

Policy Statement

PS25/22

Supporting consumers' pensions
and investment decisions: rules
for targeted support

December 2025

This relates to

Consultation Paper 25/17 and Consultation Paper 25/26 which are available on our website at www.fca.org.uk/publications

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Chapter 1

Foreword

- 1.1** We want consumers to be confident making decisions about their pensions and investments. Right now, consumers don't have access to the help they need to make these important decisions. We estimate around 23 million consumers are currently underserved by the markets for advice and guidance. This costs consumers – they miss out on better returns that they could have from investing their money over the long term. And it impacts consumers' ability to make informed decisions that help them navigate their financial lives.
- 1.2** The 'advice gap' is real. Less than 1 in 10 people obtain regulated financial advice – many turn to family and friends or social media instead for help. Our Financial Lives 2024 survey shows that non-advised consumers who hold over £10,000 investible assets solely in cash want more support to make decisions, and over half of this group said they had not really thought about investing (for example in a stocks and shares individual savings account (ISA) or an investment fund), or had not thought about this at all. We also know that consumers need more help with their pension decisions with 12.5 million under-saving for retirement ([Department for Work and Pensions, 2023](#)) and most adults aged 45+ not having a clear plan for how to access their defined contribution (DC) pension in later life (FLS 2024).
- 1.3** While there are good sources of free and impartial guidance available, firms are wary of giving consumers specific help or guidance in case it crosses the boundary into advice. Many consumers cannot afford comprehensive financial advice and free guidance provides limited support.
- 1.4** We're addressing this 'advice gap' by creating a new form of support to help consumers: targeted support. This will allow firms to give support to consumers on whether and how to invest or save for their pensions. Firms will be able to make recommendations and direct people to products or to take actions with existing products that could put them in a better position in their financial lives. Recommendations will be designed for groups of consumers, rather than being based on an in-depth individual assessment.
- 1.5** Unlike other jurisdictions, the UK does not have a strong retail investment culture. In the three years to 2023, UK households allocated on average just 19% of their household financial assets to retail investments (funds, shares, bonds and other financial instruments), compared to EU (38%) and US (56%) households ([New Financial, 2025](#)). We want to help change that.
- 1.6** The framework for targeted support builds on our Consumer Duty which sets higher standards for consumer protection. We have designed the rules to be outcomes focused, flexible and future proof. We do not want to prescribe a one-size-fits-all approach that restricts innovation by firms and limits the ways they can support consumers.

- 1.7** The Government has confirmed that targeted support will be a new specified activity. This means that firms will only be able to provide it if they are authorised to do so. We hope that this will build consumer confidence and trust in the market – we want firms to have confidence to deliver targeted support and consumers to trust the recommendations made.
- 1.8** As a brand-new regime, we know that regulatory certainty and predictability is important. Industry is seeking clarity in two important areas – how direct marketing regulations interact with targeted support and how the Financial Ombudsman Service (Financial Ombudsman) will approach complaints about targeted support. Today we are publishing joint statements with the Information Commissioner's Office and the Financial Ombudsman which set out how firms can communicate with their customers to explain targeted support services, and how the FCA and the Financial Ombudsman will work together in the event of future complaints relating to targeted support. We also welcome the Government's announcement today to take forward secondary legislation to enable workplace pension providers to deliver targeted support communications to members who have not opted out of direct marketing, which will further support the roll out of targeted support to pension savers.
- 1.9** Targeted support is a radical shift. It is important that consumers understand what it is, and what it is not. While the recommendations firms make will be personal to the consumer, they will not involve a comprehensive consideration of that consumer's characteristics or circumstances. Firms will be responsible for designing good products and services and will be required to comply with the Consumer Duty. But consumers will be responsible for making their own decisions.
- 1.10** In developing these rules we have worked differently – designing rules collaboratively with stakeholders through a policy sprint, seeking frequent and regular feedback from consumer organisations, firms, trade associations, and FCA Panels and carrying out consumer testing. I want to thank everyone who has worked with us to design these rules and for all their feedback, collaboration and constructive challenge. This has made our rules better.
- 1.11** We stand ready for this regime to go live. As soon as Government makes the necessary legislation which enables us to assess and then grant firms permission to deliver targeted support, we will be ready to do so. I know that success isn't measured by the publication of these near-final rules. Success will be measured when the regime goes live – when consumers are better supported in making financial decisions and when they have greater confidence to make decisions around their pensions, savings and investments.

