...

#### 4.2        Purpose

...

4.2.2      G      There are other pre-contractual information requirements outside this chapter, including:

...

(2A)    for ~~PRIPs~~ consumer composite investments, a requirement under ~~the PRIPs Regulation~~ DISC to provide ~~retail investors (as defined in that Regulation)~~ retail investors with a ~~key information document~~ product summary;

...

## Annex C

## Amendments to the Conduct of Business sourcebook (COBS)

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

## 4 Communicating with clients, including financial promotions

### 4.1 Application

...

~~What? Modification relating to the KII Regulation~~

4.1.7A R ~~The rules in this chapter do not apply in relation to the form or content of a key investor information document, an EEA key investor information document or a NURS KII document. [deleted]~~

4.1.7B G (1) ~~The KII Regulation specifies in an exhaustive manner the form and content of the key investor information document for a UCITS scheme. [deleted]~~

(2) ~~The form and content of a NURS KII document is specified by COLL 4.7.3AR (Form and content of a NURS KII document) and in COLL Appendix 2R (Modifications to the KII Regulation for KII compliant NURS).~~

~~[Note: see article 3(1) of the KII Regulation]~~

[Editor's note: further changes to COBS 4.6.1R will take effect on 19 January 2026.]

4.6.1 R (1) Subject to (2) ~~and (3)~~ to (4), this section applies to a *firm* in relation to:

...

...

(3) ...

(4) COBS 4.6.2R to COBS 4.6.5G (Past performance) do not apply in relation to performance information presented in a consumer composite investment's product summary.

Past performance

...

- 4.6.4 G If a *financial promotion* includes information referring to the past performance of a ~~packaged product~~ non-CCI packaged product that is not a *financial instrument*, a firm will comply with the rule on appropriate performance information (COBS 4.6.2R(2)) if the *financial promotion* includes, in the case of a *scheme*, unit-linked *life policy*, unit-linked *personal pension scheme* or unit-linked *stakeholder pension scheme* (other than a unitised with-profits *life policy* or *stakeholder pension scheme*) past performance information calculated and presented in accordance with the table in COBS 4.6.4AG.

...

- 4.6.4B G (1) The *firm* should present the information referred to in COBS 4.6.4G no less prominently than any other past performance information.
- (2) This *guidance* does not apply to a *prospectus*, ~~key investor information document~~ or ~~NURS KII document~~ drawn up in accordance with *COLL* or a *product summary* drawn up in accordance with applicable requirements in *DISC*.

- 4.6.5 G (1) In relation to a ~~packaged product~~ non-CCI packaged product (other than a *scheme*, a unit-linked *life policy*, unit-linked *personal pension scheme* or a unit-linked *stakeholder pension scheme* (that is not a unitised with-profits *life policy* or *stakeholder pension scheme*)), the information should be given on:

...

...

...

## 4.7 Direct offer financial promotions

...

### Guidance

...

- 4.7.3 G ...
- (2) A firm communicating or approving a direct offer financial promotion may also be subject to:
- (a) the rules on providing product information in COBS 14.2, including the exceptions in COBS 14.2.5R to COBS 14.2.9R; and
- (b) the requirement in the ~~PRIPs Regulation~~ *DISC* to provide a ~~key information document~~ *product summary*.

- 4.7.4 G In order to enable a *client* to make an informed assessment of a *relevant investment* or *relevant business*, a *firm* may wish to include in a *direct offer financial promotion*:

...

- (3) (in relation to a promotion for a ~~*non-PRIP packaged product*~~ *non-CCI packaged product* that is not a *financial instrument*) a *key features illustration*, in which a *generic projection* may generally be used.

- 4.7.5A G COBS 4.13.2R (Marketing communications relating to UCITS schemes) and COBS 4.13.3R (Marketing communications relating to feeder UCITS) contain additional disclosure requirements for *firms* in relation to marketing communications (~~other than *key investor information*~~) that concern particular investment strategies of a *UCITS scheme*.

...

## 4.13 UCITS

### Application

- 4.13.1 R (1) This section applies to a *firm* in relation to a communication to a *client*, including an *excluded communication*, that is a marketing communication within the meaning of the *UCITS Directive*.
- (2) This section does not apply to:
- (a) *image advertising*; or
  - (b) the *instrument constituting the fund*, the *prospectus*, ~~the *key investor information*~~ or the periodic reports and accounts of a *UCITS scheme*.

[**Note:** recital (58) of the *UCITS Directive*]

### Marketing communications relating to UCITS schemes

- 4.13.2 R (1) A *firm* must ensure that a marketing communication that comprises an invitation to purchase *units* in a *UCITS scheme* and that contains specific information about the *scheme*:
- (a) makes no statement that contradicts or diminishes the significance of the information contained in the *prospectus* and ~~the *key investor information document*~~ a *product summary* for the ~~scheme~~ *scheme*;
  - (b) indicates that a *prospectus* exists for the *scheme* and (where *units* in the *scheme* are made available to *retail investors*) that

~~the key investor information document~~ a product summary is available; and

...

...

[Note: articles 54(3), 70(2), and 70(3) ~~and 77~~ of the *UCITS Directive*]

Marketing communications relating to a feeder UCITS

- 4.13.3 R A firm must ensure that a marketing communication (~~other than a key investor information document~~) relating to a feeder UCITS contains a statement that the feeder UCITS permanently invests at least 85% in value of its assets in *units* of its master UCITS.

[Note: article 63(4) of the *UCITS Directive*]

...

## 6 Information about the firm, its services and remuneration

...

### 6.1ZA Information about the firm and compensation information (MiFID and insurance distribution provisions)

...

~~Costs and associated charges disclosure: MiFID~~

- 6.1ZA.1 R ~~50(1) For the purposes of providing information to clients on all costs and charges pursuant to COBS 6.1ZA.11R ("the relevant rule"), investment firms shall comply with the detailed requirements in paragraphs 2 to 10.~~

4

~~50(1A)~~

- ~~(1) Subject to subparagraph (2), the requirements laid down in the relevant rule do not apply to services provided to professional clients.~~
- ~~(2) The requirements laid down in the relevant rule do apply to services provided to professional clients for investment advice and portfolio management.~~

~~50(2) For ex-ante and ex-post disclosure of information on costs and charges to clients, investment firms shall aggregate the following:~~

- ~~(a) all costs and associated charges charged by the investment firm or other parties where the client has been directed to such other parties, for the investment services(s) and/or ancillary services provided to the client; and~~

- (b) ~~all costs and associated charges associated with the manufacturing and managing of the financial instruments, except any costs of manufacturing and managing shares in a closed ended investment company that is UK listed (as that term is defined in article 2(3) of the PRIIPs Regulation).~~

~~Costs referred to in points (a) and (b) are listed in Annex II to this Regulation. For the purposes of point (a), third party payments received by investment firms in connection with the investment service provided to a client shall be itemised separately and the aggregated costs and charges shall be totalled and expressed both as a cash amount and as a percentage.~~

~~50(3) Where any part of the total costs and charges is to be paid in or represents an amount of foreign currency, investment firms shall provide an indication of the currency involved and the applicable currency conversion rates and costs. Investment firms shall also inform about the arrangements for payment or other performance.~~

~~50(4) In relation to the disclosure of product costs and charges that are not included in the UCITS KIID, the investment firms shall calculate and disclose these costs, for example, by liaising with UCITS management companies to obtain the relevant information.~~

~~50(5) The obligation to provide in good time a full ex ante disclosure of information about the aggregated costs and charges related to the financial instrument and to the investment or ancillary service provided shall apply to investment firms in the following situations:~~

- (a) ~~where the investment firm recommends or markets financial instruments to clients; or~~
- (b) ~~where the investment firm providing any investment services is required to provide clients with a UCITS KIID or PRIIPs KID in relation to the relevant financial instruments.~~

~~50(6) Investment firms that do not recommend or market a financial instrument to the client or are not obliged to provide the client with a KID/KIID shall inform their clients about all costs and charges relating to the investment and/or ancillary service provided.~~

~~50(7) Where more than one investment firm provides investment or ancillary services to the client, each investment firm shall provide information about the costs of the investment or ancillary services it provides. An investment firm that recommends or markets to its clients the services provided by another firm, shall aggregate the cost and charges of its services together with the cost and charges of the services provided by the other firm. An investment firm shall take into account the costs and charges associated to the provision of other investment or ancillary services by other firms where it has directed the client to these other firms.~~

~~50(8) Where calculating costs and charges on an ex-ante basis, investment firms shall use actually incurred costs as a proxy for the expected costs and charges. Where actual costs are not available, the investment firm shall make reasonable estimations of these costs. Investment firms shall review ex-ante assumptions based on the ex-post experience and shall make adjustment to these assumptions, where necessary.~~

~~50(9) Investment firms shall provide annual ex-post information about all costs and charges related to both the financial instrument(s) and investment and ancillary service(s) where they have recommended or marketed the financial instrument(s) or where they have provided the client with the KID/KHD in relation to the financial instrument(s) and they have or have had an ongoing relationship with the client during the year. Such information shall be based on costs incurred and shall be provided on a personalised basis.~~

~~Investment firms may choose to provide such aggregated information on costs and charges of the investment services and the financial instruments together with any existing periodic reporting to clients.~~

~~50(10) Investment firms shall provide their clients with an illustration showing the cumulative effect of costs on return when providing investment services. Such an illustration shall be provided both on an ex-ante and ex-post basis. Investment firms shall ensure that the illustration meets the following requirements:~~

- ~~(a) the illustration shows the effect of the overall costs and charges on the return of the investment;~~
- ~~(b) the illustration shows any anticipated spikes or fluctuations in the costs; and~~
- ~~(c) the illustration is accompanied by a description of the illustration. [deleted]~~

6.1ZA.1 4A G ‘Annex II’ referred to in COBS 6.1ZA.14R is reproduced in *COBS 6 Annex 7R*. [deleted]

#### Disclosure of costs and charges

6.1ZA.1 4B R (1) (a) A firm must disclose to the client, in good time before the relevant service is provided, a reasonable estimate of all costs and charges of the service and of any investment in a financial instrument which the firm has offered or sold to the client, or which the firm has arranged for the client to enter into.

[Note: COBS 6.1ZA.14BR(1)(a) corresponds to what were known as ‘ex-ante’ requirements under article 50 of the UK version of the Commission Delegated Regulation (EU) 2017/565 (MiFID Org Regulation)]

- (b) (i) Where the condition in (ii) is met, the *firm* must disclose on a personalised and annual basis the actually incurred costs and charges of the service provided as well as the costs and charges of investment in the *financial instrument*.
- (ii) The condition is that the *firm* provides the *client* with a relevant service on an ongoing basis in respect of a *financial instrument* which the *firm* has sold to the *client* or arranged for the *client* to buy.
- (iii) A *firm* may opt to provide the disclosure in (i) together with any existing periodic reporting to the *client*.

[Note: COBS 6.1ZA.14BR(1)(b) corresponds to what were known as ‘ex-post’ requirements under article 50 of UK version of the Commission Delegated Regulation (EU) 2017/565 (MiFID Org Regulation)]

- (c) (i) When complying with (a) and (b), the *firm* must also provide the *client* with an illustration showing the cumulative effect of overall costs and charges on the return of the *client’s* investment in the *financial instrument*.
- (ii) The illustration must be accompanied by a description and show any anticipated changes in costs and charges, as applicable.

(2) A relevant service is:

- (a) in respect of a *retail client*, any service involving the carrying on of a *regulated activity* or *ancillary activity*; and
- (b) in respect of a *professional client*, a service which includes or amounts to *investment advice* or *managing investments*.

(3) (a) In complying with the obligations in (1), a *firm* must aggregate the costs and charges specified in COBS 6 Annex 7R, as applicable, in relation to:

- (i) the relevant services provided to the *client*, including costs and charges imposed by the *firm*; and
- (ii) the *manufacture* and *distribution* of the *financial instrument*.
- (b) Where the *financial instrument* is a *consumer composite investment*, the costs and charges of *manufacture* to be disclosed:

- (i) under (1)(a) are the *ongoing costs, one-off costs, and transaction costs* required to be disclosed in the *product summary* by applicable rules in *DISC*, and
- (ii) under (1)(b), where applicable, are the actual figures for *ongoing costs, one-off costs, transaction costs, and any performance fees or carried interest.*
- (c) A *firm* must also itemise and separately disclose to the *client* any third-party payments it receives in connection with the service provided to the *client*.
- (d) The total sum of aggregated costs must be expressed as a cash amount and as a percentage.
- (4) (a) Where more than one *firm* will provide, or has provided, a relevant service to the *client*, each *firm* must disclose the costs and charges relating to its services.
- (b) Where a *firm* recommends to the *client* the relevant service of another *firm*, or otherwise arranges for, facilitates, or directs the *client* to receive the relevant service of another *firm*, it must aggregate the cost and charges of its services together with the costs and charges of the services the other *firm* will provide or has provided.
- (5) The requirements in this *rule* do not apply where the *client* is an *eligible counterparty*.

6.1ZA.1    R    A *firm*'s obligations under COBS 6.1ZA.11R to provide information in relation to the costs and charges of *investment services* and *ancillary services*, the cost of any *investment advice*, and the cost of the *financial instrument* recommended or marketed to the *client* are detailed and exhausted by the requirements of COBS 6.1ZA.14BR.  
4C

...

## 6.4            **Disclosure of charges, remuneration and commission**

...

Disclosure of commission (or equivalent) for packaged products

6.4.3        R        ...

- (4)        This *rule* does not apply if:

...

- (c)        the *firm* provides the *client* with a *key features document*, ~~a *key investor information document*, an EEA *key investor*~~

~~information document or a NURS-KII document~~, in accordance with COBS 14 or a product summary prepared in accordance with DISC, provided that the *firm* discloses to the *client* the actual amount or value of *commission* or *equivalent* within five *business days* of effecting the transaction.

...

...

## 6 Annex 7 Identified costs that should form part of the costs to be disclosed to clients

R This Annex belongs to ~~COBS 6.1ZA.14R~~ COBS 6.1ZA.14BR.<sup>1</sup>

...

Table 2 – All costs and associated charges related to the financial instrument (other than a consumer composite investment<sup>4</sup>) that should form part of the amount to be disclosed.

Cost items to be disclosed		Examples
<b>One-off charges</b>	All costs and charges (included in the price or in addition to the price of the <i>financial instrument</i> ) paid to product providers at the beginning or at the end of the investment in the <i>financial instrument</i> .	Front-loaded management fee, <del>structuring fee<sup>4</sup></del> , distribution fee.
<b>Ongoing charges</b>	All ongoing costs and charges related to the management of the <i>financial instrument</i> that are deducted from the value of the <i>financial instrument</i> during the period of the investment in the <i>financial instrument</i> .	Management fees, service costs, swap fees, securities lending costs and taxes, financing costs.
<b>All costs related to transactions</b>	All costs and charges that are incurred as a result of the acquisition and	Broker commissions, entry- and exit-charges paid by the fund, mark ups embedded in the transaction price, stamp

	disposal of <i>financial instruments</i> .	duty, transactions tax and foreign exchange costs.
<b>Incidental costs</b>		Performance fees.

<sup>1</sup> It should be noted that certain cost items appear in both tables but are not duplicative since they respectively refer to costs of the product and costs of the service. Examples are the management fees (in Table 1, this refers to management fees charged by a *firm* providing the service of *portfolio management* to its *clients*, while in Table 2 this refers to management fees charged by an investment fund manager to its investor) and broker commissions (in Table 1, this refers to commissions incurred by the *firm* when trading on behalf of its *clients*, while in Table 2 this refers to commissions paid by investment funds when trading on behalf of the fund).

<sup>2</sup> Switching costs should be understood as costs (if any) that are incurred by *clients* by switching from one *firm* to another.

<sup>3</sup> Broker commissions should be understood as costs that are charged by *firms* for the execution of orders.

<sup>4</sup> ~~Structuring fees should be understood as fees charged by manufacturers of structured investment products for structuring the products. They may cover a broader range of services provided by the manufacturer.~~

<sup>4</sup> The costs and charges to be disclosed to a *retail customer* in relation to a *consumer composite investment* are those required by *DISC* to be disclosed in the *product summary*. See *COBS 6.1ZA.14BR(3)(b)*.

...

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

...

### 10A.4 Assessing appropriateness: when it need not be done due to type of investment

10A.4.1 R ...

(2) The *financial instruments* referred to in (1)(a)(ii) are any of the following:

...

(d) shares or *units* in a *UCITS*, excluding ~~structured *UCITS* structured *UCITS* as referred to in the second subparagraph of article 36(1) of the *KII Regulation*; or~~

...

...

...

## 13 Preparing product information

### 13.1 The obligation to prepare product information

~~Non-PRHP~~ Non-CCI packaged products, cash deposit ISAs and cash-deposit CTFs

13.1.1 R A *firm* must prepare:

- (1) a *key features document* for each ~~*non-PRHP packaged product*~~ *non-CCI packaged product*, *cash-deposit ISA*, *cash-only lifetime ISA* and *cash-deposit CTF* it produces; and
- (2) a *key features illustration* for each ~~*non-PRHP packaged product*~~ *non-CCI packaged product* it produces;

in good time before those *documents* have to be provided.

PRHPs Consumer composite investments

13.1.1A G (1) ~~The *PRHPs Regulation DISC* requires the manufacturer~~ manufacturer of a *PRHP consumer composite investment* to draw up prepare a *key information document* *product summary* and *core information disclosures* in accordance with the *PRHPs Regulation DISC* in good time before that *PRHP consumer composite investment* is made available to retail investors (as defined in the *PRHPs Regulation*) in the *United Kingdom* for distribution to retail investors.

[~~Note: article 5 of the *PRHPs Regulation*~~]

- (2) Since ~~the *PRHPs Regulation DISC*~~ imposes requirements in relation to the preparation of product information for *PRHPs consumer composite investments*, the rules in *COBS* 13.1 to *COBS* 13.4 do not apply to a *firm* in relation to the ~~manufacture~~ manufacture of a *PRHP consumer composite investment* (except where applicable to *Solvency II Directive* information). *COBS* 13.5 and *COBS* 13.6 continue to apply where relevant.

Application of the *PRHPs* regulation to funds

13.1.1B G (1) ~~A *UCITS management company* is exempt from the *PRHPs Regulation* until 31 December 2026. These *firms* should continue to publish a *key investor information document* until that date (see *COLL* 4.7).~~

- (2) (a) A manager of a *fund* offered to retail investors in the *United Kingdom*, other than a *UCITS*, is able to benefit from this exemption where a the *United Kingdom* applies rules on the format and content of the *key investor information document* which implemented articles 78 to 81 of the *UCITS Directive* to that *fund* (see article 32(2) of the *PRHPs Regulation*).
- (b) The *FCA* has made rules for authorised *fund managers* of non-*UCITS retail schemes* to give them the choice of benefiting from this exemption (see *COLL 4.7*).
- (c) An authorised *fund manager* of a non-*UCITS retail scheme* offered to retail clients in the *United Kingdom* may, until 31 December 2026, draw up either:
- (i) a *key information document* in accordance with the *PRHPs Regulation*; or
- (ii) a *NURS-KII document*.

[**Note:** Article 32(1) of the *PRHPs Regulation* as amended by article 17(1) of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019] [deleted]

#### Information on life policies

...

- 13.1.2A G A firm that effects *life policies* which are also *PRHPs consumer composite investments* should consider whether it is also required the requirements in *DISC* to draw up a *key information document* provide a *product summary* in respect of those *life policies* in accordance with the requirements of the *PRHPs Regulation*.

...

### 13.2 Product information: production standards, form and contents

...

- 13.2.3 G The *Solvency II Directive* information can be included in one or more of a *key features document*, a *key features illustration*, (where permitted by the *PRHPs Regulation DISC*) a *key information document product summary* or any other document.

...

### 13.3 Contents of a key features document

...

Additional requirements for ~~non-PRHP~~ non-CCI packaged products

13.3.2 R Table

A key features document for a <del>non-PRHP packaged product</del> <u>non-CCI packaged product</u> must:	
...	

### 13.4 Contents of a key features illustration

13.4.1 R A key features illustration:

...

- (3) if it is prepared for a ~~non-PRHP packaged product~~ non-CCI packaged product which is not a financial instrument:

...

...

### 13.5 Preparing product information: other projections

...

Projections: other situations

13.5.2 R ...

- (2) This rule applies to a packaged product which is:
- (a) not a financial instrument or an in-force packaged product; and
  - (b) either:
    - (i) a ~~non-PRHP packaged product~~ non-CCI packaged product for which a key features illustration is not required to be provided; or
    - (ii) a PRHP consumer composite investment where the projection is not in ~~the key information document~~ a product summary.

...

### 13.6 Preparing product information: adviser and consultancy charges

...

- 13.6.2 G Where a *firm* agrees to facilitate the payment of an *adviser charge* or *consultancy charge* for a new ~~*non-PRHP packaged product*~~ *non-CCI packaged product*, it will satisfy the *rule* in COBS 13.6.1R by including the *appropriate charges information* in the *key features illustration*.

...

### 13 Charges information for a ~~non-PRHP~~ non-CCI packaged product

#### Annex 3

(except for a personal pension scheme and a stakeholder pension scheme where adviser charges or consultancy charges are to be facilitated by the product)

This annex belongs to COBS 13.4.1R (Contents of a key features illustration)

...

### 13

#### Annex 3

#### Rule 2

R	
2	Effect of charges table
...	

...	
2.2	The effect of charges table:
...	
(2)	for any other <del><i>non-PRHP packaged product</i></del> <u><i>non-CCI packaged product</i></u> must be in the following form:
...	

...

### 14 Providing product information to clients

#### 14.1 Interpretation

- 14.1.1 R In this chapter:

...

- (2) (except in relation to the requirements for consumer composite investments under ~~the PRIIPs Regulation DISC~~) ‘sell’ includes ‘sell, personally recommend or arrange the sale of’ in relation to a *designated investment* and equivalent activities in relation to a *cash-deposit ISA*, *cash-only lifetime ISA* and *cash-deposit CTF*.

## 14.2 Providing product information to clients

### Providing information about ~~PRIPs~~ consumer composite investments

- 14.2.-1 G (1) ~~The PRIIPs Regulation DISC~~ requires a ~~person who advises on, or sells, firm which distributes~~ a ~~PRIP~~ consumer composite investment to provide a ~~retail investor~~ retail investor (as defined in ~~the PRIIPs Regulation~~) in the *United Kingdom* with the ~~key information document~~ a product summary for that ~~PRIP~~ consumer composite investment.

[~~Note: article 13 of the PRIIPs Regulation~~]

- (2) Since ~~the PRIIPs Regulation DISC~~ imposes requirements in relation to the provision of information about ~~PRIPs~~ consumer composite investments, this chapter does not apply to a *firm* when it is ~~advising on, or selling, distributing~~ a ~~PRIP~~ consumer composite investment (except where applicable to *Solvency II Directive* information).
- (3) A *firm* that sells a *life policy* that is also a ~~PRIP~~ consumer composite investment must provide the information required by COBS 14.2.1R(2). Some or all of this information may be included in a ~~key information document~~ product summary if this is required to be provided by, and such inclusion is permitted under, ~~the PRIIPs Regulation DISC~~.

The provision rules for products other than ~~PRIPs~~ consumer composite investments

[*Editor’s note:* the amended subheading ‘The provision rules for products other than consumer composite investments’ applies to COBS 14.2.1 to COBS 14.2.1-C.]

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

- (1) a ~~non-PRIP packaged product~~ non-CCI packaged product to a *retail client*, must provide a *key features document* and a *key features illustration* to that *client* (unless the *packaged product* is a *unit* in a *regulated collective investment scheme*);

...

- (4A) a *lifetime ISA*, which is not a *cash-only lifetime ISA*, to a *retail client* must provide to that *client* the information in COBS 14 Annex 1; and
- (5A) ~~a unit in a KII-compliant NURS must provide the following to a retail client:~~
- (a) ~~a copy of the scheme's NURS-KII document and (unless already provided) the information required by COBS 13.3.1R(2) (General requirements); and~~
  - (b) ~~if that client is present in the United Kingdom, enough information for the client to be able to make an informed decision about whether to hold the units in a wrapper (if the units will, or may, be held in that way); [deleted]~~
- ...
- (7) ~~a unit in a UCITS scheme, or in an EEA UCITS scheme which is a recognised scheme (other than a scheme in (7A)), to a client, must:~~
- (a) ~~provide a copy of the scheme's key investor information document or, as the case may be, EEA key investor information document to that client; and~~
  - (b) ~~where the client is a retail client, provide separately (unless already provided) the information required by COBS 13.3.1R(2) (General requirements) and, if that client is present in the United Kingdom, the information required by (5A)(b). [deleted]~~

...

~~[Note: in respect of (7), articles 1 and 80 of the UCITS Directive]~~

...

14.2.1- R For the purpose of COBS 14.2.1R(7A), in relation to a *unit* in a *scheme* which  
B is an *OFR recognised scheme*, the specified *documents* and information are as follows:

- (1) ~~Where the scheme is an EEA UCITS scheme, the firm must provide a copy of the scheme's EEA key investor information document to that client [deleted]~~
- (2) Where the *client* is a *retail client*, the *firm* must provide separately (unless already provided):

...

14.2.1- BA G In COBS 14.2.1-BR(2), the specified *documents* and information already provided may include the *product summary* and any *additional product communication*.

...

Provision of key investor information document or NURS-KII document

14.2.1A R (1) This ~~rule~~ applies to:

- (a) ~~an authorised fund manager of a UCITS scheme or a KII-compliant NURS that is either an authorised unit trust, authorised contractual scheme or an ICVC; and~~
  - (b) ~~an ICVC that is a UCITS scheme or KII-compliant NURS.~~
- (2) ~~An authorised fund manager and an ICVC in (1) that sells units in a UCITS scheme or a KII-compliant NURS directly, or through another natural or legal person who acts on its behalf and under its full and unconditional responsibility, must ensure that investors are provided with the key investor information document for the UCITS scheme or the NURS-KII document for the KII-compliant NURS.~~
- (3) ~~An authorised fund manager and an ICVC in (1) that does not sell units in a UCITS scheme or a KII-compliant NURS directly, or through another natural or legal person who acts on its behalf and under its full and unconditional responsibility, must ensure that the key investor information document for the UCITS scheme or the NURS-KII document for the KII-compliant NURS is provided on request to product manufacturers and intermediaries selling, or advising investors on, potential investments in those UCITS schemes or KII-compliant NURS or in products offering exposure to them.~~
- (4) ~~The key investor information document or the NURS-KII document must be provided to investors free of charge.~~
- (5) ~~An authorised fund manager and an ICVC in (1) may, instead of providing the key investor information document or NURS-KII document to investors in paper copy in accordance with (2), provide it in a durable medium other than paper or by means of a website that meets the website conditions, in which case the authorised fund manager and ICVC must:~~
- (a) ~~deliver a paper copy of the key investor information document or NURS-KII document to the investor on request and free of charge; and~~
  - (b) ~~make available an up-to-date version of the key investor information document or NURS-KII document to investors on the website of the ICVC or authorised fund manager.~~

~~[Note: articles 80 and 81 of the UCITS Directive] [deleted]~~

...

Provision of information: other requirements

...

- 14.2.1D G Where a *firm* arranges to facilitate the payment of an *adviser charge* or *consultancy charge* for a new ~~*non-PRIP packaged product*~~ *non-CCI packaged product*, the information required by COBS 14.2.1CR should be included in the *key features illustration*.

...

Exception to the provision rules: key features documents ~~and key investor information documents~~

- 14.2.5 R A *firm* is not required to provide:

...

~~[Note: in respect of (3), article 185(8) of the Solvency II Directive]~~

...

~~Exception to the provision rules: key features documents, key features illustrations, key investor information documents and NURS KII documents~~

[Editor's note: the amended subheading 'Exception to the provision rules: key features documents' applies to COBS 14.2.9R to COBS 14.2.10G.]

...

- 14.2.9A R ~~For the purposes of the provision rules in relation to a *key investor information document* or a *NURS KII document*, a *firm*:~~
- ~~(1) may satisfy the requirement to provide the document to the investor by providing it to a *person* who has written authority to make investment decisions on that investor's behalf; and~~
  - ~~(2) is not required to consider as a new transaction:~~
    - ~~(a) a subscription to *units* in a *UCITS scheme*, an *EEA UCITS scheme* or a *KII-compliant NURS* in which the *client* already holds *units*; or~~
    - ~~(b) a series of connected transactions undertaken as the consequence of a single investment decision; or~~

- (e) a decision by the *client* to switch from one class of *units* to another in the same *scheme*;

~~if an up-to-date version of the *key investor information document* or *NURS-KII document* for the *scheme* or the relevant class of *units* has already been provided to that *client*.~~

~~[Note: article 80 of the *UCITS Directive*] [deleted]~~

14.2.10 G (1) ~~[deleted]~~

- (2) ~~The *FCA* would regard a decision to subscribe to a regular monthly savings plan as a single investment decision for the purpose of *COBS* 14.2.9AR (2)(a). However, a subsequent decision by the *client* to increase the amount of the regular contributions to be invested in *units* of a particular *scheme* or to direct the contributions to a different *scheme*, would in each case constitute a new transaction. [deleted]~~

...

The timing rules

14.2.14 R When the *rules* in this section require a *firm* to:

...

- (2) provide a *key features document* or any other *document* or information to a *client*, the *document* or information must be provided free of charge and in good time before the *firm* carries on the relevant business; ~~or,~~
- (3) ~~provide a *key investor information document*, *EEA key investor information document* or *NURS-KII document* to a *client*, it must be provided in good time before the *client's* proposed subscription for *units* in the *scheme*. [deleted]~~

~~[Note: article 80 of the *UCITS Directive*]~~

...

Exception to the timing rules: distance contracts and voice telephony communications

14.2.16 R ...

- (2) ~~The exception in (1) does not apply in relation to the provision of an *EEA key investor information document*, a *key investor information document* or a *NURS-KII document* required to be provided under *COBS* 14.2.1R and *COBS* 14.2.1AR. [deleted]~~

14.2.17 R ...

- (2) ~~The exception in (1) does not apply in relation to the provision of an EEA key investor information document, a key investor information document or a NURS-KII document required to be provided under COBS 14.2.1R and COBS 14.2.1AR. [deleted]~~

...

### 14.3 Information about designated investments (non-MiFID provisions)

...

Satisfying the provision rules

- 14.3.7 G Providing a key features document, ~~key investor information document, EEA key investor information document or NURS-KII document~~ or product summary may satisfy the requirements of the rules in this section.

...

Information about UCITS schemes and non-UCITS retail schemes

- 14.3.11 R If a *firm* provides a *client* with a ~~key investor information document or EEA key investor information document~~ 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 for the *UCITS scheme* or *non-UCITS retail scheme* itself, including the exit and entry commissions.

~~Information about KII-compliant NURS~~

- 14.3.11 R If a *firm* provides a *client* with a ~~NURS-KII document~~ it will have provided appropriate information for the requirement to disclose information on:
- A
- (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 for the *KII-compliant NURS* itself, including the exit and entry commissions. [deleted]~~

Distributor disclosure requirements for UCITS or ~~KII-compliant NURS~~ non-UCITS retail schemes

- 14.3.12 G ~~A key investor information document and EEA key investor information document or a NURS KH document provide~~ product summary provides sufficient information in relation to the costs and associated charges in respect of the UCITS or ~~KH-compliant NURS~~ non-UCITS retail scheme itself. However, a firm ~~distributing~~ distributing units in a UCITS or ~~KH-compliant NURS~~ 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 ~~KH-compliant NURS~~ non-UCITS retail scheme (see COBS 6.1ZA.14BR and DISC 6.6.1R(2)).

## 14.3A Information about financial instruments (MiFID provisions)

...

Information provided in relation to units in collective investment undertakings or PRIIPs

- 14.3A.1 R ~~51 Investment firms distributing units in collective investment undertakings or~~  
1 ~~PRIIPs shall additionally inform their clients about any other costs and associated charges related to the product which may have not been included in the UCITS KID or PRIIPs KID and about the costs and charges relating to their provision of investment services in relation to that financial instrument.~~
- ~~The requirements in paragraph 1 do not include any costs of manufacturing and managing shares in a closed ended investment company that is UK listed (as that term is defined in Article 2(3) of the PRIIPs Regulation). [deleted]~~

...

## 15 Cancellation

...

### 15.2 The right to cancel

...

Start of cancellation period

- 15.2.3 R The cancellation period begins:

...

- (2) from the day on which the *consumer* receives the contractual terms and conditions and any other pre-contractual information required under this sourcebook or ~~the PRIIPs Regulation~~ DISC, if that is later than the date referred to above.

[**Note:** article 186 of the *Solvency II Directive* and article 6(1) of the *Distance Marketing Directive*]

...

Disclosing a right to cancel or withdraw

15.2.5 R ...

- (2) This *rule* applies only where a *consumer* would not otherwise receive similar information under a *rule* in this sourcebook or in a ~~key information document~~ *product summary* from the *firm* or another *authorised person* (such as under the distance marketing disclosure rules (*COBS* 5.1.1R to 5.1.4R), *COBS* 14 (Providing product information) or ~~the PRIIPs Regulation~~ *DISC*).

...

## 18 Specialist Regimes

...

### 18.5 Residual CIS operators and small authorised UK AIFMs

...

Format and content of fund documents

...

- 18.5.6A G Where a *small authorised UK AIFM* of an *unauthorised AIF* or a *residual CIS operator* is required to publish a ~~key information document~~ *product summary*, only information that is additional to that contained in ~~the key information document~~ *a product summary* needs to be disclosed under *COBS* 18.5.5R.

- 18.5.7 G The fund documents of an *unauthorised fund* managed by a *small authorised UK AIFM* or a *residual CIS operator* (if those fund documents exist) should make it clear that if an investor is reclassified as a *retail client*, this reclassification will not affect certain activities of the *firm*. In particular, despite such a reclassification, the *firm* will not be required to comply with the best execution provisions. It should be noted that there is no requirement that fund documents must be produced by a *small authorised UK AIFM* of an *unauthorised fund* or a *residual CIS operator* unless they are required to prepare a ~~key information document~~ *product summary* under ~~the PRIIPs Regulation~~ *DISC*.

...

### 18.5A Full-scope UK AIFMs and incoming EEA AIFM branches

...

Adequate information

...

- 18.5A.1 G Where a *full-scope UK AIFM* is required to publish a *key information document* *product summary*, only information that is additional to that  
2 contained in the *key information document* a *product summary* needs to be disclosed under COBS 18.5A.11R.

...

## TP 2 Other Transitional Provisions

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provisions: coming into force
...					
2.27	The <i>rules and guidance</i> in COBS that relate to a <del>NURS KII document</del> <u>NURS KII document</u>	R	<del>Where the authorised fund manager of a non-UCITS retail scheme, or an ICVC that is a non-UCITS retail scheme, complies with the rules and guidance in COLL that relate to a NURS KII document, in accordance with COLL TP 1.1.46R, by using a key investor information document (as modified by a general direction from the FCA), the rules and guidance in column (2) apply in relation to that document as if a reference to a “NURS KII document” were a reference to that document.</del> [expired]	From 1 January 2018 until 19 February 2018	1 January 2018
2.28	COBS TP 2.27R	G	The effect of COBS TP 2.27R is that where a modified form of a <i>key investor information document</i> has been produced for a <i>non-UCITS retail scheme</i> prior to 1 January 2018, <i>firms</i> may continue to use that <i>document</i> for a short period until the <i>AFM</i> of the <i>KII-compliant NURS</i> has had time	From 1 January 2018 until 19 February 2018	1 January 2018

			to produce a replacement <del>NURS-KH</del> document that complies with <del>COLL</del> Appendix <del>2R</del> . [expired]		
...					

## Annex D

## 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

Application of BCOBS to firms selling structured deposits

...		
Structured deposits as <del>PRIIPs</del> <u>consumer composite investments</u>		
1.5	G	<i>Firms are reminded that structured deposits are <del>PRIIPs</del> <u>consumer composite investments</u> and that the <del>provisions of the PRIIPs Regulation</del> <u>disclosure requirements in DISC</u> apply to such products. <del>The PRIIPs Regulation</del> <u>DISC</u> requires a person who <del>advises on, or sells,</del> <u>distributes</u> (within the meaning of that term in <i>DISC</i>) a <del>PRIIP</del> <u>consumer composite investment</u> to provide a <del>retail investor (as defined in the PRIIPs Regulation)</del> <u>retail investor</u> (within the meaning of that term in <i>DISC</i>) with <del>the key information document</del> <u>a product summary</u> for that <del>PRIIP</del> <u>consumer composite investment</u>.</i>
1.6	G	<i>Where a firm is required to provide information in a <del>key information document</del> <u>accordance with the disclosure requirements in DISC</u>, it will not be required to provide the same information under BCOBS 4.1.</i>
<del>[Note: BCOBS 1.1.4R(3) and article 13 of the PRIIPs Regulation]</del>		

## Annex E

**Amendments to the Product Intervention and Product Governance sourcebook (PROD)**

In this Annex, underlining indicates new text, unless specified otherwise.

**2 Statement of policy with respect to the making of temporary product intervention rules**

**2.1 Purpose**

...

2.1.3 G ...

2.1.4 G (1) The Consumer Composite Investments Regulations apply (with modifications) sections 138M to 138O of the Act to rules made under regulation 6 of those Regulations and require the FCA to adopt a statement of policy with respect to temporary intervention rules.

(2) PROD 2.15 explains how the FCA's policy in this chapter is adopted with respect to making such temporary rules for unauthorised persons.

...

**2.4 Temporary product intervention rules**

...

2.4.2 G ...

2.4.2A G The application (with modifications) of section 138M of the Act by the Consumer Composite Investments Regulations provides a specific exemption to the consultation requirement in relation to temporary product intervention rules made under those Regulations. The FCA may make temporary product intervention rules for unauthorised persons without consultation if it considers that it is necessary or expedient not to comply with such a requirement to advance the consumer protection objective.

2.4.3 G The FCA's discretion to act under section 138M of the Act (including that section as applied by the Consumer Composite Investments Regulations) is therefore wider than under section 138L.

Insert the following new section, PROD 2.15, after PROD 2.14 (Revocation or replacement of rules). All the text is new and is not underlined.

**2.15 Temporary intervention rules for DAR persons – consumer composite investments**

- 2.15.1 G In deciding whether a *rule for unauthorised persons* made under regulation 6 of the *Consumer Composite Investments Regulations* should be made as a *temporary product intervention rule*, the *FCA*'s main consideration will generally be whether prompt action is deemed necessary in seeking to reduce or prevent *consumer detriment* arising from the relevant *consumer composite investment*, or *consumer composite investments* of a similar type or with similar features to the relevant *consumer composite investment*, and any practices relating to them.
- 2.15.2 G Together with the consideration in *PROD 2.15.1G*, the *FCA* will also take into account the considerations in *PROD 2.6* to *PROD 2.9* (except *PROD 2.8.2G*) when making *temporary product intervention rules* for *unauthorised persons* under the *Consumer Composite Investments Regulations*.
- 2.15.3 G The *FCA* will follow the processes and steps outlined in *PROD 2.10* to *PROD 2.14* when making *temporary product intervention rules* for *unauthorised persons* under the *Consumer Composite Investments Regulations*.

## Annex F

### Amendments to the Environmental, Social and Governance sourcebook (ESG)

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

#### 5 Disclosure of sustainability-related information

...

#### 5.2 Consumer-facing disclosures

...

- 5.2.5 G Where applicable, a *manager* may, for the purposes of *ESG 5.2.2R(9)(d)*, choose to refer to documents such as ~~the *key information document*, the *key investor information document* or the *NURS KII document*~~ a *product summary* in relation to the particular *sustainability product*.

...

## Annex G

### Amendments to the Decision Procedure and Penalties manual (DEPP)

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

## 2 Statutory notices and the allocation of decision making

...

### 2.5 Provision for certain categories of decision

...

FCA's own-initiative powers

...

2.5.7B ...

2.5.7C     G     FCA staff under executive procedures will take the decision to give a supervisory notice exercising the own-initiative power to give a relevant Part 5A direction including where the action involves a variation or withdrawal of that direction.

...

## 2 Annex 1 Warning notices and decision notices under the Act and certain other enactments

Note: Third party rights and access to *FCA* material apply to the powers listed in this Annex where indicated by an asterisk \* (see *DEPP* 2.4)

[*Editor's note*: further changes to DEPP 2 Annex 1 will take effect on 19 January 2026 (see FCA 2025/31).]

Section of the Act	Description	Handbook reference	Decision maker
...			
207(1)/ 208(1)	when the <i>FCA</i> is proposing or deciding to publish a statement (under section 205(1)) or impose a financial penalty (under section 206(1)) or suspend a <i>permission</i> or impose a		RDC

	restriction in relation to the carrying on of a <i>regulated activity</i> (under section 206A). This applies in respect of an <i>authorised person</i> , or an <i>unauthorised person</i> to whom section 404C applies.*		
<u>207(1A)/208(1A)</u>	when the <i>FCA</i> is proposing or deciding to publish a statement (under section 205(2)) or impose a financial penalty (under section 206(1A)) or prohibit or restrict the carrying on of a <i>relevant designated activity</i> (under section 206B).*		<u>RDC</u>
...			

...

<b>Packaged Retail and Insurance-based Investments Products Regulations 2017</b>	<b>Description</b>	<b>Handbook reference</b>	<b>Decision maker</b>
<u>Applicable for decisions made under the Packaged Retail and Insurance-based Investments Products Regulations 2017 (SI 2017/1127) relating to things done or omitted before the main commencement date of the <i>Composite Consumer Investments Regulations</i></u>			
Regulations 10(1) and 10(4)	when the <i>FCA</i> is proposing or deciding to take action against a <i>person</i> under regulation 6*		<i>RDC</i>
Paragraph 5(7) of Schedule 1	when the <i>FCA</i> is proposing or deciding to exercise the power under section 384(5) of the <i>Act</i> to		<i>RDC</i>

	require a <i>person</i> to pay restitution*		
--	---	--	--

<b><u>Consumer Composite Investments (Designated Activities) Regulations 2024</u></b>	<b><u>Description</u></b>	<b><u>Handbook reference</u></b>	<b><u>Decision maker</u></b>
<u>Paragraph 3 of Schedule 1</u>	<u>when the <i>FCA</i> is proposing or deciding to exercise the power under section 384 of the <i>Act</i> to require a <i>person</i> to pay restitution*</u>		<u><i>RDC</i></u>

...

## 2 Annex 2 Supervisory notices

[*Editor's note*: further changes to DEPP 2 Annex 2 will take effect on 19 January 2026 (see FCA 2025/31).]

<b>Section of the Act</b>	<b>Description</b>	<b>Handbook reference</b>	<b>Decision maker</b>
...			
55Y(4) 55Y(7) 55Y(8)(b)	when the <i>FCA</i> is exercising its <i>own-initiative requirement power</i>	...	...
<u>71V</u>	<u>when the <i>FCA</i> proposes to give a relevant Part 5A direction, or gives such a direction with immediate effect, or exercises its own initiative to vary or revoke such a direction</u>		<u><i>Executive procedures</i></u>
<u>71X</u>	<u>when the <i>FCA</i> is deciding an application under section 71W to vary or revoke a relevant Part 5A direction</u>		<u><i>Executive procedures</i></u>
...			

...

<b>Packaged Retail and Insurance-based Investments Products Regulations 2017</b>  <u>Applicable for decisions made under the Packaged Retail and Insurance-based Investments Products Regulations 2017 (SI 2017/1127) relating to things done or omitted before the main commencement date of the <i>Composite Consumer Investments Regulations</i></u>	Description	Handbook reference	Decision maker
Regulations 9(3)(a) and (c)	when the <i>FCA</i> is proposing to make an order under regulation 4 or makes an order under regulation 4 with immediate effect		<i>RDC</i>
Regulations 9(3)(b) and (d)	when the <i>FCA</i> is proposing to increase the period of a suspension under regulation 5(2) or increases the period of a suspension under regulation 5(2) with immediate effect		<i>RDC</i>
Regulation 9(6)(a)	when the <i>FCA</i> is deciding to make or vary an order made under regulations 4 or 5(2) in the way proposed		<i>RDC</i>
Regulation 9(6)(b)	when the <i>FCA</i> is deciding not to revoke an order made under regulations 4 and 5(2) or not to		<i>RDC</i>

	rescind the variation of an order made under regulations 4 and 5(2)		
Regulation 9(7)(b)	when the <i>FCA</i> is deciding to make an order under regulations 4 or 5(2) in different terms or to vary an order made under regulations 4 or 5(2) in a different way		<i>RDC</i>

...

...