Sarah Pritchard, Deputy Chief Executive

Chapter 2

Summary

- 2.1** The choices consumers make about their pensions and investments are of the utmost importance for their financial wellbeing. They allow people to build wealth, provide for later life and save for major expenses. We know these choices can be difficult. That's why giving consumers more support is crucial.
- 2.2** It is clear that there is a gap in the support available. Only 9% of adults received regulated financial advice in the 12 months to May 2024 about investments, saving into a pension or retirement planning (Financial Lives 2024 survey). 40% of consumers who don't invest say that a lack of knowledge is a key barrier to investing (Thinks Insight & Strategy, 2025), and 75% of DC pension-holders aged 45+ do not have a clear plan for how to take their money (FLS 2024). Many younger investors are turning to social media. Among investors aged 18-34, 45% used social media to research investing (FLS 2024). Consumers do not receive adequate financial support to make difficult decisions about their financial wellbeing, leaving them underserved.
- 2.3** To address these challenges in December 2024 and June 2025 we proposed a new regulatory framework for targeted support to bridge the advice gap. This would allow firms to provide suggestions designed for groups of consumers with common characteristics to help them make important decisions across their pensions and investments.
- 2.4** Following consultation, we are going ahead with our proposals. This document sets out the near final rules for targeted support, alongside feedback received on our proposals and our response. We will formally make the final rules once the Government makes targeted support a new specified activity.

Summary of framework

- 2.5** The framework covers the design, delivery and purpose of targeted support, enabling millions of consumers to receive high quality, meaningful support in a range of circumstances.
- 2.6** While targeted support will be less personalised than individualised advice, it will be capable of reaching a significantly greater number of consumers than current forms of advice. We estimate that at least 18 million people could be offered targeted support within a decade.
- 2.7** Firms will be required to provide targeted support competently and carefully. Our framework sets requirements including:
- To identify consumer segments with shared financial support needs or objectives and, where relevant, common characteristics, in order to deliver suitable ready-made suggestions.

- To communicate the nature of targeted support and the common characteristics of the consumer segment when delivering targeted support.
- To adhere to existing product governance rules.
- To regularly review and monitor the outcomes of the targeted support service.

Targeted support framework: supporting consumers' pensions and investment decisions



Feedback on proposals and what we are changing

2.8 We received 116 responses to CP25/17 and 20 responses to CP25/26. These responses from stakeholders, including consumer groups, trade associations and firms have confirmed that our proposed framework is the right one. Respondents also offered several suggestions about how to refine it. Key changes we are making are:

- Amending the terminology of our purpose statement from 'better outcomes' to 'better position' to more clearly state the policy intent and avoid potential confusion with 'good outcomes', which firms must act to deliver under the Consumer Duty.
- Amending our rules and guidance on consumer segments, to require that firms do not use a level of detail that, broadly, a firm that provides investment advice would associate with a comprehensive consideration of a consumer's characteristics or circumstances.

- Evolving our position on targeted support and annuities, in particular allowing firms to direct consumers to whole of market annuity brokerages and not requiring a break between targeted support and annuity sales journeys.
- Simplifying our rules and guidance on firms' obligations for ongoing monitoring of the targeted support service, recognising the one-off nature of targeted support.
- Adding new disclosure requirements for firms to label the service as targeted support when delivering a ready-made suggestion.
- Amending our rules on charging, to remove the proposed requirement for firms to ensure that consumers understand the basis on which firms are remunerated for their provision of targeted support.
- Amending our proposals on signposting to targeted support.

2.9 Industry has asked us for case studies to clarify how firms should design consumer segments. We will publish further details on this before the regime goes live.