## **6A The power to impose a suspension, restriction, condition, limitation or disciplinary prohibition**

### **6A.1 Introduction**

6A.1.1 G *DEPP* 6A sets out the *FCA*'s statement of policy with respect to:

- (1) the imposition of suspensions, disciplinary prohibitions or restrictions under sections 88A, 143W ~~and~~, 206A and 206B of the *Act*, and the period for which those suspensions or restrictions are to have effect, as required by sections 88C(1), 89S(1) and 210(1) of the *Act*;

...

6A.1.2 G ...

- (2) "restriction" refers to limitations or other restrictions in relation to:

...

- (d) the dissemination of *regulated information* by a *primary information provider* (under section 89Q(2)(c) of the *Act*); ~~and~~
- (e) the exercising of functions by a *person* of an *FCA investment firm* or a *parent undertaking* of an *FCA investment firm* (under section 143W(5) of the *Act*); ~~and~~
- (f) the carrying on of a relevant designated activity by a person (under section 206B(1)(b) of the *Act*).

...

(5) “disciplinary prohibition” refers to:

...

- (c) a temporary prohibition on an individual directly or indirectly making a bid at an auction conducted by a *recognised auction platform*, on their own account or the account of a third party (under section 123A(2)(c) of the *Act*); ~~or~~
- (d) a temporary prohibition of an individual that has contravened, or has been knowingly concerned in the contravention of, a relevant requirement (as defined by regulation 35 of the *Securitisation Regulations 2024*); ~~and or~~
- (e) the prohibition of a *person* in relation to the carrying on of a *relevant designated activity* (under section 206B(1)(a) of the *Act*); and

...

...

Insert the following new section, DEPP 6A.3B, after DEPP 6A.3A (Determining the appropriate length of the period of limitation for approvals under section 59 of the Act). All the text is new and is not underlined.

**6A.3B      Determining applications for variation or withdrawal of prohibitions under section 206B of the Act**

- 6A.3B.1    G    Section 206B(4) of the *Act* provides that a *person* upon whom a prohibition or restriction has been imposed may make an application for the prohibition or restriction to be withdrawn or varied. When considering these applications, the *FCA* will consider all the relevant circumstances of a case before arriving at a proportionate decision, including the interests of the *person* affected, the ongoing need to deter others from similar misconduct and the ongoing need to guard against the risk of repeat misconduct from the *person* concerned. The relevant circumstances may include, but are not limited to:
- (1) the seriousness of the misconduct that resulted in the prohibition or restriction;
  - (2) the amount of time since the original prohibition or restriction was put in place;
  - (3) any steps taken subsequently by the *person* to remedy the misconduct;

- (4) any evidence which, had it been known to the *FCA* at the time, would have been relevant to the *FCA* 's decision to impose the prohibition or restriction; and
- (5) whether the *person* continues to pose the level of risk to *consumers* or confidence in the *financial system* which resulted in the original prohibition if it is lifted.

6A.3B.2 G The *FCA* will take into account any indication given by the *FCA* in the *final notice* that it is minded to withdraw or vary the prohibition or restriction on application after a certain number of years.

6A.3B.3 G The *FCA* will not generally grant an application to withdraw or vary a prohibition or restriction under section 206B of the *Act* unless it is satisfied that the proposed variation will not result in a reoccurrence of the risk to *consumers* or confidence in the *financial system* that resulted in the imposition of the prohibition or restriction.

## Annex H

### Amendments to the Collective Investment Schemes sourcebook (COLL)

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

#### 4 Investor Relations

...

##### 4.1 Introduction

...

###### Product disclosure

4.1.3     G     (1)     DISC contains rules and guidance which apply to an ICVC, an authorised fund manager of an AUT or ICVC and any other director of an ICVC where the AUT or ICVC is a consumer composite investment made available to a retail investor (see DISC 1A.2). DISC requires a product summary to be prepared in relation to a consumer composite investment.

(2)     The rules and guidance in DISC replace the ‘key investor information’ provisions previously found in COLL 4.7 which applied to UCITS schemes and non-UCITS retail schemes for which a ‘NURS-KII document’ had been drawn up.

...

##### 4.5 Reports and accounts

...

###### Authorised fund manager's report

4.5.9     R     The matters set out in (1) to (13) must be included in any *authorised fund manager's* report, except where otherwise indicated:

...

(9A)     in the case of a *UCITS scheme* or a ~~*KII-compliant NURS*~~ *non-UCITS retail scheme* that does not have a significant exposure to immovables, the ~~figure for the synthetic risk and reward indicator~~ risk and return score and disclosed in its most recent ~~key investor information document~~ or NURS-KII document product summary and any changes to that score that have taken place during the period;

...

...

COLL 4.7 (Key investor information and marketing communications) is deleted in its entirety. The deleted text is not shown but the section is marked [deleted] as shown below.

#### **4.7      ~~Key investor information and marketing communications~~ [deleted]**

Amend the following as shown.

...

#### **4.8      Notifications for UCITS master-feeder arrangements**

...

Information to be provided to unitholders

- 4.8.3      R      (1)      *An authorised fund manager of a UCITS scheme that has been approved by the FCA to operate as a feeder UCITS, including as a feeder UCITS of a different master UCITS, must provide the following information to its unitholders at least 30 calendar days before the date when the feeder UCITS is to start to invest in units of the master UCITS or, if it has already invested in them, the date when its investment will exceed the limit applicable under COLL 5.2.11R(9) (Spread: general):*

...

- (b)      ~~the key investor information of~~ a product summary for the feeder UCITS and the master UCITS;

...

...

...

#### **6      Operating duties and responsibilities**

...

#### **6.7      Payments**

...

Charges on buying and selling units: guidance

- 6.7.8      G      ...

- (4)      (a)      ~~For a UCITS scheme, article 10(2)(a) of the KII Regulation requires the key investor information document to disclose the~~

~~maximum percentage that might be deducted as an entry charge from the investor's capital commitment.~~

- (b) ~~Where a *preliminary charge* is charged as a fixed amount or is calculated as a percentage of the *price* of a *unit*, the *AFM* should ensure that the actual amount charged, if it were expressed as a percentage of the amount being subscribed, does not exceed the maximum percentage stated as the entry charge in the *key investor information document*. [deleted]~~

...

...

#### Prohibition on promotional payments

6.7.12 R ...

- (2) Paragraph (1) does not apply to the costs an *authorised fund* incurs preparing and printing the ~~*key investor information document*, *NURS-KII document* or *key information document product summary*~~, provided the *prospectus* states, in accordance with *COLL* 4.2.5R(13) and (14) (Table: contents of the prospectus), that these costs are properly payable to the *authorised fund manager* from *scheme property*.

...

## 6.9 Independence, names and UCITS business restrictions

...

#### Use of the term 'UCITS ETF'

6.9.8B G ...

- (2) A 'UCITS ETF' should use the identifier 'UCITS ETF' which identifies it as an exchange traded fund. This identifier should be used in its name, fund rules, *instrument of incorporation*, *prospectus*, ~~*key investor information document*~~ *product summary* or marketing communications.

...

...

## 7 Suspension of dealings, termination of authorised funds and side pockets

...

### 7.7 UCITS mergers

...

## Information to be given to unitholders

7.7.10 R ...

- (3) The information *document* to be provided to the *unitholders* of the *merging UCITS* and the *receiving UCITS* under (1) must include the following:

...

- (e) a copy of the ~~key investor information~~ product summary of the *receiving UCITS*.

...

## General rules regarding the content of merger information to be provided to unitholders

7.7.11 R (1) The information *document* that must be provided to *unitholders* under *COLL 7.7.10R* (Information to be given to unitholders) by the *authorised fund manager* of a *UCITS scheme* must be written in a concise manner and in non-technical language.

...

- (3) The information to be provided to the *unitholders* of the *merging UCITS* must meet the needs of investors who have no prior knowledge of the features of the *receiving UCITS* or of the manner of its operation, drawing their attention to the ~~key investor information~~ of product summary for the *receiving UCITS* and emphasising the desirability of reading it.

...

...

## Specific rules regarding the content of merger information to be provided to unitholders of the merging UCITS

7.7.13 R (1) The information *document* that the *authorised fund manager* of a *merging UCITS* must provide to its *unitholders* under *COLL 7.7.10R(3)(b)* must also include:

...

- (b) if the ~~key investor information~~ respective product summaries of the *merging UCITS* and the *receiving UCITS* show ~~synthetic risk and reward indicators in different categories~~ different risk scores, or identify different material risks in the accompanying narrative, a comparison of those differences;

- (c) a comparison of all charges, fees and expenses for both *schemes*, based on the amounts disclosed in their respective ~~key investor information~~ product summaries;

...

...

...

#### ~~Key investor information~~ Product summary

- 7.7.16 R The *authorised fund manager* of a *merging UCITS* must provide an up-to-date ~~version of the key investor information of~~ product summary for the *receiving UCITS* to its existing *unitholders*.

~~[Note: article 5(1) of the UCITS implementing Directive No 2]~~

#### New unitholders

- 7.7.18 R Between the date when the information required under *COLL 7.7.10R* is provided to *unitholders* and the date when the merger takes effect, the information ~~document~~ document and the up-to-date ~~key investor information of~~ product summary for the *receiving UCITS* must be provided to each *person* who purchases or subscribes for *units* in either the *merging UCITS* or the *receiving UCITS* or who asks to receive copies of the *instrument constituting the fund*, *prospectus* or ~~key investor information~~ product summary of either scheme.

~~[Note: article 6 of the UCITS implementing Directive No 2]~~

...

## 7.8 Side pockets

...

#### ~~Modified application of COLL 4.7 (Key investor information and marketing communications)~~

- 7.8.21 R The rules in ~~COLL 4.7.2R (Key investor information)~~ DISC do not require an *authorised fund manager* to draw up a ~~key investor information document or a NURS-KII document~~ product summary in relation to a *side pocket class*.

...

## 8 Qualified investor schemes

...

### 8.3 Investor relations

...

## Drawing up and availability of a prospectus

...

- 8.3.2A G (1) ~~The *PRIIPs Regulation* requires the manufacturer of a *PRIIP* to draw up a key information document in accordance with the *PRIIPs Regulation* before that *PRIIP* is made available to retail investors (as defined in the *PRIIPs Regulation*).~~
- (2) ~~The requirements of the *PRIIPs Regulation* form part of UK law.~~
- (3) ~~As a result, when a *qualified investor scheme* is made available to *retail clients* the authorised fund manager will need to prepare a key information document in accordance with the *PRIIPs Regulation*, in addition to the *prospectus*. [deleted]~~

...

## 9 Recognised schemes

...

## 9.3 Section 272 recognised schemes

Information and documents to be supplied for a section 272 application

9.3.1 D ...

- (4) The operator of the scheme must provide the following information and documents with the application:

...

- (m) (where applicable) a ~~copy of the key information document~~ product summary (see *COLL 9.3.4G DISC*).

...

Preparation of a ~~key information document~~ product summary in accordance with the ~~*PRIIPs regulation*~~ *DISC*

- 9.3.4 G (1) ~~The *PRIIPs Regulation* *DISC* requires the manufacturer of a *PRIIP consumer composite investment* to draw up prepare a key information document in accordance with the *PRIIPs Regulation* product summary before that *PRIIP consumer composite investment* is made available for distribution to retail investors (as defined in the *PRIIPs Regulation*) retail investors.~~
- (2) ~~The requirements of the *PRIIPs Regulation* are directly applicable. [deleted]~~

- (3) As a result, when a *scheme* recognised under section 272 of the *Act* is made available for distribution to ~~retail clients in the United Kingdom~~ retail investors the ~~operator~~ manufacturer of the *recognised scheme* must ~~draw up~~ prepare a ~~key information document~~ in accordance with the PRIIPs Regulation, unless the ~~operator~~ of such a scheme is otherwise exempt from such a requirement under the *PRIIPs Regulation* for the time being product summary.

...

## 9.4 Facilities in the United Kingdom for schemes recognised under section 272 of the Act

...

### Documents

- 9.4.2 R (1) The *operator* of a *scheme* recognised under section 272 of the *Act* must maintain facilities in the *United Kingdom* for any *person*, for inspection (free of charge) and for the obtaining (free of charge, in the case of the *documents* at (c), (d) and (e), and otherwise at no more than a reasonable charge) of copies in English of:

...

- (d) ~~for a recognised scheme which is an EEA UCITS scheme, the EEA key investor information document~~ product summary for the scheme in respect of retail investors; and

...

...

...

## 9.5 OFR recognised schemes

...

### Guidance on the UK retail disclosure regime in DISC

- 9.5.8 G ~~[to follow]~~
- (1) DISC requires the manufacturer of a consumer composite investment to prepare a product summary before that consumer composite investment is made available for distribution to retail investors.
- (2) As a result, when an OFR recognised scheme is made available to retail investors, the manufacturer of the OFR recognised scheme must prepare a product summary.

...

Facilities for investors in the United Kingdom for OFR recognised schemes

- 9.5.13 R (1) The *operator* of an *OFR recognised scheme* must maintain facilities for any *person* in the *United Kingdom* to:
- (a) inspect (free of charge) up-to-date copies in English of:
- ...
- (iv) ~~the key investor information document~~ (in respect of *retail investors* only) a product summary or equivalent disclosure document;

...

...

...

## 11 Master-feeder arrangements for UCITS schemes

...

### 11.2 Approval of a feeder UCITS

...

Application for approval of an investment in a master UCITS

- 11.2.2 R (1) An application for approval of an investment in a *master UCITS* under section 283A of the *Act* must be accompanied by the following documents:
- ...
- (b) the *prospectus* and ~~the key investor information referred to in COLL 4.7.2R (Key investor information)~~ of for both the *feeder UCITS* and ~~of~~ the *master UCITS*;

...

...

...

### 11.4 Depositaries

...

Notification of irregularities

11.4.3 R ...

(2) The irregularities referred to in (1) include, but are not limited to:

...

- (d) breaches of the investment objectives, policy or strategy of the *scheme* as described in the *instrument constituting the fund*, the *prospectus* or ~~the key investor information~~ a product summary; and
- (e) breaches of investment and borrowing limits set out in *COLL*, the *instrument constituting the fund*, the *prospectus* or ~~the key investor information~~ a product summary.

[**Note:** article 61(2) of the *UCITS Directive* and article 26 of the *UCITS implementing Directive No 2*]

...

## 11.6 Winding up, merger and division of master UCITS

...

Application for approval by a feeder UCITS where a master UCITS is wound up

11.6.3 R Where the *authorised fund manager* of a *UCITS scheme* that is a *feeder UCITS* is notified that its *master UCITS* is to be wound up, it must submit to the *FCA* the following:

(1) where the *authorised fund manager* of the *feeder UCITS* intends to invest at least 85% in value of the *scheme property* in *units* of another *master UCITS*:

...

(c) the amendments to its *prospectus* and its ~~key investor information in accordance with COLL 4.2.3 R(1)(b) (Provision and filing of the prospectus) and COLL 4.7.7 R(1) (Revision and filing of key investor information)~~ product summary; and

...

(2) where the *authorised fund manager* of the *feeder UCITS* intends to convert it into a *UCITS scheme* that is not a *feeder UCITS*:

...

(b) the amendments to its *prospectus* and its ~~key investor information in accordance with COLL 4.2.3 R(1)(b) and COLL 4.7.7 R(1)~~ product summary; and

...

...

Application for approval by a feeder UCITS where a master UCITS merges or divides

- 11.6.5 R Where the *authorised fund manager* of a *UCITS scheme* that is a *feeder UCITS* is notified that the *master UCITS* is to merge with another *UCITS scheme* or *EEA UCITS scheme* or divide into two or more such *schemes*, it must submit to the *FCA* the following:
- (1) where the *authorised fund manager* of the *feeder UCITS* intends it to continue to be a *feeder UCITS* of the same *master UCITS*:
    - ...
    - (c) where applicable, the amendments to its *prospectus* and its *key investor information* ~~in accordance with COLL 4.2.3 R(1)(b) and COLL 4.7.7 R(1)~~ product summary;
  - (2) where the *authorised fund manager* of the *feeder UCITS* intends it to become a *feeder UCITS* of another *master UCITS* resulting from the proposed merger or division of the *master UCITS*, or intends the *feeder UCITS* to invest at least 85% in value of the *scheme property* in *units* of another *master UCITS* not resulting from the merger or division:
    - ...
    - (c) the amendments to its *prospectus* and its *key investor information* ~~in accordance with COLL 4.2.3 R(1)(b) and COLL 4.7.7 R(1)~~ product summary;
    - ...
  - (3) where the *authorised fund manager* of the *feeder UCITS* intends it to convert into a *UCITS scheme* that is not a *feeder UCITS*:
    - ...
    - (b) the amendments to its *prospectus* and its *key investor information* ~~in accordance with COLL 4.2.3 R(1)(b) and COLL 4.7.7 R(1)~~ product summary; and

...

...

## 11 Contents of the standard master-feeder agreement

### Annex 1

- R This table belongs to the *rule* on the conclusion and prescribed content of a standard *master-feeder agreement* (COLL 11.3.2R(1)).

(1)	Provisions related to access to information by a <i>master UCITS</i> and a <i>feeder UCITS</i> :	
	(a)	how and when the <i>master UCITS</i> provides the <i>feeder UCITS</i> with a copy of <del>it</del> <u>its instrument constituting the fund, and the prospectus and key investor information</u> or any amendment of them;
	...	
...		
(6)	Provisions related to changes to the standing arrangements:	
	How and when notice is to be given:	
	(a)	by the <i>master UCITS</i> of proposed and effective amendments to <del>its instrument constituting the fund, and</del> <u>prospectus and key investor information</u> , if these details differ from the standard arrangements for notification of <i>unitholders</i> laid down in the <i>instrument constituting the fund</i> or <i>prospectus</i> of the <i>master UCITS</i> ;
	...	
...		

...

## 15 Long-term asset funds

...

### 15.4 Prospectus and other pre-sale notifications

...

Table: contents of a long-term asset fund prospectus

- 15.4.5 R This table belongs to COLL 15.4.2R.

...	
<b>14</b>	<b>Fees, charges and expenses</b>

...	
	<p>[<b>Note:</b> <i>FUND</i> 3.2.2R(9).]</p> <p>[<b>Note 2:</b> Annex VI of the onshored Commission Delegated Regulation (EU) 2017/653 laying down regulatory technical standards with regard to the presentation, content, review and revision of <i>key information documents</i>, <i>DISC</i> sets out detailed requirements in relation to the costs to be disclosed in a <i>key information document product summary</i>.]</p>
...	

...

Preparation of ~~key information document~~ a product summary in accordance with the ~~PRHPs regulation~~ DISC

- 15.4.7 G (1) ~~The *PRHPs Regulation DISC* requires the manufacturer~~ manufacturer of a ~~*PRHP consumer composite investment* to draw up~~ prepare a ~~*key information document* in accordance with the *PRHPs Regulation product summary*~~ before that *PRHP consumer composite investment* is made available for distribution to retail investors (as defined in the *PRHPs Regulation*) retail investors.
- (2) ~~The requirements of the *PRHPs Regulation* form part of UK law by virtue of the *EUWA*. [deleted]~~
- (3) As a result, when a *long-term asset fund* is made available ~~for distribution to retail clients~~ retail investors, the manufacturer of the ~~*long-term asset fund* (normally the authorised fund manager) in the United Kingdom~~ must comply with the ~~*PRHPs Regulation DISC*~~ and will need to prepare a ~~*key information document* in accordance with the *PRHPs Regulation product summary*~~, in addition to the *prospectus*.

...

## 15.8 Valuation, pricing, dealing and income

...

Prohibition on promotional payments

- 15.8.15 R (1) No payment may be made from *scheme property* to any person, other than a payment to the *authorised fund manager* permitted by the *rules* in *COLL*, for the acquisition or promotion of the *sale of units* in an *authorised fund*.
- L (2) Paragraph (1) does not apply to the costs an *authorised fund* incurs preparing and printing ~~the *key information document*~~ a product summary, provided the *prospectus* states, in accordance with *COLL*

15.4.5R(14) (Table: contents of a long-term asset fund prospectus), that these costs are properly payable to the *authorised fund manager* from *scheme property*.

...

COLL Appendix (UK KII Regulation) and COLL Appendix 2 (Modifications to the KII Regulation for KII Compliant NURS) are deleted in their entirety. The deleted text is not shown but the appendices are marked '[deleted]' as shown below.

**Appendix ~~UK KII Regulation~~ [deleted]**

**Appendix 2 ~~Modifications to the KII Regulation for KII-compliant NURS~~ [deleted]**

Amend the following as shown.

**TP 1 Transitional Provisions**

TP 1.1

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
46	The <i>rules and guidance</i> in <i>COLL</i> that relate to a <i>NURS-KII document</i> <u>NURS KII document</u> .	R	<i>An authorised fund manager of a non-UCITS retail scheme and an ICVC that is a non-UCITS retail scheme may comply with the provisions in column (2) using a key investor information document (as modified by a general direction from the FCA) created before 1 January 2018 if it:</i>  <i>(1) had dispensation from the FCA through a modification by consent to market units of</i>	From 1 January 2018 until 19 February 2018	1 January 2018

			<p><del>the non-UCITS retail scheme using that document until 1 January 2018; and</del></p> <p><del>(2) decides to draw up a NURS KII document, instead of a key information document, in accordance with COLL 4.7 after 1 January 2018.</del></p> <p>[expired]</p>		
...					

...

## Sch 2 Notification requirements

### Sch 2.2 G 1 Notification requirements

Handbook reference	Subject of record	Content of record	When record must be made	Retention period
...				
<i>COLL 4.7.7R(2)</i> [deleted]	<i>Key investor information document</i>	Full details, together with any amendments	On first use	Immediate
<i>COLL 4.7.7R(3)</i> [deleted]	<i>Key investor information document of the master UCITS</i>	Full details, together with any amendments	On first use	Immediate
...				

## Annex I

### Amendments to the Investment Funds sourcebook (FUND)

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

#### 3 Requirements for alternative investment fund managers

...

#### 3.2 Investor information

...

Preparation of ~~key information document~~ a product summary in accordance with the ~~PRIPs regulation~~ DISC

- 3.2.4B G (1) ~~The PRIPs Regulation DISC~~ requires the ~~manufacturer~~ manufacturer of a ~~PRIP~~ consumer composite investment to ~~draw up~~ prepare a ~~key information document~~ in accordance with the PRIPs Regulation product summary before that ~~PRIP~~ consumer composite investment is made available for ~~distribution~~ to retail investors (as defined in the PRIPs Regulation) retail investors.
- (2) ~~The requirements of the PRIPs Regulation are directly applicable.~~ [deleted]
- (3) As a result, if an AIFM makes the AIF it manages available to ~~retail clients~~ retail investors in the *United Kingdom* it must comply with the ~~PRIPs Regulation DISC~~.
- (4) This means that, in addition to the prior disclosure of information set out at FUND 3.2.2R and FUND 3.2.3R, the ~~AIFM~~ manufacturer of the AIF must prepare: a product summary.
- (a) ~~a key information document; or~~
- (b) ~~if the AIF is a non-UCITS retail scheme, a key information document or a NURS KII document.~~

...

#### 10 Operating on a cross-border basis

...

#### 10.5 National private placement

...

Provision of ~~key information document~~ a product summary in accordance with the ~~PRIPs Regulation~~ DISC

- 10.5.13 G ~~An AIFM that makes~~ The manufacturer of an AIF which is made available to ~~retail clients~~ retail investors in the *United Kingdom* will need to ~~draw up~~ prepare a ~~key information document~~ product summary in accordance with the ~~PRIPs Regulation~~ requirements in DISC.

## Annex J

### Amendments to the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (PRM)

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

[*Editor's note:* the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (PRM) comes into force on 19 January 2026 (see FCA 2025/30).]

#### **1 Introduction, application and prospectus requirement**

##### **1.1 Introduction**

...

- 1.1.5 G An *issuer, offeror* or *person* requesting *admission to trading* should also consider whether the requirements ~~of the PRIIPs Regulation~~ in DISC apply.

...

#### **App 1 Format of a prospectus, prospectus summary and base prospectus**

...

#### **App 1 Prospectus summary** **Annex 2**

...

#### Section 2: introduction and warnings

- App 1 R This section must contain:  
Annex  
2.5

...

- (6) the following warnings:

...

- (c) where applicable, that the investor could lose all or part of the invested capital and, where the investor's liability is not limited to the amount of the investment, a warning that the investor could lose more than the invested capital and the extent of such potential loss; and
- (d) civil liability attaches only to those *persons* who have tabled the *summary*, but only where the *summary* is

misleading, inaccurate or inconsistent, when read together with the other parts of the *prospectus*, or where it does not provide, when read together with the other parts of the *prospectus*, key information in order to aid investors when considering whether to invest in such *transferable securities*; ~~and~~

- (e) ~~where applicable, the comprehension alert required in accordance with Article 8(3))b) of the *PRIPs Regulation*.~~  
[deleted]

...

#### Section 4: key information on the securities

App 1  
Annex  
2.8

R ...

- (3) Where a ~~key information document~~ *product summary* is required to be prepared under ~~the *PRIPs Regulation*~~ *DISC*, the *issuer* or the *person* asking for *admission to trading* may substitute the content set out in section 4 with the information set out in ~~points (e) to (i) of Article 8(3) of the *PRIPs Regulation*~~ *the product summary*.
- (4) Where there is a substitution of content pursuant to sub-paragraph ~~(6)(3)~~, the maximum length set out in *PRM* App 1 Annex 2.2R can be extended by ~~3 additional sides of A4-sized paper~~ *the number of pages of the product summary*. The content of the ~~key information document~~ *product summary* should be included as a distinct section of the *summary*. The page layout of that section must clearly identify it as the content of the ~~key information document~~ as set out in ~~points (e) to (i) of Article 8(3) of the *PRIPs Regulation*~~ *product summary*.

...

...

## Annex K

### Amendments to the Product Disclosure sourcebook (DISC)

DISC 1 (Application) is deleted in its entirety. The deleted text is not shown but the chapter is marked [deleted] as shown below.

#### **1        ~~Application~~ [deleted]**

Insert the following new chapter, DISC 1A, after DISC 1. All the text is new and is not underlined.

#### **1A        General**

##### **1A.1        Purpose and application**

###### Purpose

- 1A.1.1        G    (1)    This sourcebook sets out *rules and guidance* for *authorised persons* and *unauthorised persons* who are *manufacturers* or *distributors* of *consumer composite investments*.
- (2)    The *rules and guidance* relate, in particular, to the content of and manner in which information relating to *consumer composite investments* must be prepared and disclosed to *retail investors*.
- 1A.1.2        G    The *rules and guidance* in *DISC* replace analogous requirements previously imposed by:
- (1)    the *UK* version of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs); and
- (2)    the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC) and the *UK* version of the Commission Regulation (EU) No 583/2010, specifying the form and contents of key investor information.
- 1A.1.3        G    The core obligations in *DISC* are that, in respect of a *consumer composite investment* that is or may be distributed to *retail investors* in the UK:
- (1)    a *manufacturer* must prepare a *product summary* and provide it to the *distributor(s)*, along with the underlying *core information disclosures*, in good time before the *consumer composite investment* is made available for distribution to *retail investors* (see *DISC* 2A.2.1R); and

- (2) a *firm* must not *distribute* a *consumer composite investment* to a *retail investor* without providing a *product summary* (see *DISC* 2A.3.1R).

#### Application

- 1A.1.4 R This sourcebook applies to an *authorised person* and to an *unauthorised person* in relation to activities carried on in relation to a *consumer composite investment* that is or may be *distributed* to a *retail investor* in the *United Kingdom*.
- 1A.1.5 R In this sourcebook, a *retail investor* is:
- (1) a *person* to whom an *investment* is sold, or who is the recipient of an offer about or *advice* on an *investment*, and who is or would be categorised as a *retail client* under the *rules* in *COBS* 3; or
  - (2) a *person* who would meet the criteria in (1) if the selling, offer or *advice* on an *investment* involved the carrying on of a *regulated activity* or a *controlled activity*.
- 1A.1.6 G (1) In *DISC*, references to a *firm* also include a *person* who is not authorised to carry on *regulated activities* but carries on an activity specified as a designated activity by regulation 5 of the *Consumer Composite Investments Regulations*.
- (2) The rules in *DISC* do not apply in relation to a *consumer composite investment* where it is *distributed* to investors who are not *retail investors*, or who are not in the *United Kingdom*.
- 1A.1.7 R This sourcebook applies to *Gibraltar-based firms* and *TP firms* in relation to activities carried on in relation to a *consumer composite investment* that is *distributed* or offered to a *retail investor* in the *United Kingdom*.

#### Unauthorised persons carrying on designated activities

- 1A.1.8 R In relation to an *unauthorised person*, this sourcebook only imposes obligations to the extent that:
- (1) the relevant *consumer composite investment* falls within the definition set out in regulation 4; and
  - (2) the obligation relates to an activity specified as a designated activity by regulation 5,
- of the *Consumer Composite Investments Regulations*.
- 1A.1.9 G (1) Regulation 5 of the *Consumer Composite Investments Regulations* specifies the following activities as designated activities under section 71K of the *Act*:

- (a) manufacturing a *consumer composite investment* which is, or is proposed to be, made available to a *retail investor* located in the *United Kingdom*;
  - (b) advising on a *consumer composite investment* if the advice is given to a *retail investor* located in the *United Kingdom*, or an agent for that investor;
  - (c) offering a *consumer composite investment* to a *retail investor* located in the *United Kingdom*; and
  - (d) selling a *consumer composite investment* to a *retail investor* located in the *United Kingdom*.
- (2) Regulation 6 of the *Consumer Composite Investments Regulations* confers the power on the *FCA* to make *rules* in respect of those specified activities, including in relation to *unauthorised persons*.
- (3) This supplements the *FCA*'s other powers under the *Act* and enables it to make *rules* in relation to *consumer composite investments* that apply to both *authorised persons* and *unauthorised persons*.
- 1A.1.10 R In this sourcebook, reference to an *unauthorised person* includes an *EEA UCITS scheme* recognised by virtue of regulation 62 of the Collective Investment Schemes (amendment etc.) (EU Exit) Regulations 2019.
- 1A.1.11 R The *rules* and *guidance* in *GEN* 1.3, *GEN* 2.1, *GEN* 2.2.1R to *GEN* 2.2.16G, and *GEN* 2.2.18R to *GEN* 2.2.25G apply to *manufacturers* and *distributors* who are not *authorised persons* as they apply to *authorised persons*.

Exemption: non-retail consumer composite investments

- 1A.1.12 R The obligations in *DISC* do not apply in respect of a *manufacturer* of a *consumer composite investment* where the *manufacturer* has taken reasonable steps to ensure that:
- (1) the offer and any associated communications about the *consumer composite investment* (including the prospectus, if there is one):
    - (a) feature prominent and clear disclosures to the effect that the *consumer composite investment* is being offered only to investors who are or would be categorised as *professional clients* or *eligible counterparties* under the *FCA*'s rules in *COBS* 3, and is not intended for *retail investors*; and
    - (b) are directed only to investors eligible for categorisation as *professional clients* or *eligible counterparties* under the *FCA*'s rules in *COBS* 3; and

- (2) the distribution strategy and arrangements with *distributors* for the *consumer composite investment* are appropriate in light of the non-retail target market.

1A.1.13 G Where a *manufacturer* complies with *DISC* 1A.1.12R, the *manufacturer* is not required to prepare a *product summary* and is not otherwise subject to obligations in *DISC*.

## 1A.2 Scope rules

- 1A.2.1 R (1) The following are *consumer composite investments*:
- (a) a *structured deposit*;
  - (b) a *structured product*;
  - (c) a *structured finance product*;
  - (d) a *security* or *financial instrument* which is or embeds a *derivative*, or which includes features equivalent to a *derivative* contract;
  - (e) a *debt security* which meets the criteria in *DISC* 1A.2.2R;
  - (f) a *security* issued by a *fund*, or rights to or interests in such a *security*;
  - (g) a *contingent convertible security*;
  - (h) a *contract for differences*;
  - (i) an *insurance-based investment product*; and
  - (j) any other *investment* where the returns are dependent on the performance or changes in the value of indirect investments.
- (2) For the purposes of (1)(j):
- (a) investment returns include, in particular, payment or repayment obligations to the investor, the maturity value or *surrender value* of a *policy*, changes in the value of a *unit*, and the resale value of a *security* on a secondary market;
  - (b) the investment return is dependent on performance or changes in the value of indirect investments if it is wholly or predominantly linked to, contingent on, sensitive to or otherwise determined at least in part by the actual or anticipated performance or changes in value;
  - (c) indirect investments are one or more *investments* or assets, including in particular assets held or operated for investment

rather than commercial purposes, which are not purchased or held by the investor directly or at all; and

- (d) it is immaterial whether the performance or changes in value are measured directly or via one or more market index or indices.

#### Consumer composite investment debt securities

- 1A.2.2 R (1) A *debt security* is a *consumer composite investment* if the level of interest payable, any conditionality of principal repayment, or the *issuer's* default risk, is linked to or materially dependent on one or more of the following, whether or not modified by a pre-determined formula:
- (a) fluctuations in reference indices or benchmarks relating to *investments* or a class of *investments* – for example, a stock market index;
  - (b) the value or performance of a *financial instrument* or a basket of *financial instruments*, or one or more specified *commodities* or foreign exchange rates; or
  - (c) the value or performance of *investments* held by the *issuer* or by a *person* connected to the *issuer*.
- (2) For the avoidance of doubt, the following are excluded from (1)(a):
- (a) the Bank of England official Bank Rate or any equivalent rate from another central bank;
  - (b) any benchmarks or indices tracking the rate of inflation;
  - (c) the Sterling Overnight Index Average (SONIA), or any other equivalent risk-free reference rate in any currency; and
  - (d) the Euro Interbank Offered Rate (EURIBOR) or any similar Interbank Offered Rate.
- (3) In (1)(c):
- (a) examples of *investments* include one or more *derivatives*, real estate holdings, a pool of receivables, one or more *financial instruments* or a portfolio of *financial instruments*; and
  - (b) a *person* is connected to the *issuer* if it is a member of the same *group* as the *issuer*, has a relevant business relationship with the *issuer* or otherwise does not have an arm's-length relationship with the *issuer*.

## Non-consumer composite investment debt securities

- 1A.2.3 R (1) Insofar as it might meet the description of a *consumer composite investment* as set out in *DISC 1A.2.1R(1)(j)*, a *debt security* meeting all the following conditions is excluded from being a *consumer composite investment*:
- (a) it does not fall within *DISC 1A.2.2R(1)*;
  - (b) the *issuer's* default risk is wholly or predominantly determined by the economic performance of the commercial or industrial activities of the *issuer* (or, where the *debt security* is guaranteed by a *group person*, that *person*); and
  - (c) the terms of the *debt security* do not impose any modification, structuring or conditionality on the *issuer's* obligation to pay interest or repay the principal, save for the effect of any feature listed under *DISC 1A.2.4R*.
- (2) For avoidance of doubt, the activities of an *issuer* that pools loan agreements or *debt securities*, or which is engaged in any form of securitisation, are not commercial or industrial activities for the purposes of (1)(b).

## Debt securities – neutral features

- 1A.2.4 R Inclusion of a feature listed below does not cause a *debt security* to become a *consumer composite investment* in *DISC 1A.2.1R(1)(j)* or *DISC 1A.2.2R(1)*, nor to be excluded from being a *consumer composite investment* under *DISC 1A.2.3R*:
- (1) a fixed *coupon* rate, including where:
    - (a) a set *coupon* rate applies until maturity, including a nil or zero rate; and
    - (b) the *coupon* rate is subject to pre-defined changes at fixed times prior to maturity (that is, a stepped *coupon*);
  - (2) a floating or variable *coupon*, provided that:
    - (a) the interest payable is determined by an index or benchmark of the kind described by *DISC 1A.2.2R(2)*, with or without a spread reflecting the credit risk of the *issuer*; and
    - (b) the interest payable is not subject to any additional modification or structuring such as, for example, a cap, or a floor other than zero;
  - (3) a put *option* giving the investor a discretion to demand early repayment of the *debt security* on pre-agreed terms, or giving the

investor the choice to convert or exchange their *debt security* into one or more *shares* of the same *issuer* at a pre-determined price;

- (4) a call *option* allowing the *issuer* to redeem a *debt security* early at a price higher than or equal to par, where:
  - (a) the *option* is exercisable otherwise than in response to fluctuations, price movements or performance of an index, benchmark, specified asset or underlying asset falling within *DISC 1A.2.2R(1)*; and
  - (b) the mechanism to calculate the cash repayment amount is made clear to the investor in the terms of the *debt security*;
- (5) a perpetual or indefinite term; or
- (6) the *debt security's* subordination in the creditor hierarchy in the event of the *issuer's* insolvency.

- 1A.2.5      G    (1) *DISC 1A.2.2R* sets out the kind of *debt security* that is a *consumer composite investment*.
- (2) *DISC 1A.2.3R* sets out the kind of *debt security* that is excluded from being a *consumer composite investment*.
- (3) *DISC 1A.2.4R* sets out the sorts of features of a *debt security* that are neutral for the purposes of determining whether it meets the criteria for a *consumer composite investment*.

#### Other exclusions

- 1A.2.6      R    Insofar as they would or might meet the description of a *consumer composite investment* as set out in *DISC 1A.2.1R(1)(j)*, the following are excluded from being a *consumer composite investment*:
- (1) a *plain vanilla listed bond*;
  - (2) a *long-term insurance contract* where the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity;
  - (3) a *pure protection contract*;
  - (4) a *deposit*, other than a *structured deposit*;
  - (5) non-equity transferable securities meeting the criteria set out in regulation 4(2)(c), (d) and (e) of the *Consumer Composite Investments Regulations*;
  - (6) non-fungible shares of capital whose main purpose is to provide the holder with a right to occupy any immovable property or a part

thereof and where the shares cannot be sold without this right being given up;

- (7) a *pension scheme*, including a *stakeholder pension scheme*;
- (8) a *pension annuity*;
- (9) a *funeral plan product*;
- (10) shares in the capital of any central bank;
- (11) transferable securities meeting the criteria set out at paragraphs (l) and (m) of regulation 4 of the *Consumer Composite Investments Regulations*;
- (12) a *unit* in an *ACS* or in a *qualified investor scheme*; and
- (13) an *equity share (commercial company)*, or an equivalent *share* listed on an *overseas investment exchange*.

DISC 2 (Scope rules under article 4A of the PRIIPs Regulation) is deleted in its entirety. The deleted text is not shown but the chapter is marked '[deleted]' as shown below.

## **2      ~~Scope rules under article 4A of the PRIIPs Regulation~~ [deleted]**

Insert the following new chapters, DISC 2A, DISC 3, DISC 4, DISC 5, DISC 6, DISC 7 and DISC 8, after DISC 2. All the text is new and is not underlined.

### **2A      General obligations**

#### **2A.1      Cooperation and information-sharing duties**

- 2A.1.1      R    (1)    *Firms* involved in the *manufacture* or *distribution* of a *consumer composite investment* must take reasonable steps to cooperate and share information with each other on a timely and appropriate basis so as to enable each *firm* to meet the information needs of *retail investors* and otherwise discharge its regulatory obligations in connection with the *consumer composite investment*.
- (2)    The obligation in (1) includes, in particular, a *firm* sharing information proactively or on reasonable request in the context of preparing or updating the *product summary*, such as a *manufacturer* sharing information about the *consumer composite investment* with a *distributor* or a *distributor* sharing information with a *manufacturer* about the characteristics and information needs of the *retail investors* in the *consumer composite investment's* target market.
- 2A.1.2      G    (1)    The regulatory obligations in *DISC 2A.1.1R* include, for an *authorised person*, relevant obligations under *rules* in *DISC* as well as

other *FCA rules* – for example, under *COBS*, the Product Intervention and Product Governance sourcebook, *COLL* and *Principle 12* and *PRIN 2A* (the Consumer Duty), as applicable.

- (2) For the avoidance of doubt, a *firm* is not required to act in a way that may amount to a breach of its legal obligations. For example, the duty in *DISC 2A.1.1R* does not require a *firm* to disclose or receive commercially sensitive information which may be in breach of competition law, or the unnecessary sharing of customers' personal data in contravention of data privacy law.
- 2A.1.3      G    (1)    The duty to share information in *DISC 2A.1.1R* should be interpreted in light of what is reasonably required by each *firm* to meet their regulatory obligations in connection with the *consumer composite investment*.
- (2)    In particular, where a *distributor* shares with a *manufacturer* information about the characteristics and information needs of *retail investors* in the *consumer composite investment's* target market, the level and quantity of that information should be proportionate and need not be fully comprehensive where, in the sharing *firm's* reasonable judgement, a representative sample provides sufficient information.
- 2A.1.4      R    In complying with its obligations in *DISC*, a *firm* must:
- (1)    ensure that the information it provides to another *firm* involved in the *manufacture* or *distribution* of a *consumer composite investment* is accurate, clear, fair, and not misleading; and
  - (2)    take reasonable care to avoid causing another *firm* involved in the *manufacture* or *distribution* of the *consumer composite investment* to be misled, or cause it to mislead *retail investors*, via the omission of information relevant to that *firm's* regulatory obligations.
- 2A.1.5      R    In this chapter, references to a *manufacturer* and to *manufacturing* a *consumer composite investment* include, respectively, a *firm* that makes a material contribution to the *manufacture* of a *consumer composite investment* in collaboration with other *manufacturers* and the making of such a contribution.
- 2A.1.6      R    Where *firms* collaborate in *manufacturing* a *consumer composite investment*, they must set out in a written agreement their respective roles and responsibilities in relation to the obligations under *DISC*.
- 2A.1.7      R    Where more than one *firm* is involved in *manufacturing* a *consumer composite investment*, the written agreement in *DISC 2A.1.6R* may set out that one of the *manufacturers* is solely responsible for preparing and updating the *product summary* and for preparing and providing to *distributors* the underlying *core information disclosures*, provided this is reasonable in the circumstances.

## 2A.2 Obligations on manufacturers at pre-distribution stage

- 2A.2.1 R In respect of each *consumer composite investment* it manufactures, a *manufacturer* must ensure the following are prepared and provided to each *distributor* in good time before the *consumer composite investment* is made available for *distribution* to *retail investors*:
- (1) the *product summary*;
  - (2) the underlying *core information disclosures*; and
  - (3) sufficient and appropriate information about:
    - (a) the *consumer composite investment*'s target market, including the identified needs, characteristics and objectives of *retail customers* in the target market;
    - (b) its assessment, including any relevant assumptions, in relation to the value to be provided by the *consumer composite investment* to *retail investors* in the target market;
    - (c) any relevant risks it has identified in relation to *retail investors*, including in particular *retail investors* with characteristics of vulnerability; and
    - (d) its distribution strategy for the *consumer composite investment*.
- 2A.2.2 G For the purposes of compliance with *DISC* 2A.2.1R and the related requirement in *DISC* 3.2.3R in relation to revised or updated product information, it will normally suffice for the *manufacturer* to make the required information and documents available on its website, provided they are easily accessible to all *firms* who may *distribute* the *consumer composite investment*.
- 2A.2.3 G (1) The purpose of providing the *distributors* with the *core information disclosures* is to:
- (a) assist the *distributor* in familiarising itself with the information underpinning the *consumer composite investment*'s *product summary*; and
  - (b) facilitate any further steps the *distributor* may consider appropriate to take to meet the information needs of *retail investors* by preparing and providing *additional product communications* such as further explanations, illustrations, or information that is more granular, or presented in a way that is more likely to be understood or engaged with by the relevant *retail investors*.
- (2) Examples for the purposes of (1)(b) include:

- (a) layering information along the pre-sale investment journey;
- (b) supplementary product literature such as personalised illustrations of past performance and costs based on the *retail investor's* intended investment amount;
- (c) hover-over information that explains what different types of risk are and how they may be relevant to the *retail investor*; or
- (d) the use of graphics or images that support consumer understanding.

### 2A.3 Distribution and promotion of consumer composite investments

- 2A.3.1 R (1) A *firm* must not *distribute* a *consumer composite investment* to a *retail investor* unless the conditions in (2) are met.
- (2) The conditions are that the *firm* must:
- (a) ensure that an up-to-date *product summary* for the *consumer composite investment* is available;
  - (b) make the *product summary* available to the *retail investor* at an appropriate stage in the provision of the service or carrying on of the *distribution* activities;
  - (c) take reasonable steps to promote engagement by the *retail investor* with the following information about the *consumer composite investment*, whether it is provided via the *product summary* or via any *additional product communication*:
    - (i) its characteristics, reflecting the information disclosed under *DISC 4.1.1R(5)* and *DISC 4.1.1R(9)*, as applicable;
    - (ii) its *ongoing costs figure*, *one-off entry costs figure* and *one-off exit costs figure*, as applicable;
    - (iii) applicable performance fees or carried interest, as per the information disclosed under *DISC 6.3.6R*;
    - (iv) its risk and reward score and relevant material risks; and
    - (v) any applicable warnings; and
  - (d) provide the *retail investor* with a copy of the *product summary* in a *durable medium* at the time the sale is concluded or as soon as reasonably practicable afterwards and, in any case, before the *retail investor* is bound by any agreement to buy or otherwise invest in the *consumer composite investment*.