2.10 We are publishing 'near-final' rules now, so firms have as long as possible to prepare for the regime's launch. The government has consulted on changing the law to make providing targeted support a new specified activity in the Regulated Activities Order (RAO) and confirmed its intention to lay legislation. Assuming this is done, our Board will then be asked to make the final rules. We don't expect any significant changes to the rules, though can't rule out amendments including to account for the legislation. We expect the rules to take effect from 6 April 2026.

2.11 Today we have also published two joint statements with regulatory partners. The first is with the [Financial Ombudsman](#), which clarifies how it will approach consumer complaints about targeted support. The second is with the [ICO](#), on how to communicate with consumers in the context of existing direct marketing rules. These are two areas that firms have asked for clarity on to provide targeted support. We recognise the calls for legislative change to direct marketing rules. This is a matter for Government and we welcome the announcement today by the Treasury that the Government will take forward secondary legislation to enable workplace pension providers to deliver targeted support communications to members who have not opted out of direct marketing.

2.12 The changes noted in this policy statement do not impact the compatibility statements contained in CP25/17 and CP25/26. We do not expect our near-final rules to have a significantly different impact on mutual societies, though we recognise some mutual societies may choose to offer targeted support.

Links to related interventions

2.13 Our work on targeted support is closely connected to other developments in the consumer investments and pensions markets. These affect how consumers will interact with pensions and investments. Relevant developments include:

- **Guided retirement:** We are working closely with Government to develop plans for default retirement solutions across trust-based and contract-based schemes. These are for consumers who do not want to make a complex decision about how to access their pension. Targeted support will help to actively support consumers

to make their own choices on how to access their pension benefits in a way that works for them. We set out considerations for trustees of trust-based schemes in greater detail in Chapter 9.

- **Pension consolidation and digital tools:** A major question for some firms is how to support consumers with more than one pension with their retirement decisions. Pension dashboards will change consumer awareness of their pensions and make it easier to access information about them. In CP25/39, also published today, we propose changes to the non-advised DC transfer process. Firms may want to have regard to this consultation in building targeted support retirement solutions. In CP25/39 we also propose a new regulatory regime for interactive pension planning tools. The proposed regime would enable firms to offer tools that help consumers understand what a ready-made suggestion might mean for their retirement outcomes.
- **Consumer Composite Investments:** We have published our final rules for a new Consumer Composite Investments (CCIs) regime. This allows firms greater flexibility to innovate and deliver clear, engaging communications to consumers about the investment products they are buying. It is vital that consumers get and understand the right information about investment choices. In this way our CCI rules complement targeted support.
- **Wider work on consumer communications:** We are continuing to support the Investment Association's work to reform risk information in financial promotions and the industry-led retail investment campaign.
- **Simplifying our advice rules:** In early 2026, we plan to consult on simplifying and consolidating our investment advice rules and guidance to reduce unnecessary complexity. This includes creating clearer expectations when firms provide more simplified or holistic forms of advice, and reviewing our rules on providing ongoing advice services to make sure they are appropriate and relevant in future.
- **Clarifying the boundary:** In CP25/17, we said we would consolidate, simplify and clarify existing guidance on the advice guidance boundary at the same time as we set new guidance for targeted support in our perimeter guidance. Respondents to CP25/17 broadly agreed with this proposal. We will provide an update on this when we consult on simplifying the advice rules.

The important role of the Money and Pensions Service

The Money and Pensions Service (MaPS) and its consumer-facing brand, MoneyHelper, play a key role in supporting consumers with financial decisions, including detailed money and pensions guidance, such as through its Pension Wise service. We have been working closely with MaPS to make consumers' journeys effective. MoneyHelper will continue to play a crucial role alongside targeted support by raising awareness and supporting consumer understanding of targeted support, as well as providing further guidance where consumers have been signposted to MoneyHelper following a targeted support journey.