- 2A.3.2 G (1) The purpose of the steps required under *DISC* 2A.3.1R(2) is to help ensure the *retail investor* is equipped to make effective, timely and properly informed decisions about the merits of investing in the *consumer composite investment*, in keeping with *firms'* obligations under *DISC* 3.1.2R.
- (2) In the *FCA's* view, the appropriate stage for making the *product summary* available to the *retail investor* will normally be early on in the investment journey and before the investor has initiated the transaction to buy or otherwise invest in the *consumer composite investment*, or provided instructions to the *firm* to arrange it for them.
- (3) If it is not reasonably practicable to provide the *retail investor* with access to the *product summary* at an early stage in the investment journey, the *firm* should endeavour to provide it as soon as it is practicable.
- 2A.3.3 R (1) Where the conditions in (2) apply, the *firm's* obligations under *DISC* 2A.3.1R will be met by the *firm* if it complies with *DISC* 2A.3.1R(2)(d) and takes reasonable steps to encourage the *retail investor* to consider the information within the *product summary* before they are bound by the agreement to buy or otherwise invest in the *consumer composite investment*.
- (2) The conditions are that:
- (a) the *retail investor* has approached the *firm* to buy or otherwise invest in the *consumer composite investment* or to give instructions for the *firm* to arrange a deal in the *consumer composite investment* for the *retail investor* to enter into as buyer; and
- (b) the *firm* has neither promoted the *consumer composite investment* to the *retail investor* nor advised the *retail investor* on the merits of investment in the *consumer composite investment*.
- 2A.3.4 R A *firm* is not required to comply with *DISC* 2A.3.1R where the *consumer composite investment* is distributed to or through a *discretionary investment manager* acting on behalf of a *retail investor*.
- 2A.3.5 R A *firm* may satisfy its obligations under *DISC* 2A.3.1R by providing the *product summary* to a *person* who is legally empowered (solely or jointly with others) to make investment decisions on behalf of the *retail investor*.
- Modification: brokers acting on instructions from another firm
- 2A.3.6 R *DISC* 2A.3.1R does not apply where a *distributor* is acting on instructions of another *distributor* who is its *client*.

- 2A.3.7 G Where *DISC* 2A.3.6R applies, the responsibility is on the *distributor* with a direct relationship with the *retail investor* to ensure the *retail investor* is provided with a *product summary* in compliance with *DISC* 2A.3.1R.

## 2A.4 Provision of product summary: modified obligations

### Repeated or regular investments

- 2A.4.1 R The obligation in *DISC* 2A.3.1R is modified in respect of regular or repeated investments by the same *retail investor* in the same *consumer composite investment*, as follows:
- (1) the *firm* must provide the *product summary* in respect of the initial transaction; and
  - (2) in respect of subsequent transactions, it suffices for the *firm* to notify the *retail investor*, at least at yearly intervals, of where they can find the latest version of the *product summary*.

### Multi-option products

- 2A.4.2 R In this section, a multi-option *consumer composite investment* is a product which is a combination of a wrapper and underlying investment options which are *consumer composite investments* and where the wrapper and the selected underlying *consumer composite investments* must be purchased together.
- 2A.4.3 R In relation to a multi-option *consumer composite investment*, the conditions in *DISC* 2A.4.4R and *DISC* 2A.4.5R apply instead of those in *DISC* 2A.3.1R.
- 2A.4.4 R The *firm* must verify that an up-to-date *product summary* for each of the underlying *consumer composite investment* options is available for provision to *retail investors*, as well as a general summary of the wrapper, including, as a minimum, an explanation of the wrapper's general terms and conditions and information on the wrapper's costs and charges as well as any benefits.
- 2A.4.5 R The *firm* must take reasonable care to ensure it, or another *person* in the distribution chain for the multi-option *consumer composite investment*, will provide the *retail investor* with:
- (1) access to the general summary of the wrapper as well as the *product summary*, for each of the underlying *consumer composite investment* options, at an appropriate stage in the provision of the service or carrying on of the *distribution* activities, so as to assist the *retail investor's* consideration of the merits of investing through the wrapper and the investor's consideration of the merits of investing in the underlying *consumer composite investment* options; and
  - (2) any of the following, in a *durable medium*, at the time the sale is concluded or as soon as reasonably practicable afterwards and, in any

case, before the *retail investor* is bound by any agreement to buy or otherwise invest in the *consumer composite investment*:

- (a) the general summary of the wrapper together with the *product summary* for each of the options selected by the *retail investor*;
- (b) the general summary of the wrapper together with links to where the relevant *product summaries* for each of the options selected by the *retail investor* are to be found; or
- (c) a bespoke *product summary* comprising the information and links in (b), together with relevant information about the underlying *consumer composite investments* chosen by the *retail investor* and including, as a minimum, information on costs and charges as well as the *risk and return information* for the underlying options or the overall investment, such as in the *firm's* reasonable judgement may meet the *retail investor's* information needs.

#### Share classes

- 2A.4.6 R Where the *consumer composite investment* is a *share* or *unit* in a *fund* with different *share* or *unit* classes, the *manufacturer* must prepare a *product summary* for each class of *shares* or *units*, except where *DISC* 2A.4.7R or *DISC* 2A.4.8R apply.
- 2A.4.7 R The *manufacturer* may combine information about two or more classes of the same *consumer composite investment* into a single *product summary*, provided the resulting document complies with *DISC* 3.1.2R.
- 2A.4.8 R Where, in the *manufacturer's* reasonable judgment, the *core information disclosures* for one class of a *consumer composite investment* is representative of other classes, it may select that class as the basis for a *product summary* to be provided to *retail investors* in respect of the representative class as well as the classes being represented, provided:
- (1) the choice of representative class is fair to prospective *retail investors* in the classes being represented;
  - (2) the resulting *product summary* complies with *DISC* 3.1.2R in respect of the representative class as well as the classes being represented;
  - (3) the *manufacturer* keeps a record of the choice of representative class and of the classes being represented, as well as of the rationale for the choice.
- 2A.4.9 R Where *DISC* 2A.4.8R applies, the *manufacturer* must keep the record in *DISC* 2A.4.8R(3) for at least 3 years from the last date the *share* class is used as the representative class for a *product summary*.

### 3 Preparing the product summary

#### 3.1 The product summary

- 3.1.1 R (1) The *manufacturer* must prepare a short and concise document in English, titled '*product summary*', setting out appropriate information about the essential characteristics of the *consumer composite investment*, conveying as a minimum the *core information disclosures*.
- (2) The *product summary* must be clearly separate from other marketing materials and contain enough information within itself, without relying on cross-references to other materials, to enable *retail investors* to achieve at least a reasonable and sufficient understanding of the nature, investment objectives, risks and costs of the *consumer composite investment*.
- (3) The requirement in (2) is modified in relation to:
- (a) a multi-option product (see *DISC 2A.4.1R*), in that the *product summary* may rely on cross-references to the wrapper's general summary and need not be separate from it;
  - (b) the *consumer composite investment's prospectus*, in that the *product summary* must include a cross-reference to those parts of the *prospectus* where more detailed information on costs and charges can be found (see *DISC 6.6.3R*); and
  - (c) the *product summary* for a *feeder NURS* or an *ICVC* that is a *feeder NURS*, in that the *authorised fund manager* must cross refer to documents relating to its *qualifying master scheme* which enable *retail investors* to understand the *qualifying master scheme's* key particulars, including:
    - (i) its investment strategy;
    - (ii) a description and explanation of any material differences between the risk profile of the *feeder NURS* and that of the *qualifying master scheme*; and
    - (iii) its charges, including the aggregate of the charges of the *feeder NURS* and its *qualifying master scheme* as disclosed in the *feeder NURS's* most up-to-date *prospectus*.
- 3.1.2 R (1) A *firm* must take reasonable care to ensure the *product summary* and any *additional product communication*:
- (a) meets the information needs of *retail investors*;
  - (b) is likely to be understood by *retail investors*; and

- (c) equips *retail investors* to make decisions about the *consumer composite investment* that are effective, timely, and properly informed.
- (2) A *firm* must ensure the contents of the *product summary* and any *additional product communication* are clear, fair and not misleading.
- 3.1.3 G *Firms* who are *authorised persons* are reminded of the analogous requirement in *PRIN 2A.5.3R*, which applies to any communications with a *retail customer*.
- 3.1.4 R The contents of the *product summary* must:
  - (1) reflect and be consistent with the underlying *core information disclosures*;
  - (2) be consistent with the terms and conditions applicable to the *consumer composite investment*, the contents of any offer documents and any contractual documents governing the operation of the *consumer composite investment*; and
  - (3) comply with any requirements in *DISC 4* about how certain *core information disclosures* must be presented.
- 3.1.5 G
  - (1) In preparing a *product summary* the *manufacturer* should have regard to the information needs and characteristics of the *retail investors* to whom the *consumer composite investment* is likely to be *distributed* so as to ensure compliance with *DISC 3.1.2R*, which applies the more general requirement in *PRIN 2A.5.3R* to the *person* preparing the *product summary*.
  - (2) *PRIN 2A.7.2G* is relevant to the degree of care required of a *firm* in complying with *DISC 3.1.2R*. A *firm* should consider the following factors in particular:
    - (a) the nature of the *consumer composite investment* – in particular, the risks of the investment, its relative complexity, and its costs, fees, and charges;
    - (b) the characteristics of the *retail investors* to whom the *consumer composite investment* is intended to be *distributed* or is in fact being *distributed*, to the extent the *firm* knows this information or reasonably should know it or be able to obtain it, including:
      - (i) their financial objectives or reasonable expectations in relation to the *consumer composite investment*; and
      - (ii) their resources, degree of financial capability or sophistication, or any characteristics of vulnerability; and

- (c) whether the *firm* has provided or will provide advice to the *retail investor*.
- (3) Where providing a piece of information in the *product summary* would meet two or more requirements in *DISC*, for avoidance of doubt a *manufacturer* is not required to provide that information more than once in the *product summary*.

The reasonable steps defence to an action for damages

- 3.1.6 R If, in preparing it, a *firm* takes reasonable steps to ensure the *product summary* or *additional product communication* complies with the requirement in *DISC* 3.1.2R(2), a contravention of that *rule* does not give rise to a right of action under section 138D of the *Act* or regulation 9 of the Consumer Composite Investments Regulations.

### **3.2 Preparing and updating the underlying core information disclosures and product summary**

- 3.2.1 R For each *consumer composite investment* that is, or will be made, available for *distribution* to *retail investors*, the *manufacturer* must prepare the *core information disclosures* in accordance with the requirements of *DISC* 4 (General product information), *DISC* 5 (Risk and return information), *DISC* 6 (Costs and charges information) and *DISC* 7 (Performance information).
- 3.2.2 R In respect of each *consumer composite investment* it *manufactures* and which remains available for *distribution* to *retail investors*, the *manufacturer* must:
  - (1) review the *core information disclosures* regularly and at least once in every 12-month period; and
  - (2) revise or update the *core information disclosures* and the *product summary* as necessary to ensure that they remain up to date and compliant with applicable requirements in *DISC* 3 to *DISC* 7, and in particular *DISC* 3.1.2R.
- 3.2.3 R Following the review in *DISC* 3.2.2R, the *manufacturer* must ensure the following are provided to the *distributors* of the *consumer composite investment*:
  - (1) the revised or updated *core information disclosures*, including:
    - (a) a reasonable summary of material changes to the information previously provided; or
    - (b) if the *core information disclosures* did not require any revisions or updating, confirmation of this; and
  - (2) a revised or updated *product summary*.

- 3.2.4 R Factors requiring a review of the *core information disclosures* and a revision of the *product summary* outside of an annual review schedule include, in particular:
- (1) a material change to a *consumer composite investment's* investment objectives and strategy; or
  - (2) the onset of market events or circumstances which the *firm* ought reasonably to know are capable of materially altering the *consumer composite investment's risk and return information*.
- 3.2.5 G (1) For avoidance of doubt, the scenario in (2) is not itself a factor which the *FCA* would regard as requiring a review outside the annual review schedule.
- (2) The scenario is where a *consumer composite investment's* initial risk and return score falls on the borderline between two risk classes in the volatility scale in *DISC 5.4*, such that a calculation under *DISC 5.2* or *DISC 5.3* (as applicable) at different times within a 12-month period might yield a slightly different annualised volatility interval resulting in the *consumer composite investment* falling into the risk class above, or below, its existing ranking.
- 3.2.6 R The *manufacturer* must keep a copy of the *product summary* for each *consumer composite investment* after it is prepared and following any subsequent reviews, amendments, or updates, and keep it for at least 3 years.

### 3.3 Adapting and relying on information in the product summary and core information disclosures

#### Adapting information

- 3.3.1 R Subject to *DISC 3.1.4R*, in preparing the *product summary*, the *manufacturer* must consider whether it is appropriate or necessary to adapt, summarise, paraphrase or supplement the *core information disclosures* in order to comply with *DISC 3.1.2R*.
- 3.3.2 R Any information that is required by a *rule* in *DISC* to be presented or expressed in the *product summary* in a prescribed way may be supplemented in the *product summary* but not replaced with an adapted, summarised or paraphrased version.
- 3.3.3 R (1) A *firm* must ensure that any *additional product communication* relating to the *consumer composite investment* conveyed in marketing materials, the *prospectus*, product documentation, or other communications with or for the *retail investor* is consistent with the *core information disclosures* and the *product summary*.
- (2) If the *firm* adapts, summarises, paraphrases or supplements the *core information disclosures* in *additional product communication*, it must take care not to modify the substance of that information in any way.

- 3.3.4 G An adaptation, summary, paraphrasing or supplementation would be deemed to modify the substance of the *core information disclosures* if it alters the underlying information or data about the *consumer composite investment* rather than how the information or data are presented or expressed.
- 3.3.5 G For avoidance of doubt, an adaptation of *cost and charges information* or of *performance information* which consists of a tailored presentation of *costs and charges* or past performance based on the actual sum the *retail investor* is considering investing (or has decided to invest) does not amount to a modification of the substance of the *costs and charges information* or the *performance information* (as applicable).

#### Reasonable reliance

- 3.3.6 R For the purposes of compliance with *DISC* 3.1.2R, a *distributor* is entitled to rely on information provided or communications prepared by the *manufacturer* in the course of discharging its own obligations under *DISC*, including in particular the provision of the *product summary* and use of underlying *core information disclosures* in preparing *additional product communications*, provided such reliance is reasonable.
- 3.3.7 G In the *FCA*'s view, it is reasonable for the *distributor* to rely on information provided or communications prepared by the *manufacturer* where:
- (1) the information or communication is free of any obvious inaccuracies or inconsistencies;
  - (2) the contents are unlikely to give a reasonably competent and prudent *person* in the *distributor's* position cause for concern; and
  - (3) the *distributor* has not identified, and is not aware of, any concerns that the information or the communication is misleading, inaccurate, or out of date in any material respect.
- 3.3.8 G (1) Notwithstanding that it may be reasonable for a *distributor* to rely on information provided or a communication prepared by a *manufacturer*, it should have regard to its obligations under *Principle* 12 and *PRIN* 2A (the Consumer Duty) – in particular, the cross-cutting obligation to avoid causing foreseeable harm to retail customers (*PRIN* 2A.2.8R).
- (2) A *distributor* may wish to exercise particular care when considering whether to rely on information or communications prepared or provided by a *firm* that is an *unauthorised person*. Investors will generally have limited (if any) practical recourse in respect of any losses caused by the misconduct of such a *person*. Moreover, a *firm* that is not an *authorised person* will not be subject to *Principle* 12 and *PRIN* 2A (the Consumer Duty), and may not be subject to any regulatory obligations other than those in *DISC*.

### 3.4 Identifying and acting on concerns

- 3.4.1 R Where a *firm* in the distribution chain for a *consumer composite investment* identifies that a *product summary*, *core information disclosures*, or *additional product communication* contains (or may contain) information that is in any material respect misleading, inaccurate or out of date, it must promptly and appropriately:
- (1) if they are the *person* who prepared the *product summary*, *core information disclosures* or *additional product communication*, amend or otherwise revise or update it so that it ceases to be misleading, inaccurate or out of date, or as necessary to address the concern;
  - (2) if they are not that *person*, raise their concerns with the *person* who prepared the *product summary*, *core information disclosures* or *additional product communication*; and
  - (3) inform other *firms* in the distribution chain for the *consumer composite investment* about the concern.
- 3.4.2 G (1) In complying with *DISC* 3.4.1R, a *firm* should have regard to the related requirements in *DISC* 2A.1.4R and *DISC* 3.1.2R.
- (2) The general Consumer Duty obligations in *PRIN* 2A.2.5R and *PRIN* 2A.5.14R are relevant to an *authorised person's* concerns relating to any communication about the *consumer composite investment*. For example, where the *firm* is concerned that information in the *product summary* is likely to be misunderstood by *retail investors*, or that information in other documents is inconsistent with the *product summary*, it should promptly notify the issue to the relevant *firm* in the distribution chain.
- 3.4.3 G (1) In keeping with its Consumer Duty obligations, an *authorised person* in the distribution chain for a *consumer composite investment* who is alerted to potentially inaccurate or misleading information in the *product summary* should consider what action, if any, may be required or appropriate in order to:
- (a) avoid causing foreseeable harm to *retail investors* (*PRIN* 2A.2.8R); or
  - (b) rectify the situation, if the *authorised person* identifies that *retail investors* have suffered foreseeable harm (*PRIN* 2A.2.5R).
- (2) Where the concerns are sufficiently significant, the *firm* may conclude that the action required in the circumstances is to pause *distribution* of the *consumer composite investment* until such time as the concern has been addressed.

- 3.4.4 G Where an *authorised person* identifies that it has provided inaccurate, misleading or out-of-date information in the *product summary* or in any *additional product communication* communicated to *retail investors*, it should consider whether *retail investors* may have suffered harm as a result. The Consumer Duty obligation in *PRIN* 2A.2.5R is likely to be relevant in this situation.

### 3.5 Product summary and core information disclosures – additional requirements

#### Filing of product summary – UCITS and non-UCITS funds

- 3.5.1 R (1) An *authorised fund manager* must file the *product summary* for each *UCITS scheme* and *non-UCITS retail scheme* which it manages, and any material amendments to it, with the *FCA*.
- (2) An *authorised fund manager* of a *feeder UCITS* or *feeder NURS* must, in addition to (1), file the *product summary* of its *master UCITS* or *qualifying master scheme*, and any material amendments thereto, with the *FCA*.

#### Core information disclosures – machine readability

- 3.5.2 R (1) A *manufacturer* must make available in machine-readable format any information in the *core information disclosures* that is reasonably capable of being rendered in such a format.
- (2) The information to be made available in (1) must be provided to *distributors* of the relevant *consumer composite investment* free of charge and in an easily accessible location in the *manufacturer's* website.
- (3) For the purposes of (1), information is in a machine-readable format where it is in an electronic format designed to be directly and automatically read and processed by a computer without requiring specialist software.
- 3.5.3 R (1) A *manufacturer* must publish instructions (including any updates to such instructions) explaining how to use the machine-readable file or files published under *DISC* 3.5.2R and include a link to such instructions alongside the file or files.
- (2) The information in (1) must include:
- (a) the date the *core information disclosures* were produced, or where subsequently revised or amended, the date of the latest revision; and
- (b) the rationale for any adjustment of the *consumer composite investment's* initial risk and return score under *DISC* 5.6.3R(3)

- 3.5.4 G In the *FCA*'s view, information that is provided in one or more comma-separated value (CSV) files will meet the requirement in *DISC* 3.5.2R to provide information in a machine-readable format.
- 3.5.5 R *DISC* 3.5.2R does not apply where the *consumer composite investment* is solely distributed by its *manufacturer* or one or more *associates* of the *manufacturer*.

## 4 General product information

### 4.1 Product characteristics

- 4.1.1 R The *general product information* comprises:
- (1) the name of the *consumer composite investment* assigned by the *manufacturer*;
  - (2) any international securities identification number or unique product identifier;
  - (3) the legal name of the *manufacturer*;
  - (4) the date the *product summary* was prepared or, where subsequently revised, the date of the latest revision;
  - (5) information about the characteristics of the *consumer composite investment*, including:
    - (a) its type;
    - (b) its investment objectives and strategy;
    - (c) a description of any underlying investment assets or reference values and an explanation of how they relate to the value of the *consumer composite investment*;
    - (d) information about any markets to which the value of the *consumer composite investment* has material exposure or sensitivity;
    - (e) any environmental or social objectives of the *consumer composite investment*;
    - (f) any insurance benefits and the circumstances in which they would accrue or be payable;
    - (g) the investment term, maturity date, or recommended holding period of the *consumer composite investment*, if there is one, including a minimum or maximum recommended holding period if relevant;

- (h) where the return or payment to a *retail investor* is determined by a formula, an explanation of the formula and how the *retail investor's* return or payment is calculated under the formula; and
  - (i) where the *consumer composite investment* features a capital guarantee, information about whether any conditionality applies to the capital guarantee, in particular where the guarantee only applies when the investment is held to the maturity date;
- (6) complaints information, which may be provided through a web link, including:
  - (a) information about how to complain to the *manufacturer* about:
    - (i) the *consumer composite investment*; and
    - (ii) the conduct of the *manufacturer* of the *consumer composite investment*; and
  - (b) contact details for making complaints;
- (7) information about:
  - (a) whether the *manufacturer* is carrying out an activity in relation to the *consumer composite investment* to which the *Compulsory Jurisdiction* or the *Voluntary Jurisdiction* of the *Financial Ombudsman Service* applies;
  - (b) the extent of coverage of the *compensation scheme* in relation to the *consumer composite investment*; and
  - (c) whether any alternative dispute resolution or compensation scheme from a country or territory other than the *UK* applies in respect of the *consumer composite investment* and the conditions to access any such scheme;
- (8) where there is a minimum recommended time period for holding or where it is stated that a minimum holding period is an essential element of the investment strategy, a warning that makes clear that the *consumer composite investment* may not be appropriate for investors who plan to withdraw their money within that time period;
- (9) details of any fees, rules, penalties or limitations on early exit or disinvesting from the *consumer composite investment*;
- (10) information about where and how to find additional information relating to the *consumer composite investment*, including but not limited to where and how a prospectus or other offer documents, contractual information and regular reports can be obtained; and

(11) any *funds* information required under *DISC* 4.1.3R, as applicable.