We are working with MaPS as they develop a webpage for consumers to understand the types of support available. This includes what targeted support is, how it works, and how it works alongside other support available. This webpage will be helpful for firms when meeting their signposting requirements (see Chapter 4). This webpage will be where firms will link to under our COBS 16 and 19 signposting requirements.

Authorising firms to provide targeted support

- 2.14** Subject to legislation, existing authorised firms wishing to provide targeted support will need to apply to vary their permission to do so. We began our Pre-Application Support Service (PASS) meetings in October. This is already helping firms planning to apply for targeted support permission to discuss their proposals with us and receive feedback. We are pleased with the number of firms who have engaged with the PASS.
- 2.15** We are on track to open the gateway for applications in March 2026, before the new rules come into effect, subject to legislation. Where firms can demonstrate that they are ready to undertake targeted support, our ambition is to grant permission at or soon after the anticipated commencement of the rules in April 2026. This ambition extends across both solo- and dual-regulated applicants.
- 2.16** We know it is important to build consumers' confidence and trust in targeted support and to make sure that firms are providing it in line with our rules. We will monitor how the market takes shape and the outcomes it is delivering for consumers. Within 2 years of the gateway opening, we intend to conduct a post implementation review. We will assess how many firms are offering the service, customer uptake, and the types of actions and products being suggested to consumers. After two years, we may further examine whether customer outcomes are improving with targeted support.

Chapter 3

Targeted support framework

- 3.1** This chapter summarises the feedback on our targeted support framework (Chapter 2 of CP25/17) and sets out our response and changes we are making. It covers the targeted support purpose statement, the framework's suitability requirements and its interaction with the Consumer Duty. We set out requirements for firms to predefine situations, consumer segments and ready-made suggestions for targeted support. We also explain firms' obligations when delivering and monitoring the outcomes from the service.

Purpose statement

Proposal

- 3.2** In CP25/17, our proposed Handbook guidance stated that: 'A firm should not provide targeted support in circumstances where it does not have reasonable grounds to consider that the provision of targeted support would achieve a better outcome for the client than if that support were not provided.'
- 3.3** The purpose statement aims to steer firms towards supporting consumers and not using targeted support simply to promote products. It was not proposed as a standard or binding rule against which ready-made suggestions would be judged, either by the FCA or the Financial Ombudsman. Ready-made suggestions must be designed to be suitable for consumers in the relevant segment at the time they are given.
- 3.4** In CP25/17 we suggested the alternative wording 'better position' to avoid potential confusion between 'better outcomes' and the Consumer Duty 'good outcomes' rule, which also applies to targeted support.

Feedback

- 3.5** We received 68 responses to our questions on the purpose statement. Most respondents to CP25/17 agreed that our purpose statement was helpful. A significant number of respondents highlighted that the statement should be focused on ensuring that firms have the right intentions when providing targeted support.
- 3.6** The majority of respondents preferred the phrase 'better position'. Most respondents agreed that this would help prevent confusion with the Consumer Duty 'good outcomes' rule.
- 3.7** Some respondents suggested that the language of 'better position' would root their recommendations to a specific point in time.

Our response

We are confident the proposed purpose statement is helpful for guiding firms' intentions.

Having considered the feedback, we are changing to 'better position' rather than 'better outcomes'. This does not change our policy intent or the function of the purpose statement.

Our intention is to help guide firms in how they design and deliver their targeted support journeys which should be to put consumers in a 'better position'. Firms will continue to be expected to comply with the Consumer Duty, which underpins the regime, and act to deliver good outcomes.

Suitability

Proposal

- 3.8** In CP25/17, we said firms must have a reasonable basis for determining that ready-made suggestions are suitable for all consumers in the group and must assess suitability by reference to the relevant common characteristics. We proposed that targeted support will not be subject to the suitability standards in the Conduct of Business Sourcebook (COBS) 9/9A.

Feedback

- 3.9** We received 72 responses to our question about our suitability proposals. Sixteen respondents highlighted the importance of requiring firms to assess suitability at a segment level, rather than an individual level. These respondents noted that requiring a firm to assess suitability at an individual level was inconsistent with the overarching framework and could be a barrier to targeted support being delivered at scale. Two respondents suggested not to use the terms 'suitability' and 'advice' because they have established meanings in the context of individualised advice.