- 4.1.2 G A *manufacturer* may include in the environmental and sustainability information it provides under *DISC* 4.1.1R(5)(e) any disclosures it has prepared under *ESG* 5.1.1R (Preparation of sustainability disclosures) in respect of the *consumer composite investment*, or a link to those disclosures.

#### Funds information

- 4.1.3 R Where the *consumer composite investment* is an investment in a *fund*, the *general product information* also includes the following:
- (1) details about whether the *fund* is authorised in the *UK* and regulated by the *FCA* and, if not, whether it is a *recognised scheme* or something else;
  - (2) the name of the *fund's operator* or *AIFM* (as applicable); and
  - (3) for a *feeder fund*:
    - (a) details about whether its *master fund* is authorised in the *UK* and regulated by the *FCA* and, if not, whether the *master fund* is a *recognised scheme* or something else;
    - (b) the name of its *master fund's operator* or *AIFM* (as applicable); and
    - (c) either of the following:
      - (i) a statement that the *feeder fund* invests substantively in its *master fund* and therefore its returns will be very similar; or
      - (ii) an explanation of how and why the investment returns of the *feeder fund* and *master fund* may differ.

## 5 Risk and return information

### 5.1 General

- 5.1.1 R The *risk and return information* comprises the following, to be prepared in accordance with the requirements of this section:
- (1) the *consumer composite investment's risk and return score* and a narrative explanation of it;
  - (2) a narrative explanation of any materially relevant risks to the value, performance or investment returns of the *consumer composite investment*;

- (3) any applicable risk warnings or statements required under this chapter; and
- (4) the additional risk and return information as set out in *DISC* 5.8.

Methodology for determining the risk and return score

- 5.1.2 R A *manufacturer* must calculate the *risk and return score* for the *consumer composite investment* or for each underlying investment option of a multi-option *consumer composite investment* by:
- (1) following the applicable methodology in *DISC* 5.1.3R to produce an initial score, and then
  - (2) adjusting the score where appropriate and in accordance with *DISC* 5.6.
- 5.1.3 R (1) Subject to (2) and (3) as applicable, the *manufacturer* must calculate an initial score for the *consumer composite investment* in accordance with the volatility calculation methodology set out in *DISC* 5.2 and the ranking in *DISC* 5.4.
- (2) For a *consumer composite investment* which is a *structured product*, the *manufacturer* must calculate an initial score in accordance with the volatility calculation methodology set out in *DISC* 5.3 and the ranking in *DISC* 5.4.
  - (3) For a *consumer composite investment* to which *DISC* 5.5 applies, the *manufacturer* must identify the applicable pre-set initial score in accordance with that section.

Identification and disclosure of relevant material risks

- 5.1.4 R (1) A *manufacturer* must identify and prominently disclose as part of the *risk and return information* in *DISC* 5.1.1R(2) any material risks which are relevant to the *consumer composite investment* in addition to volatility.
- (2) The risks in (1) include, in particular and as applicable to the *consumer composite investment*:
    - (a) credit or counterparty risks;
    - (b) operational risks (for example, relating to the safekeeping of assets);
    - (c) the impact of any transactions in derivatives or forward transactions;
    - (d) the use of leverage;

- (e) a fixed investment term or a forced disinvestment timeframe that does not allow the investor to ride out unfavourable market conditions; or
- (f) any other significant risk factor which could be materially relevant to the performance of or return on a *consumer composite investment*, including any factor not transparent to the market.

## 5.2 Volatility calculation methodology – general

- 5.2.1 R For the purposes of this section, a *consumer composite investment's* volatility track record:
- (1) is data comprising the weekly pricing information or, if such information is not reasonably obtainable, monthly pricing information for:
    - (a) the past performance of the *consumer composite investment* itself via its *performance information*;
    - (b) the simulated past performance of the *consumer composite investment*, calculated on the basis of the historical values of the relevant underlying or reference assets; or
    - (c) the past performance of an appropriate benchmark, meaning a benchmark with a reasonably similar investment mandate, investment objectives or strategy, and underlying or reference assets as the *consumer composite investment*; and
  - (2) covers a period of 10 consecutive years, ending on a date no earlier than 60 *days* before the date the *manufacturer* prepares or reviews (for the purposes of *DISC* 3.2.2R) a *product summary* for that *consumer composite investment*.
- 5.2.2 R Where the *consumer composite investment* has less than 10 years of past performance history, the *manufacturer* must simulate past performance for the remainder of the 10 year period unless it reasonably cannot do so, in which case, it may use an appropriate benchmark.
- 5.2.3 R In gathering the data for the volatility track record, the *manufacturer* must ensure that:
- (1) the pricing basis adopted for performance information in *DISC* 5.2.1R(1)(a) is consistent throughout the period in *DISC* 5.2.1R(2) and provides a fair representation of the performance of the *consumer composite investment*;
  - (2) the approach to simulating past performance in *DISC* 5.2.1R(1)(b), or to measuring the past performance of an appropriate benchmark in *DISC* 5.2.1R(1)(c), as applicable, is consistent throughout the period

in *DISC* 5.2.1R(2) and provides a fair representation of the likely volatility of the *consumer composite investment* over that period; and

- (3) where relevant, the data is appropriately adjusted to reflect inflows and outflows of funds from the *consumer composite investment* and the effect of any smoothing over the period in *DISC* 5.2.1R(2).

- 5.2.4 R (1) The volatility of the *consumer composite investment* must be computed, and then rescaled to a yearly basis, using the following standard formula:

$$\text{volatility} = \sigma_f = \sqrt{\frac{m}{T-1} \sum_{t=1}^T (r_{f,t} - \bar{r}_f)^2}$$

- (2) The returns ( $r_{f,t}$ ) in (1) are measured over  $T$  non-overlapping periods of the duration of  $1/m$  years.
- (3) This means  $m=52$  and  $T= 520$  for weekly returns, and  $m=12$  and  $T=120$  for monthly returns, and where  $\bar{r}_f$  is the arithmetic mean of the returns of the fund over the  $T$  periods:

$$\bar{r}_f = \frac{1}{T} \sum_{t=1}^T r_{f,t}$$

### 5.3 Volatility calculation methodology: structured products

- 5.3.1 R (1) For the purposes of this section, track record is data comprising the daily historical pricing information, or if such information is not reasonably obtainable, weekly or monthly historical pricing information, for the relevant underlying or reference assets of the *structured product* that covers a period of 10 consecutive years ending on a date no earlier than 60 *days* before the date the *manufacturer* prepares or reviews a *product summary* for the *structured product*.
- (2) Where the *consumer composite investment* has less than 10 years of historical pricing, the *manufacturer* must simulate historical pricing for the remainder of the 10 year period based on an appropriate proxy reference index, benchmark, or reference *financial instruments*, unless it reasonably cannot do so.
- 5.3.2 R A *manufacturer* is required to simulate the future performance of the product to produce a value at risk (VaR) measure by:
- (1) using the track record to simulate the future performance of the underlying or reference assets of the product;

- (2) simulating the future performance of the product by calculating the product payout value for each simulated performance of the underlying or reference assets in (1) and multiplying each payout value by the appropriate risk-free discount factor for the recommended holding period;
- (3) determining the product's value at risk (VaR) by reference to the 97.5-percentile worst discounted product payout value created in (2); and
- (4) using the value at risk (VaR) of the product to calculate a value at risk equivalent volatility (VeV), using the following formula:

$$VEV = \{ \sqrt{(3.842 - 2 * \ln(VaR_{PRICE SPACE}))} - 1.96 \} / \sqrt{T}$$

where  $T$  = the length of the recommended holding period in years

- 5.3.3 R In simulating the future performance of the underlying or reference assets in *DISC 5.3.2R*, the *manufacturer* must use an appropriate bootstrapping (or other Monte Carlo-based) methodology to generate an expected distribution of prices or price levels from the track record, based on a minimum of 10,000 “samples” or simulations with replacement.
- 5.3.4 R (1) The *manufacturer* must adjust the simulated distribution of daily returns to account for any difference between the mean of the simulated distribution and the current market forward price for the underlying or reference asset for the recommended holding period.
- (2) In (1), the current market forward price is a function of the current risk free interest rates and dividend yields (or similar running costs associated with the underlying or reference assets) used in the construction of the simulated distribution.

#### 5.4 Ranking on a volatility scale

- 5.4.1 R The output of the calculation set out in *DISC 5.2* or *DISC 5.3*, as applicable, must be used to compute the initial risk and return of the *consumer composite investment* by applying it to the following grid of annualised volatility intervals, reflecting the increasing level of risk carried by the *consumer composite investment* and its position in the volatility scale:

Risk class	Annualised volatility interval
1	0% to <0.5%
2	0.5% to <2%
3	2% to <5%

4	5% to <9%
5	9% to <12%
6	12% to <16%
7	16% to <20%
8	20% to <30%
9	30% to <50%
10	50% and above

## 5.5 Products with a pre-set initial risk and return score

- 5.5.1 R The following *consumer composite investments* must be assigned an initial risk and return score of at least 9:
- (1) a *contract for differences*;
  - (2) a *contingent convertible security*;
  - (3) a *derivative*;
  - (4) a *security* issued by a *venture capital trust*;
  - (5) an investment in an *Enterprise Investment Scheme*;
  - (6) a *consumer composite investment* with a volatility track record (within the meaning of *DISC 5.2.1R* and *DISC 5.3.1R*) shorter than 5 years;
  - (7) any other *consumer composite investment* where any of the following factors apply:
    - (a) the investment strategy involves the use of leverage to a degree where it significantly increases the investment risk;
    - (b) the *retail investor* could lose more than they invest; or
    - (c) the investment, or the underlying or reference assets, are priced less frequently than once a *month*.
- 5.5.2 R If the *consumer composite investment* is a *structured deposit*, it must be assigned an initial risk and return score of 1.

## 5.6 Adjusting the initial risk and return score

- 5.6.1 R (1) The *manufacturer* must assess whether a *consumer composite investment*'s initial score produced in accordance with *DISC 5.4* or

*DISC 5.5* (as applicable) would provide *retail investors* with a fair and accurate reflection of the overall risks of the investment.

- (2) Following the assessment in (1), the *manufacturer* must:
  - (a) upgrade the score, where its assessment is that the initial score may lead *retail investors* to under-estimate the risks of the *consumer composite investment*, having regard in particular to any material risks identified under *DISC 5.1.4R*;
  - (b) downgrade the score, where *DISC 5.6.3R* applies and in accordance with that rule; or
  - (c) treat the initial score as the finalised *risk and return score*, where in its view the initial score provides an appropriate and fair indication of the overall risks of the *consumer composite investment*.

5.6.2 G A manufacturer should consider its obligations under *DISC 3.1.2R* in assessing:

- (1) whether and how to adjust the initial risk and return score of a *consumer composite investment* in *DISC 5.6.1R*; and
- (2) whether to include additional information in the *product summary* to assist *retail investors* in understanding the risks of the *consumer composite investment*.

5.6.3 R (1) A *manufacturer* may cautiously downgrade the risk and return score of a *consumer composite investment* where the initial risk and return score is, in the *manufacturer's* considered judgement, likely to overstate the overall risks of the investment – for example, because the relevant period used for the volatility calculation included a period of extreme market anomalies.

- (2) A *manufacturer* may downgrade the risk and return score of a *consumer composite investment* to a more significant extent where there is at least 90% capital protection under all market conditions, so as long as the ultimate *risk and return score* is an appropriate and fair reflection of all relevant risks, including in particular the counterparty risks applying to the investment.

- (3) The *manufacturer* must take particular care to clearly document the rationale for any downward adjustment in the initial risk and return score of a *consumer composite investment*.

5.6.4 G In the *FCA's* view, it will not normally be appropriate for a *consumer composite investment* to which *DISC 5.5.1R* applies to have its risk and return score downgraded following the *manufacturer's* consideration in *DISC 5.6.1R*.

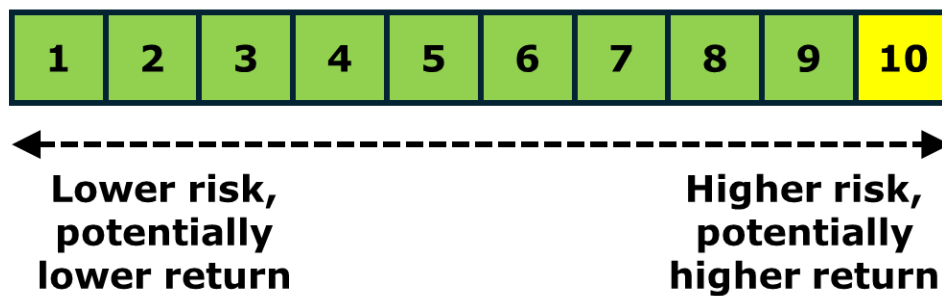
- 5.6.5 R (1) Where a *consumer composite investment* features low liquidity, a *manufacturer* must add +1 to the risk and return score in addition to any other change to the score following the assessment in *DISC* 5.6.1R.
- (2) For the purposes of (1), a *consumer composite investment* has low liquidity if one or both of the following apply:
- (a) a *retail investor* is likely to face delay or added cost for encashing, selling, or otherwise exiting the investment; or
- (b) the *consumer composite investment* has a high degree of exposure to *inherently illiquid assets*, meaning it is a *FIIA* or another investment where 50% or more of the underlying assets or reference assets are *inherently illiquid assets* for at least three consecutive *months* in the last 12-month period, or are permitted to be under its investment objectives.
- (3) Insofar as it might fall within (2)(b), a *share* in a *fund* is not to be regarded as having low liquidity if it is admitted to trading and regularly traded on a *UK RIE*, a *UK MTF*, or a *recognised overseas investment exchange*.
- (4) The adjustment in (1) need not be made where the *consumer composite investment's risk and return score* is otherwise 9 or above.
- 5.6.6 R If the *consumer composite investment* carries a risk that the investor could lose more money than they invested, it must be assigned a *risk and return score* of 10.
- 5.6.7 G The finalised *risk and return score* for a *consumer composite investment* should be an integer number reflecting the initial score produced under *DISC* 5.4 or *DISC* 5.5 (as applicable) after any adjustments under this section.

#### Record keeping of the risk and return score

- 5.6.8 R The *manufacturer* must keep an adequate record of the calculation of the risk and return score as well as any subsequent adjustment or revision for a period of at least 5 years.

### 5.7 Presenting the finalised risk and return score

- 5.7.1 R The *risk and return score* for the *consumer composite investment* must be presented clearly and prominently in the *product summary* on a horizontal linear scale of 1 to 10, in the manner shown:



5.7.2 G The *manufacturer* should consider supplementing the presentation in the *product summary* of the linear scale in *DISC 5.7.1R* with a concise explanation of how the *risk and return score* was calculated and a narrative explanation of the limitations of the approach, including a statement or explanation to the effect that:

- (1) historical data, such as is used in calculating the risk and return score, may not be a reliable indication of the future risk profile;
- (2) the risk and return score shown is not guaranteed to remain unchanged and the categorisation may shift over time; and
- (3) where relevant, a risk and return score of 1 may still involve a degree of risk to the original amount invested or to the returns the investor may receive.

## 5.8 Product summary: Additional risk and return information

5.8.1 R The *product summary* must include the following additional information:

- (1) a narrative explanation of the relationship between risk and performance and how the performance of a *consumer composite investment* impacts its risk and return profile;
- (2) appropriate performance information, summarising in narrative form the main drivers of investment performance for the *consumer composite investment* and identifying those most likely to determine the outcome of the investment and other factors which could have a material impact on performance;
- (3) a narrative description of the factors that increase the investment risk of the *consumer composite investment*;
- (4) a brief explanation of the kinds of conditions whereby the *consumer composite investment* is likely to generate lower or higher returns, or lead to investment loss or gains;
- (5) for a *consumer composite investment* with a material liquidity risk, a warning to this effect and a brief explanation of this risk;

- (6) a brief description of what outcome the investor may expect when the *consumer composite investment* matures or is redeemed, sold or encashed under severely adverse market conditions;
- (7) the following information:
  - (a) whether any capital protection is available in respect of the *consumer composite investment*, including any conditions or limitations of such protection;
  - (b) if the *consumer composite investment* is exposed to issuer risk or counterparty risk, an explanation of what happens in the event of the risk crystallising;
  - (c) if the investor might lose more than they invested or otherwise be required to make additional payments, an explanation and warning of this risk; and
  - (d) if the investor is exposed to the risk of losing more than the original sum invested in the *consumer composite investment*, an explanation and warning of this risk, including an explanation of any applicable limits to that liability;
- (8) if applicable, an explanation regarding the use of gearing as part of the *consumer composite investment's* investment strategy, including an explanation of the extent to which this increases the risk of loss and the potential for gains, depending on market conditions and the rate of leverage;
- (9) if applicable, a warning to the effect that the risk of the *consumer composite investment* may be significantly higher than the one represented in the *risk and return score* where the *consumer composite investment* is not held to maturity or for the recommended holding period;
- (10) for *consumer composite investments* with low liquidity or that are not regularly priced, a risk warning to that effect and that it may impact the *retail client's* ability to redeem or otherwise exit their investment;
- (11) for a *consumer composite investment* with features posing material challenges to the ability of the average investor to understand its risk/reward dynamics, mechanisms or profile, a risk warning to that effect and that this may impact the *retail investor's* understanding of the risk and rewards of the investment;

- (12) if applicable, an explanation that the investment return of a *consumer composite investment* denominated in a currency other than pounds sterling will be exposed to exchange rate risk;
- (13) for *consumer composite investments* with contractually agreed-upon early exit penalties or long disinvestment notice periods, a summary of the relevant underlying conditions;
- (14) for a *structured deposit*, an explanation of the risk to the interest payable, including the main drivers of that risk; and
- (15) any applicable risk warnings provided for in *FCA rules*.

5.8.2 G An example of a risk warning in *DISC* 5.8.1R(15) is the risk warning in *COBS* 4.5.16R which is applicable to a *consumer composite investment* that is an investment in a *FIIA*.

## 6 Costs and charges information

### 6.1 General

- 6.1.1 R (1) The *costs and charges information* comprises all direct and indirect costs and charges associated with a *consumer composite investment*, expressed as:
- (a) the *one-off entry costs figure*;
  - (b) the *one-off exit costs figure*;
  - (c) the *ongoing costs figure*;
  - (d) the *transaction costs figure*; and
  - (e) performance fees and carried interests.
- (2) The *costs and charges information* must be assessed, categorised, calculated and disclosed in accordance with the requirements of this chapter.
- (3) The requirement in (2) is modified in relation to performance fees and carried interests, as applicable, which must be assessed, categorised and disclosed but need not be calculated.
- (4) The *costs and charges information* also includes the explanations, descriptions or additional information required under *DISC* 6.3.2R and *DISC* 6.3.6R.

#### Categorisation

- 6.1.2 R (1) All direct and indirect costs and charges (with the exception of performance fees and carried interests) associated with an

investment in a *consumer composite investment* must be allocated to one of the following categories:

- (a) *one-off entry costs*;
- (b) *one-off exit costs*;
- (c) *ongoing costs*; and
- (d) *transaction costs*.

- (2) In allocating costs and charges in accordance with (1), a *manufacturer* must not allocate the same cost or charge to more than one category.

- 6.1.3 G The method for assessing costs and charges which are performance fees and carried interests is set out in *DISC* 6.3.6R.

## 6.2 Calculation of costs and charges information

### General principles

- 6.2.1 R All costs and charges categorised in accordance with *DISC* 6.1.2R must be calculated by a *manufacturer*:

- (1) using the applicable *assumed investment amount*;
- (2) for the preceding 12-month period; and
- (3) on a gross basis, such that the costs and charges calculation takes account of all relevant taxes including, but not limited to, any stamp duty or similar tax.

- 6.2.2 R *DISC* 6.2.1R(2) is modified:

- (1) in the case of *transaction costs*, which must be calculated in accordance with the requirements in *DISC* 6.5;
- (2) where *DISC* 6.2.4R or *DISC* 6.2.6R applies;
- (3) in respect of costs or charges for the subsequent 12-month period which are fixed or otherwise known in advance, in which case, a *manufacturer* must use those costs and charges; and
- (4) where a *consumer composite investment* has a maturity of under 12-months, in which case, a *manufacturer* must calculate the costs and charges over the life of the product.

- 6.2.3 R In relation to a *consumer composite investment* priced or denominated in a currency other than pounds sterling, the costs and charges must be calculated in pounds sterling and accompanied by a statement of the exchange rate used to calculate them.

## Calculation: misleading costs and charges

- 6.2.4 R (1) This *rule* applies where a *manufacturer* identifies that the *costs and charges information* under *DISC* 6.1.1R requires adjustment in order to comply with its obligations in *DISC* 2A.1.4R or *DISC* 3.1.2R because the *manufacturer* expects, on reasonable grounds, that future costs and charges will be materially different from those calculated for the preceding 12-month period.
- (2) Where (1) applies, the *manufacturer* may adjust the calculation of the costs and charges associated with the investment in a *consumer composite investment* as reasonably necessary to ensure the *costs and charges information* is not misleading and otherwise complies with *DISC* 2A.1.4R and *DISC* 3.1.2R.
- 6.2.5 G An example of a future cost or charge being materially different for the purposes of *DISC* 6.2.4R(1) is where the *manufacturer* is aware that the amount of any fee payable to a *management company*, *depository* or *custodian* will change from what was charged during the preceding 12-month period.

## Calculation: unknown or incomplete costs and charges

- 6.2.6 R (1) This *rule* applies in relation to a *consumer composite investment* which has been operating for less than 12 months, and for which some or all costs and charges for a full 12-month period are not yet known.
- (2) When calculating costs and charges in the circumstances described in (1), the *manufacturer* must estimate the costs and charges for a 12-month period based on:
- (a) the costs or charges set in agreements relating to the *consumer composite investment*;
  - (b) the level of costs and charges already incurred, if any; or
  - (c) where costs and charges are not set in agreements or none have yet been incurred, on its reasonable expectation of the amount of those costs and charges.
- (3) The requirement in (2) does not apply in respect of *transaction costs*, which must be calculated in accordance with *DISC* 6.5.2R.
- (4) The *manufacturer* must keep the accuracy of any costs and charges figure calculated under (2) or (3) under review and must, in carrying out the review in *DISC* 3.2.2R, update and replace any *costs and charges information* based on the calculation in (2) or (3) with *costs and charges information* calculated in accordance with *DISC* 6.2.1R and *DISC* 6.2.2R.

- 6.2.7 G When estimating costs and charges in accordance with *DISC* 6.2.6R(2), a *manufacturer* may base its estimates on the costs and charges associated with an investment in a reasonably comparable *consumer composite investment*.

Calculation: profit sharing in insurance-based investment products

- 6.2.8 R Where the *manufacturer* of an *insurance-based investment product* pays *retail investors* a share of its profits, the *manufacturer* may calculate its *ongoing costs* and *transaction costs* net of that profit share.

### 6.3 Presentation of costs and charges information

One-off and ongoing costs

- 6.3.1 R (1) The *manufacturer* must clearly and prominently include in the *product summary* each of the following figures, expressed as a percentage of the applicable *assumed investment amount* and as a cash amount rounded to the nearest pound sterling:
- (a) the *one-off entry costs figure*;
  - (b) the *one-off exit costs figure*;
  - (c) the *ongoing costs figure*; and
  - (d) where applicable, the *ongoing costs* of any investee *closed-ended investment funds*.
- (2) The obligation in (1) does not apply where the figure is zero.
- 6.3.2 R The *manufacturer* must provide in the *product summary* a concise, plain English description of the nature and content of each figure in *DISC* 6.3.1R, as applicable.
- 6.3.3 R The *manufacturer* must provide written confirmation to a *distributor* where any of the figures referred to in *DISC* 6.3.1R are calculated as zero, confirming that:
- (1) the category of costs and charges which corresponds to that figure is applicable to the type of *consumer composite investment*, but has been calculated as zero; or
  - (2) the category of costs and charges which corresponds to that figure is not applicable to the type of *consumer composite investment*.
- 6.3.4 G A *manufacturer* should consider providing the *distributor* of a *consumer composite investment* with a breakdown of the identifiable elements of *ongoing costs* and other contextual information or explanation of these costs to assist the *distributor* in enabling the *retail investor* to understand the nature and impact of those costs and charges.

## Transaction costs

- 6.3.5 R The *manufacturer* must include in the *product summary* the *transaction cost figure*, expressed as a percentage of the applicable *assumed investment amount*.

## Performance fees and carried interests

- 6.3.6 R In respect of a *consumer composite investment* which is subject to performance fees or carried interests, the *manufacturer* must provide the following information in the *product summary*:

- (1) a concise explanation in plain English of how any applicable performance fees or carried interests operate;
- (2) a summary in plain English of the applicable terms and conditions which identifies, in particular, any benchmark governing when a performance fee or carried interest will or could be applied, paid or levied, and how they are to be calculated if due; and
- (3) at least one example illustrating how much the performance fee and/or carried interest (as applicable) could amount to if applied, paid or levied, based on a hypothetical investment of £10,000 and reasonable assumptions about the performance of the *consumer composite investment*.

- 6.3.7 R A *consumer composite investment* will be considered to be subject to a performance fee or carried interest in circumstances where:

- (1) the *consumer composite investment* itself has a performance fee or carried interest; or
- (2) the *consumer composite investment* invests in one or more *consumer composite investments* or other investment products to which a performance fee or carried interest is applicable.

- 6.3.8 R In relation to indirect performance fees or carried interest falling within *DISC* 6.3.7R(2), the requirement in *DISC* 6.3.6R will be satisfied where the *product summary* includes a general explanation of the performance fees or carried interest applicable to investee *consumer composite investments* such as to provide the *retail investor* with an reasonable basis for understanding the likely impact of those costs on their investment.

## 6.4 One-off and ongoing costs

## One-off costs: general scope

- 6.4.1 R (1) One-off costs are costs or charges that meet the criteria in either (2) or (3) and:
- (a) are deducted from a payment due to the *retail investor*;

- (b) are deducted from the value of or invested amount in the *retail investor's consumer composite investment*;
  - (c) in relation to *funds*, are borne by the *retail investor* and not deducted from the assets of the *fund*; or
  - (d) are paid directly by the *retail investor*.
- (2) A one-off cost in (1) is a *one-off entry cost* if it is incurred or paid upfront or upon or shortly after the *retail investor* purchasing or otherwise entering the investment in the *consumer composite investment*.
  - (3) A one-off cost in (1) is a *one-off exit cost* if it is incurred or paid upon or shortly after the *retail investor* selling or otherwise disposing of the investment in the *consumer composite investment*.

#### One-off entry costs

6.4.2 R For the avoidance of doubt, the following are *one-off entry costs*:

- (1) in relation to *consumer composite investments* other than an investment in a *fund* or an *insurance-based investment product*:
  - (a) structuring costs, including market-making costs and settlement costs;
  - (b) costs for capital guarantees;
  - (c) implicit premiums paid to the issuer; and
  - (d) stamp duty or similar tax.
- (2) in relation to *insurance-based investment products*, the full or cost part of any biometric risk premium (see *DISC 6.4.6R*).

#### One-off exit costs

6.4.3 R For the avoidance of doubt, in relation to a *consumer composite investment* other than an investment in a *fund* and an *insurance-based investment product*, the following are *one-off exit costs*:

- (1) proportional fees;
- (2) bid-mid spread to sell the product and any explicit costs, charges or other penalties for early exit;
- (3) costs or charges relating to a *contract for differences*, such as:

- (a) commissions charged by *contract for differences* providers; or
- (b) *contract for differences* trading such as bid-ask spreads, daily and overnight financing costs, account management fees and taxes;
- (4) for derivative-based *consumer composite investments*, exchange fees, clearing fees and settlement fees; and
- (5) where relevant, exit penalties depending on the holding period of the *consumer composite investment* and the exact moment when the *consumer composite investment* is cashed in.

#### Ongoing costs

- 6.4.4 R (1) *Ongoing costs* are direct or indirect costs or charges that are regularly deducted from:
- (a) for a *consumer composite investment* other than an investment in a *fund* or an *insurance-based investment product*, payments due to the *retail investor*, the amount invested or the value of the *consumer composite investment*;
  - (b) for a *consumer composite investment* that is an investment in a *fund*, the assets of the *fund*, or any amount payable to the *retail investor* under distribution or equivalent arrangements; and
  - (c) for *insurance-based investment products*, all payments from or owed to the *retail investor*, or from the amount invested, or amounts that are not allocated to the *retail investor* according to a profit-sharing mechanism.
- (2) Subject to (3), *ongoing costs* include in particular:
- (a) expenses incurred in the operation of the *consumer composite investment*; and
  - (b) any payments, including remunerations, to any party connected with the *consumer composite investment* or providing services in relation to it.
- (3) The following are not *ongoing costs* and need not be disclosed as part of the *costs and charges information*:
- (a) costs incurred in the maintenance and commercial operation of real assets – that is, tangible assets such as infrastructure, transport and real estate, with inherent value reflecting their physical utility; or

- (b) debt servicing or gearing costs.

6.4.5 R For the avoidance of doubt, the following are *ongoing costs* for the purposes of *DISC 6.4.4R*:

- (1) in relation to *funds*:
  - (a) where a *fund* invests its assets in one or more other *funds*, any costs and charges for each of the investee *funds* which the *fund* will incur itself as an investor in the investee *funds*; or
  - (b) where a *fund* invests in a *consumer composite investment* other than another *fund*, or in any other investment product, any costs and charges which the *fund* will incur itself as an investor in such other *consumer composite investment*.
- (2) in relation to *insurance-based investment products*:
  - (a) the full or cost part of any biometric risk premium;
  - (b) any amount implicitly charged on the amount invested, including the costs incurred for the management of the investments of the insurance company; and
  - (c) where any part of the assets of the *insurance-based investment product* are invested in a *fund*, in a *consumer composite investment* other than a *fund* or in an investment product other than a *consumer composite investment*, *DISC 6.4.5R(1)(a)* or (b), respectively, must be applied.

6.4.6 R The *ongoing costs* of any investee *closed-ended investment fund* need not be aggregated into the *ongoing costs figure* of the investor *fund*.

6.4.7 G The costs in *DISC 6.4.6R* still need to be disclosed in the *product summary* as required by *DISC 6.3.1R(1)(d)*.

Biometric risk premiums – insurance-based investment products only

- 6.4.8 R
- (1) For the purposes of *DISC 6.4.5R*, the cost part of a biometric risk premium is the difference between the biometric risk premium charged to the *retail investor* and the fair value of the biometric risk premiums.
  - (2) A biometric risk premium is a premium paid directly by the *retail investor* or deducted from the amounts credited to the *mathematical reserve* or from the participation bonus of the insurance policy and which is intended to cover the statistical risk of benefit payments from insurance coverage.

- (3) The fair value of the biometric risk premium is the expected present value, assuming a standardised net performance equivalent to the rate of SONIA (or any other equivalent risk-free rate) over the relevant period, of the future benefit payment from insurance coverage, taking into account the following:
  - (a) best estimate assumptions on these benefit payments derived from the individual risk profile of the portfolio of the individual *manufacturer*; and
  - (b) other payoffs related to insurance cover (for example, rebates on biometric risk premiums paid back to the *retail investors*, increase of benefit payments and/or reduction of future premiums) resulting from profit sharing mechanisms.
- (4) Best estimate assumptions on future benefit payments from insurance coverage for the purposes of (3)(a) must:
  - (a) be set in a reasonable manner by a *manufacturer*;
  - (b) for a *manufacturer* which is a *Solvency II firm*, be consistent with the assumptions used for the calculation of *technical provisions*; and
  - (c) not include prudency margins or costs for the management of the insurance cover.

## 6.5 Transaction costs

### General

- 6.5.1 R (1) *Transaction costs* are explicit costs or charges, other than *one-off costs*, that are incurred in the course of the buying or selling of *investments* underlying or otherwise relating to a *consumer composite investment*.
- (2) *Transaction costs* include but are not limited to:
  - (a) broker commissions, exchange fees and other payments to agents, intermediaries or trading venues;
  - (b) stamp duty and other taxes or levies; and
  - (c) legal expenses.
- 6.5.2 R (1) Subject to (2), *transaction costs* must be calculated on an annualised basis, based on an average of those transaction costs under this section incurred in relation to the *consumer composite investment* over the previous 36 months.

- (2) Where the *consumer composite investment* has been operating for less than 36 months, *transaction costs* must be estimated on a reasonable basis.
- 6.5.3 G The following factors will normally be relevant to the estimate in *DISC* 6.5.2R(2):
- (1) actually incurred costs and charges;
  - (2) the actual or anticipated rate and volume of turnover of the *consumer composite investment's* portfolio of underlying assets;
  - (3) market rates for the sort of fees or charges expected to be incurred as part of the establishment, operation, management or carrying out of the *consumer composite investment*; and
  - (4) anticipated changes in costs or charges over the initial 36 months of operation of the *consumer composite investment*.
- 6.5.4 G In respect of a new *consumer composite investment*, the estimate in *DISC* 6.5.2R(2) should additionally be compared against the *transaction costs* of *consumer composite investments* with a similar structure, investment strategy and underlying assets by way of checking its reasonableness.

## 6.6 Costs and charges information – presentational requirements

- 6.6.1 R The *product summary* must contain an explanation of the following matters:
- (1) the importance of costs and charges with a clear explanation of the impact of the costs and charges an investor pays on the potential growth of the *consumer composite investment*; and
  - (2) that the person selling or advising on the *consumer composite investment* may charge the *retail investor* other costs and charges.
- 6.6.2 R The *product summary* must be clear as to which costs and charges are estimated.
- 6.6.3 R Where relevant, the *product summary* must include a cross-reference to those parts of the *consumer composite investment's prospectus* where more detailed information on costs and charges can be found, including information on performance fees and how they are calculated.
- 6.6.4 R The *product summary* may include any additional explanation, contextual information or breakdown of the costs and charges the *manufacturer* considers to be useful to the *retail investor* in understanding the impact of costs and charges, provided this is consistent with the information provided under *DISC* 6.6.1R.

- 6.6.5 R Where a *consumer composite investment* is a *fund* which invests in one or more *funds* managed by the same *person* as itself, the *product summary* must disclose any actual or potential benefits to that *person* arising from the investment in the investee *funds*.

## 7 Performance information

### 7.1 General

- 7.1.1 R (1) The *performance information* comprises:
- (a) information about the performance of a *consumer composite investment* covering the relevant period so as to illustrate variations in value of the investment over that period;
  - (b) any additional information necessary to produce the line graph as required by *DISC 7.1.4R*; and
  - (c) the information required by *DISC 7.1.5R*.
- (2) The relevant period for the purposes of the *performance information* is the shorter of:
- (a) ten consecutive years ending on a date no earlier than 60 *days* before the date the *manufacturer* prepares a *product summary* for a *consumer composite investment* as required under *DISC 2A.2.1R* or updates a *product summary* for a *consumer composite investment* as required by *DISC 3.2.2R*; or
  - (b) the entire period from the *day* a *consumer composite investment* was manufactured until a date no earlier than 60 *days* before the date the *manufacturer* prepares a *product summary* for that *consumer composite investment* as required by *DISC 2A.2.1R(1)* or updates a *product summary* for that *consumer composite investment* as required by *DISC 3.2.2R*.
- (3) The requirement in (1) does not apply in respect of *consumer composite investments* for which no past performance information is available.
- (4) The *manufacturer* must ensure the pricing basis adopted for the performance data covering the relevant period is consistent throughout and provides a fair representation and full disclosure of the performance of the *consumer composite investment*.
- (5) Where the *consumer composite investment* is an investment in a *closed-ended investment fund* or any other *share* in a *fund* which is admitted to official listing on an exchange and for which there

is a difference between share price and net asset value per share, the *performance information* must include the historical share price as well as the historical net asset value per share for the relevant period.

- 7.1.2 G In respect of a *consumer composite investment* for which no past performance information is available, the *manufacturer* is still subject to the requirements in *DISC 5* (Risk and return information) to provide a narrative explanation of the factors affecting the performance of a *consumer composite investment*.

- 7.1.3 R The past performance of a *consumer composite investment* that is an investment in a *fund* or an *insurance-based investment product* must be based on the assumption that any distributable income has been reinvested.

Information underlying line graph in the product summary

- 7.1.4 R The *manufacturer* must provide all information necessary to produce the line graph for the *product summary* in accordance with the requirements of *DISC 7.2* (Past performance graph).

Other statements

- 7.1.5 R The *product summary* must also contain the following information:

- (1) the year in which the *consumer composite investment* was manufactured;
- (2) where the underlying asset is in a different currency to pounds sterling, an explanation of this and a warning that performance may be affected by currency fluctuations;
- (3) the relevant period; and
- (4) the source of the *performance information*.

## 7.2 Past performance graph

- 7.2.1 R Where past performance information is available for a *consumer composite investment*, and subject to *DISC 7.2.3R*, the *product summary* must include a line graph for the relevant period covered by the *performance information*, prepared in accordance with the requirements of this section.

- 7.2.2 R The line graph must be accompanied by:

- (1) a prominent warning to the *retail investor* explaining that past performance is not a guide to future performance;
- (2) where the relevant period is 1 year or less, a warning that the performance shown is for a short period of time and that it will

not necessarily be representative of the performance of the *consumer composite investment* in the longer term; and

- (3) the information in *DISC 7.1.5R*.

- 7.2.3 R Where the relevant period for a *consumer composite investment* comprises less than 3 *months*, the *manufacturer* preparing the *product summary* may:
- (1) opt not to prepare a line graph; and
  - (2) if so, state in the *product summary* that there is insufficient performance information to usefully illustrate the performance of the *consumer composite investment*.

The line graph

- 7.2.4 R
- (1) The line graph must show the performance of a hypothetical investment amount in the *consumer composite investment* invested at the start of the relevant period for the duration of that period with at least 1 datapoint for the last *day* of each *month* during the relevant period.
  - (2) The investment amount referred to in (1) must:
    - (a) where the *consumer composite investment* is priced or denominated in pounds sterling, be £10,000; or
    - (b) where the *consumer composite investment* is priced or denominated in a currency other than pounds sterling, be an amount of the other currency of a similar magnitude to £10,000 which is cleanly divisible by 1000.
  - (3) The past performance shown in (1) must be net of any costs and charges for that *consumer composite investment*.
  - (4) Where the *consumer composite investment* is a *with-profits insurance contract*, the performance shown in (1) must include the effect of any bonus amount or market value reduction during the relevant period.
  - (5) For the purposes of (4), a bonus amount or market value reduction is an adjustment to a *retail investor's* investment return under a mechanism in the *with-profits insurance contract* for the purpose of evening out the effect of volatility on investment returns.
  - (6) Where *DISC 7.1.1R(5)* applies, the *manufacturer* preparing the *product summary* may add a separate line graph comparing historical share prices against historical net asset value per share over the relevant period.

- 7.2.5 R The line graph must meet the following requirements:
- (1) it must be legible;
  - (2) the units:
    - (a) on the Y-axis must be the currency in which the *consumer composite investment* is priced; and
    - (b) on the X-axis must be calendar years (or parts thereof); and
  - (3) the scale of the Y-axis must:
    - (a) be linear; and
    - (b) not be logarithmic; and
  - (4) values showing amounts of currency must be rounded to whole numbers.

### 7.3 Benchmarks: authorised funds and recognised schemes

- 7.3.1 R This section applies where a *consumer composite investment* is an investment in a *fund* which is a *UCITS scheme*, a *non-UCITS retail scheme*, a *recognised scheme* or a *long-term asset fund*.
- 7.3.2 R In the case of a *UCITS scheme* or a *non-UCITS retail scheme*:
- (1) where one or both of a *target benchmark* or a *constraining benchmark* has been referred to in the *prospectus* for that fund, the line graph must include lines tracking the performance of the benchmarks referred to over the same period and on the same basis as illustrated for the past performance of the *consumer composite investment*; and
  - (2) the line graph may include a *comparator benchmark*, provided that where the *prospectus* for that fund included a *comparator benchmark* the same *comparator benchmark* is used in the line graph over the same time period and on the same basis as illustrated for the past performance of the *consumer composite investment*.
- 7.3.3 R In the case of a *long-term asset fund* or a *recognised scheme*, where the *fund* has a *target benchmark*, *constraining benchmark* or *comparator benchmark* (whether this use is disclosed in its *prospectus*, if it has one, or not), the line graph must include lines for any benchmarks used for tracking the performance of that benchmark over the same period and on the same basis as illustrated for the past performance of the *consumer composite investment*.

- 7.3.4 R Where a *manufacturer* preparing the *product summary* includes a line in the line graph for any benchmark under this *rule*, it must include a statement in the *product summary* explaining why the relevant benchmark was chosen.
- 7.3.5 R Where a *manufacturer* preparing the *product summary* does not include a line in the line graph for a benchmark, it must provide in the *product summary*:
- (1) a statement to that effect; and
  - (2) a short explanation as to how *retail investors* can assess the performance of the *consumer composite investment*.
- 7.3.6 R For the purposes of *DISC 7.3.2R* and *DISC 7.3.3R*:
- (1) a *target benchmark* is where a target for a *fund's* performance has been set, or a payment out of the assets of the *fund* is permitted, by reference to a comparison of one or more aspects of the *fund's* assets or price with fluctuations in the value or price of an index or indices or any other similar factor;
  - (2) a *constraining benchmark* is where, without being a *target benchmark*, arrangements are in place in relation to the *fund* according to which the composition of the portfolio of the *fund* is, or is implied to be, constrained by reference to the value, the price or the components of an index or indices or any other similar factor; and
  - (3) a *comparator benchmark* is where, without being a *target benchmark* or a *constraining benchmark*, the *fund's* performance is compared against the value or price of an index or indices or any other similar factor.
- 7.3.7 G *DISC 7.3.2R(2)* does not impose a requirement on a *firm* to include a *comparator benchmark* in a line graph for a *consumer composite investment*, whether or not a *comparator benchmark* was included in the *consumer composite investment's prospectus*.

#### 7.4 Benchmarks: other funds

- 7.4.1 R This section applies where a *consumer composite investment* is an *insurance-based investment product*, or an investment in a *fund* to which *DISC 7.3* does not apply.
- 7.4.2 R The *manufacturer* preparing the *product summary* may opt to include a line in the line graph tracking the performance of a relevant benchmark over the same period and on the same basis as illustrated for the past performance of the *consumer composite investment*.

- 7.4.3 R Where the *manufacturer* includes a line in the line graph for a benchmark under *DISC* 7.4.2(R), it must include a statement in the *product summary* explaining why the relevant benchmark was chosen.
- 7.4.4 R Where the *manufacturer* preparing the *product summary* opts not to include a benchmark for a *consumer composite investment* under *DISC* 7.4.2(R), it must:
- (1) omit the line referred to in *DISC* 7.4.2(R); and
  - (2) provide in the *product summary*:
    - (a) a short explanation of why the *manufacturer* has opted not to include a relevant benchmark (for example, because it considers there is no relevant benchmark for the *fund*); and
    - (b) a short explanation as to how *retail investors* can assess the performance of the *consumer composite investment*.
- 7.4.5 R In this section, a ‘relevant benchmark’ means a benchmark which, in the considered judgement of the *manufacturer* preparing the *product summary*, is likely to support consumer understanding of the investment context within which the *insurance-based investment product* or *fund* operates.

## 7.5 Benchmarks: other requirements

### Material change

- 7.5.1 R (1) This *rule* applies where a material change occurs to the objectives and strategy of a *consumer composite investment* (as identified under *DISC* 3.2.4R(1)) during the relevant period shown by the line graph and the *consumer composite investment* is:
- (a) an investment in a *fund*; or
  - (b) an *insurance-based investment product*.
- (2) The time of the change must be indicated in the line graph for the *consumer composite investment* with a warning that the prior performance was achieved under circumstances that no longer apply.
- 7.5.2 G (1) This *guidance* applies in the following circumstances:
- (a) a *consumer composite investment* is an investment in a *fund* or an *insurance-based investment product*;
  - (b) a material change occurs to the objectives and strategy of that *consumer composite investment* during the relevant period shown by the line graph; and

(c) a benchmark is shown in the line graph.

- (2) In the circumstances set out in (1), the *FCA* expects the benchmark shown in the line graph before and after the change in objectives and strategy to be consistent with the objectives and strategy for the period to which the benchmark relates.

#### Feeder funds

- 7.5.3 R The information used to produce the line graph for a *feeder fund* under *DISC* 7.2.1R must be information relating to that *feeder fund* and not the *feeder fund's master fund*.

#### Simulated past performance

- 7.5.4 R A *manufacturer* may include a benchmark in or alongside a line graph that uses an indication of simulated past performance but only where that benchmark will aid consumer understanding of the *consumer composite investment*.
- 7.5.5 G A *manufacturer* must ensure that any indication of simulated past performance it uses satisfies the requirements of *COBS* 4.6.6R.

## 8 Non-authorised persons – additional general obligations

### 8.1 General

#### Application

- 8.1.1 R The *rules* in this chapter only apply to a *firm* which is an *unauthorised person*.

#### General principles

- 8.1.2 R A *firm* which is an *unauthorised person* must, in relation to all elements of its business relating to activities within the scope of *DISC*:
- (1) act with integrity;
  - (2) act with due skill, care, and diligence;
  - (3) take reasonable care to organise its affairs responsibly and effectively, with adequate risk management systems;
  - (4) arrange adequate protection for the assets of *retail investors* when it is responsible for them; and
  - (5) deal with the *FCA* in an open and cooperative way, and disclose to the *FCA* appropriately anything relating to itself and its activities of which the *FCA* would reasonably expect notice.

- 8.1.3 R (1) The requirements set out in *DISC* 8.1.2R do not apply to the *operator* of a *recognised scheme* with respect to the operation of the *scheme*.
- (2) Where the *unauthorised person* is a *closed-ended investment fund* which is a *listed company*, compliance with the listing principles in *UKLR* 2.2.1R, where they apply, will substitute compliance with *DISC* 8.1.2R.
- 8.1.4 R A contravention of *DISC* 8.1.2R does not give rise to a right of action under regulation 9 of the *Consumer Composite Investments Regulations*.
- 8.1.5 G A *firm* which is an *authorised person* is subject to equivalent requirements under *Principles* 1, 2, 3, 10 and 11.

## 8.2 Product governance

- 8.2.1 R (1) A *manufacturer* who is an *unauthorised person* must ensure, in relation to each *consumer composite investment* it *manufactures*:
- (a) there is a product approval process in place that ensures the *consumer composite investment*:
    - (i) is designed to meet the identified needs, characteristics and objectives of the *retail investors* in its target market; and
    - (ii) will provide fair value to the *retail investors* in its target market;
  - (b) an appropriate assessment is carried out in respect of all relevant risks posed by the *consumer composite investment* to *retail investors*, including in particular *consumers* with characteristics of vulnerability; and
  - (c) the distribution strategy for the *consumer composite investment* is appropriate, having regard to the *consumer composite investment's* target market and to the risks posed by the *consumer composite investment* to *retail investors*.
- (2) The requirement in (1)(a)(ii) does not apply if the *consumer composite investment* is an investment in a *recognised scheme*.
- 8.2.2 G For the purposes of compliance with *DISC* 8.2.1R(1)(a)(ii), value has the meaning in *PRIN* 2A.4.1R.

## 8.3 Complaints handling

- 8.3.1 R A *firm* must establish and maintain transparent policies and procedures ensuring the effective, fair and reasonable handling and resolution of *complaints*.
- 8.3.2 R As part of the policies and procedures in *DISC* 8.3.1R, a *firm* must:
- (1) publish clear information about its complaints handling procedures, including information on how to submit a *complaint*, the circumstances in which a *complaint* may be forwarded to another *firm* and on any alternative dispute resolution mechanism that may be available;
  - (2) ensure that a *retail investor* is able to submit a *complaint* free of charge and without unreasonable barriers, including in particular:
    - (a) unreasonable additional costs to the complainant;
    - (b) steps which are unreasonably onerous, time-consuming, complex or difficult for a *retail investor* to understand; or
    - (c) asking the *retail investor* for unnecessary information or evidence.
- 8.3.3 R In complying with *DISC* 8.3.2R, the *firm* must ensure that, once a *complaint* is received:
- (1) the complainant receives a prompt written acknowledgment including a brief explanation of the typical stages and timelines applicable to the *firm's* complaints handling procedures;
  - (2) the *complaint* is investigated and assessed competently, impartially, without unreasonable delay and taking account of all relevant factors, including when the *firm* is determining:
    - (a) whether the *complaint* should be upheld or rejected; and
    - (b) what, if any, remedial action or offer of compensation may be appropriate in the circumstances;
  - (3) the complainant receives a written response providing a clear explanation of its assessment of the *complaint* and setting out any offer of remedial action or compensation as appropriate; and
  - (4) the *firm* complies promptly with the terms of any offer made to the complainant if and when it is accepted.
- 8.3.4 R A *firm* must keep a record of each *complaint* received and of the measures taken for its resolution for a reasonable period of at least 3 years.

- 8.3.5 R The requirements set out in *DISC* 8.3.1R to *DISC* 8.3.4R do not apply to the *operator* of a *recognised scheme* with respect to *complaints* about the operation of the *scheme*.

DISC TP 1 (Transitional provisions) is deleted in its entirety. The deleted text is not shown but the chapter is marked [deleted] as shown below.

**TP 1      ~~Transitional provisions~~ [deleted]**

Insert the following new transitional provisions and schedules after DISC TP 1. The text is all new and is not underlined.

**TP 2      Consumer composite investment transitional provisions**

Application

- TP 2.1 R (1) During the transitional period:
- (a) the *rules* in these transitional provisions are to have effect; and
  - (b) the other *rules* in *DISC* are to have effect only as specified in these transitional provisions.
- (2) The transitional period begins on 6 April 2026 and ends on 7 June 2027.

Disclosure document: preparation and publication

- TP 2.2 R (1) Subject to (4), for each *consumer composite investment* it *manufactures*, a *manufacturer* must prepare either:
- (a) a *product summary* in accordance with *DISC* 3; or
  - (b) whichever of the following the *manufacturer* had to or would have had to prepare in relation to the *consumer composite investment* on 5 April 2026:
    - (i) a key information document under the PRIIPs Regulation and the PRIIPs technical standards;
    - (ii) a key investor information document under COLL 4.7 and the KII Regulation; or
    - (iii) an EEA key investor information document under the provisions requiring the preparation of that document.

- (2) In these transitional provisions a ‘disclosure document’ means a document prepared by a *manufacturer* under (1).
- (3) In respect of each *consumer composite investment* for which it must prepare a disclosure document, a *manufacturer* must provide that document to a *distributor* in good time before the *consumer composite investment* is made available by that *distributor* for *distribution to retail investors*.
- (4) Where the *consumer composite investment* is:
  - (a) a share in a closed-ended investment company that is UK-listed, the *manufacturer* is not required to prepare a disclosure document;
  - (b) *manufactured* by an operator of a standalone scheme or sub-fund that is a recognised scheme by virtue of regulation 62 of the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019, the *manufacturer* must prepare a disclosure document of the type specified in paragraph (1)(a) (a *product summary* prepared in accordance with *DISC* 3) in respect of that *consumer composite investment*; or
  - (c) a product for which a *manufacturer* would not have had to prepare a document set out in (1)(b)(i), (ii) or (iii) on 5 April 2026, a *manufacturer* may produce whichever of those documents it considers most appropriate in relation to the *consumer composite investment* as an alternative to producing a *product summary* under (1)(a).
- (5) A *manufacturer* must publish a disclosure document it prepares in accordance with requirements in this *rule* on a publicly accessible website before the *consumer composite investment* is made available to a *retail investor*.
- (6) In this *rule*:
  - (a) ‘closed-ended investment company’ has the meaning given in article 2.3 to 2.7 of Regulation (EU) No 1286/2014 of the European Parliament and of the Council; and
  - (b) ‘UK-listed’ is interpreted in accordance with article 2.3 and 2.8 of Regulation (EU) No 1286/2014 of the European Parliament and of the Council.

TP 2.3      G    (1)    The effect of *DISC* TP 2.2R is to give most *manufacturers* the choice to either produce a *product summary* or continue to produce whichever disclosure document was or would have been required in respect of the *consumer composite investment* on the *day* before the commencement of the transitional period. This will be either a key

information document, a key investor information document or an EEA key investor information document. Included are *consumer composite investments* that are new to market or were not otherwise subject to the previous disclosure regimes under the PRIIPs Regulation or the *UCITS Directive* the day before the commencement of the transitional period.

- (2) A document produced for a product before 6 April 2026 which meets the requirements of one of the regimes set out *DISC* TP 2.2R(1)(b)(i), (ii) or (iii) can continue to be used as a disclosure document during the transitional period, provided it continues to meet the requirements of the relevant regime. This includes for the purposes of the requirements of any source books as applied by *DISC* TP 2.11R.
- (3) Shares in closed-end investment companies that are UK-listed (interpreted as per *DISC* TP 2.2R(6)) are not subject to that requirement. For those shares, the *manufacturer* is not required to prepare a disclosure document during the transitional period.
- (4) A *manufacturer* which is recognised under regulation 62 of the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 and is therefore within the temporary marketing permission regime may only produce a *product summary* in respect of *consumer composite investments* it *manufacturers* under these transitional provisions. Should such a *manufacturer* do so, under regulation 66(1A) of those regulations it will not be required to produce a key investor information document. Should such a manufacturer continue to produce a key investor information document (and comply with the other provisions of regulation 66 of those regulations) under regulation 8 of the *Consumer Composite Investments Regulations*, these designated activity rules will be disapplied and it will not be required to produce a *product summary*. That exemption expires on 1 January 2027.

TP 2.4 G *Manufacturers* which are *authorised persons* are reminded of their obligations under the *FCA's rules* – in particular, under the Consumer Duty (*Principle 12* and *PRIN 2A*) – which remain relevant during that period.

#### 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 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*.
  - (2) The requirement in (1) does not apply to a *consumer composite investment* for which a *manufacturer* is not required to prepare a disclosure document under *DISC* TP 2.2R(4)(a).

- 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 prepared for that *consumer composite investment* by the *manufacturer*.

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
  - (b) revise or update the disclosure document where necessary so that it is up to date and compliant with *DISC* TP 2.2R.
- (2) Following a review under (1), a *manufacturer* must publish a revised or updated 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, 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 the disclosure document prepared for the relevant *consumer composite investment* and the terms and conditions applicable to it.

Product summaries filed with the FCA

- TP 2.10 R (1) Where an *authorised fund manager* prepares a disclosure document for a *UCITS scheme* or a *non-UCITS retail scheme* which it manages, it must file that disclosure document, and any amendments thereto, with the *FCA*.
- (2) The *authorised fund manager* of a *feeder UCITS* or *feeder NURS* must, in addition to (1), file the disclosure document of its *master UCITS* or *qualifying master scheme*, and any amendments thereto, with the *FCA*.

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 specified in *DISC* TP 2.2R(1)(b)(i), (ii) or (iii) is prepared, as they would have applied to that *consumer composite investment* on 5 April 2026:

- (a) *BCOBS*;
  - (b) *COBS*;
  - (c) *COLL*;
  - (d) *DEPP*;
  - (e) *ESG*;
  - (f) the Investment Funds sourcebook;
  - (g) *GEN*; and
  - (h) *PRM*.
- (2) References in the sourcebooks set out in (1) to requirements of the PRIIPs Regulation, the PRIIPs technical standards, COLL 4.7, the KII Regulation and the provisions requiring the preparation of the EEA key investor information document are to those requirements as applied by *DISC* TP 2.2R(1)(b).
- (3) In these transitional provisions the definitions below should be read as they had effect in the *Handbook Glossary* on 5 April 2026:
- (a) EEA key investor information document;
  - (b) key information document;
  - (c) key investor information document;
  - (d) KII Regulation;
  - (e) PRIIPs Regulation; and
  - (f) PRIIPs technical standards.

TP 2.12 G Consequential amendments have been made throughout the *Handbook* as a result of the revocation of the PRIIPs-based framework and its replacement with *rules* and *guidance*, including in *DISC*, relating to *consumer composite investments*.

*DISC* TP 2.11R preserves the effect of those *rules* and that *guidance* as they were before those amendments were made for a disclosure document with the same content as a key information document, a key investor information document or an EEA key investor information document.

The effects of those glossary terms used in these transitional provisions are also preserved for the purposes of these provisions.

## Sch 1 Record-keeping requirements

Sch 1.1 G The aim of the *guidance* in the following table is to give the reader a quick overall view of the relevant record keeping requirements in *DISC*.

Sch 1.2 G It is not a complete statement of those requirements and should not be relied upon as if it were.

Handbook reference	Subject of record	Content of record	When record must be made	Retention period
<i>DISC</i> 2A.4.9R	Choice of representative <i>share</i> class	The choice of representative class and the <i>share</i> classes being represented in the <i>product summary</i> , as well as rationale for the choice.	When <i>manufacturer</i> opts to select a <i>share</i> class of a <i>consumer composite investment</i> as the basis for a <i>product summary</i> to be provided to <i>retail investors</i> in respect of the representative class as well as the classes being represented.	At least 3 years
<i>DISC</i> 3.2.6R	<i>Product summary</i>	A copy of the <i>product summary</i> for each <i>consumer composite investment</i>	Original preparation and any subsequent reviews, amendments, or updates	At least 3 years
<i>DISC</i> 5.7.3R	Risk and return score	The calculation of the risk and return score as well as any subsequent adjustment or revision	When risk and return score is calculated, adjusted or revised	At least 5 years or at least 5 years after maturity in the case of a <i>consumer composite investment</i> that has a fixed term

<i>DISC</i> 8.3.4R	Complaints handling (unauthorised persons)	Each complaint received and measures taken for its resolution	From receipt of complaint	At least 3 years
--------------------	--	---	---------------------------	------------------

## Sch 2 Notification and reporting requirements

Sch 2.1 G The aim of the *guidance* in the following table is to give the reader a quick overall view of the relevant notification and reporting requirements in *DISC*.

Sch 2.2 G It is not a complete statement of those requirements and should not be relied upon as if it were.

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
<i>DISC</i> 8.1.2R(5)	Regarding a <i>firm</i> that is an <i>unauthorised person</i> , anything relating to itself and its activities of which the <i>FCA</i> would reasonably expect notice	The material referred to in <i>DISC</i> 8.1.2R(5)	When the <i>firm</i> becomes aware	As soon as reasonably practicable

## Sch 3 Fees and other required payments

Sch 3.1 G There are no requirements for fees or other payments in *DISC*.

## Sch 4 Powers exercised

Sch 4.1 G The following powers and related provisions in or under the *Act* have been exercised by the *FCA* to make the *rules* and *guidance* in *DISC*:

Section 71N (Designated activities: rules)

Section 137A (The *FCA*'s general rules)

Section 137D (*FCA* general rules: product intervention)

Section 137R (Financial promotion rules)

Section 137T (General supplementary powers)

Section 138D (Actions for damages)

Section 139A (Power of the FCA to give guidance)

Section 247 (Trust scheme rules)

Section 261I (Contractual scheme rules)

Section 274 (Applications for recognition of individual schemes)

Section 283 (Facilities and information in UK)

Section 395 (The FCA's and PRA's procedures);

Regulation 6 of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)

Regulation 6 of the Consumer Composite Investments (Designated Activities) Regulations 2024 (SI 2024/1198)

## **Sch 5 Right of action for damages**

Sch 5.1 G The table below sets out the *rules* in *DISC* the contravention of which by a *manufacturer* or a *distributor* may be actionable under section 138D of the *Act* (Actions for damages) (in relation to *authorised persons*) or actionable under regulation 9 of the *Consumer Composite Investments Regulations* (in relation to *unauthorised persons*) by a *person* who suffers loss as a result of the contravention.

Sch 5.2 G If a 'Yes' appears in the column headed 'For private person?', the *rule* may be actionable by a '*private person*' under section 138D (or, in certain circumstances, that person's fiduciary or representative; see article 6(2) and 3(c) of the Financial Services and Markets Act 2000 (Rights of Action) Regulations 2001 (SI 2001/2256)) (for *authorised persons*) or under regulation 9 of the *Consumer Composite Investments Regulations* (for *unauthorised persons*). A 'Yes' in the column headed 'Removed' indicates that the *FCA* has removed the right of action under section 138D(2) of the *Act* (in relation to *authorised persons*) or regulation 9 of the *Consumer Composite Investments Regulations* (in relation to *unauthorised persons*). If so, a reference to the *rule* in which it is removed is also given.

Sch 5.3 G The column headed 'For other person?' indicates whether the *rule* may be actionable by a *person* other than a *private person* (or that person's fiduciary or representative) under article 6(2) and (3) of those Regulations. If so, an indication of the type of *person* by whom the *rule* may be actionable is given.

	<b>Rights of action under section 138D of the Financial Services and Markets Act 2000 and</b>
--	---

			<b>regulation 9 of the Consumer Composite Investments (Designated Activities) Regulations 2024</b>		
<b>Chapter</b>	<b>Section/ Annex</b>	<b>Paragraph</b>	<b>For private person?</b>	<b>Removed?</b>	<b>For other person?</b>
3	1 (The product summary)	2	Yes	In part ( <i>DISC</i> 3.1.6R)	No
8	1 (Non-authorised persons – additional general obligations)	2	No	Yes – <i>DISC</i> 8.1.4R	No
All other rules in <i>DISC</i>			Yes	No	No
Note					
1.	<i>DISC</i> 3.1.6R provides that if, in preparing it, a <i>firm</i> takes reasonable steps to ensure a <i>product summary</i> complies with the requirement in <i>DISC</i> 3.1.2R(2), a contravention of that <i>rule</i> does not give rise to a right of action under section 138D of the <i>Act</i> or regulation 9 of the <i>Consumer Composite Investments Regulation</i> .				

## Sch 6 Rules that can be waived

Sch 6.1 G As a result of section 138A of the *Act* (Modification or waiver of rules), the *FCA* has power to waive all its *rules*, other than *rules* made under 137O (Threshold condition code), section 247 (Trust scheme rules), section 248 (Scheme particular rules), section 261I (Contractual scheme rules) or section 261J (Contractual scheme particulars rules) of the *Act*.

Under regulation 6(3) of the *Consumer Composite Investments Regulations*, the *FCA* has the power to waive *rules* made under regulation 6(1) of those Regulations in such cases and circumstances as it determines in its *rules*. The *FCA* has not set out any cases or circumstances in which it would use this waiver power.

## Annex L

### Amendments to the Enforcement Guide (ENFG)

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

#### **App 2      Non-FSMA powers**

##### **App 2.1    Statements of policy**

- App 2.1.1      G      The table below identifies the statements of policy which the *FCA* is required to make under legislation other than the *Act*.
- In each case, references in *DEPP* to the *Act*, provisions of the *Act* and *persons* regulated under or otherwise subject to the *Act* are to be read as references to that other legislation, equivalent or otherwise applicable provisions of that other legislation and *persons* regulated under or otherwise subject to that other legislation, as appropriate.

[*Editor's note*: further changes to ENFG App 2.1.2G will take effect on 19 January 2026 (see FCA 2025/31).]

- App 2.1.2      G      The *FCA's* approach to the exercise of the powers listed in the table below is consistent with the use of powers under the *Act* and the *FCA's* general policy outlined in this guide, unless stated otherwise.

Legislation	Description	Statement of Policy
...		
<p>The Packaged Retail and Insurance-based Investment Products Regulations 2017 (<a href="http://www.legislation.gov.uk/ukxi/2017/1127/contents">www.legislation.gov.uk/ukxi/2017/1127/contents</a>)</p>	<p>The Packaged Retail and Insurance-based Investment Products Regulations implemented the <i>PRIIPs Regulation</i> (before it was brought into UK law). The <i>FCA</i> has investigative and enforcement powers in relation to both criminal and civil breaches of the Packaged Retail and Insurance-based Investment Products Regulations, <i>PRIIPs Regulation</i> and any <i>onshored regulation</i> which was an <i>EU regulation</i> made under the <i>PRIIPs Regulation</i>. The <i>PRIIPs Regulation</i> imposes requirements on both authorised and unauthorised <i>persons</i> who manufacture, advise on, market or sell a <i>PRIIP</i>.</p>	<p><b>Public censure and penalty policy</b></p> <p><i>DEPP</i> 6.2 and <i>DEPP</i> 6.4 (relevant factors) and <i>DEPP</i> 6.5 to <i>DEPP</i> 6.5D (regarding level of a financial penalty).</p> <p><b>Conduct of interviews in response to overseas requests</b></p> <p>Procedures in <i>DEPP</i> 7 (as required by section 169 of the <i>Act</i> for the purposes of these regulations).</p>
<p>The Consumer Composite Investments (Designated Activities) Regulations 2024 (<a href="https://www.legislation.gov.uk/ukdsi/2024/9780348264227">https://www.legislation.gov.uk/ukdsi/2024/9780348264227</a>)</p>	<p>The <i>Consumer Composite Investments Regulations</i> replaces assimilated law repealed by the Financial Services and Markets Act 2023, including the Packaged Retail and Insurance-based Investment Products Regulations 2017.</p> <p>The framework is established under the Designated Activities Regime in Part 5A of the Act and provides the <i>FCA</i> with investigative and enforcement powers. The <i>Consumer Composite Investments Regulations</i> enable the <i>FCA</i> to make rules governing certain activities, including manufacturing, advising on, and offering or selling</p>	<p><b>Public censure and penalty policy</b></p> <p><i>DEPP</i> 6.2 and <i>DEPP</i> 6.4 (relevant factors) and <i>DEPP</i> 6.5 to <i>DEPP</i> 6.5D (regarding level of a financial penalty).</p> <p><b>Disciplinary prohibitions and restrictions</b></p> <p><i>DEPP</i> 6A when determining whether to impose, vary or withdraw a disciplinary prohibition or restriction under section 206B of the <i>Act</i>.</p> <p><b>Conduct of interviews in response to overseas requests</b></p>

	<u>consumer composite investments to retail investors in the United Kingdom.</u>	<u>Procedures in <i>DEPP 7</i> (as required by section 169 of the <i>Act</i> for the purposes of these regulations).</u>
...		

© Financial Conduct Authority 2025  
12 Endeavour Square London E20 1JN  
Telephone: +44 (0)20 7066 1000  
Website: [www.fca.org.uk](http://www.fca.org.uk)  
All rights reserved

---

Pub ref: 2-008516

All our publications are available to download from [www.fca.org.uk](http://www.fca.org.uk).

**Request an alternative format**

Please complete this [form](#) if you require this content in an alternative format.

Or call 0207 066 1000



**Sign up** for our **news and publications alerts**