Our response

Suitability does not need to be assessed at the individual consumer level when providing targeted support. We have added guidance to the instrument to make this clear. The targeted support framework is designed so that a consumer should receive a suitable suggestion where they are correctly aligned with a properly designed consumer segment (one that matches their situation and, where relevant, characteristics). That said, our rules provide that a firm must not provide a consumer with a suggestion if there is information of which they are aware, or of which they ought reasonably to be aware, that indicates that the ready-made suggestion with which the consumer has been matched may be unsuitable. We discuss this further in our response to additional information.

Beyond the design of the targeted support framework, suggestions will need to be suitable for the purposes of complying with Principle 9 and firms will need to meet their duties as a matter of common law.

Firms are required to assess suitability at the point of specifying the ready-made suggestion for the relevant consumer segment and not on an ongoing basis for individual consumers. We set out our position to ongoing monitoring in our response to our overall approach to monitoring.

The Consumer Duty

Proposal

- 3.10** CP25/17 set out that the Consumer Duty ('the Duty') applies to all firms who are providing targeted support. We proposed to rely on the Duty, with new rules where needed. We asked if there were any proposed requirements we did not need, where we could rely on the Duty instead.

Feedback

- 3.11** We received 60 responses. Thirty-five respondents thought there was some duplication. In general, respondents had different views on which elements of our proposals duplicated the Duty. Fifteen respondents thought the proposals struck the right balance between relying on the Duty and providing more tailored rules for targeted support.

Our response

We consider that the proposed regime strikes an appropriate balance. The Consumer Duty provides the underpinning framework for targeted support, supporting an outcomes-focused regime. Some specific rules are needed, for example around how firms must design consumer segments. This provides an additional safeguard in the targeted support framework, providing greater consumer protection if things go wrong.

Future proofing

Proposal

- 3.12** In CP25/17, we asked if our proposals were sufficiently future-proofed and outcomes-focused to accommodate changes in technology.

Feedback

- 3.13** We received 65 responses to this question. Six respondents advocated that the FCA should regularly review the targeted support regime as technology develops. Eight respondents also noted there was an inherent tension between artificial intelligence (AI), which enables a high degree of personalisation, and the targeted support regime which is based on consumer segments with common characteristics.

Our response

Overall, we remain comfortable that the outcomes-focused nature of targeted support enables it to remain fit for purpose as technology develops. We will continue to engage closely with industry to make sure there is clarity around their use of AI including for targeted support. We encourage firms to engage with us, for example through our [AI Lab](#).

Pre-defining situations for targeted support

Proposal

- 3.14** In CP25/17, we proposed that firms will have to pre-define consumer segments, based on common situations and, where relevant, common characteristics. Pre-defining these elements removes the need for firms to assess suitability in real time. Instead, targeted support is about aligning a consumer with a consumer segment. This reduces the risk of people getting unsuitable suggestions while enabling the service to be provided to many consumers.
- 3.15** We did not propose to prescribe situations in which firms can provide targeted support. We proposed that firms can pre-define their situations and common characteristics as one fluid process, rather than sequentially.
- 3.16** In our draft rules, we referred to a 'common situation' as one involving a common financial support need or objective that the firm reasonably considered could be met with a suggestion.
- 3.17** We proposed that a firm may provide targeted support at the request of a consumer or at the firm's initiative. We also said that for a firm to deliver targeted support at its own initiative, it must have reasonable grounds to consider that the customer is in a pre-defined situation.

Feedback

- 3.18** Fifty-four respondents commented on these proposals. Respondents were largely supportive of our proposals, with only three suggesting that situations shouldn't be pre-defined. Around one third mentioned the need for flexibility and agreed with our approach of allowing firms to design their own pre-defined situations.

- 3.19** Eleven respondents suggested that examples could help firms define situations. A few requested that we pre-define some common situations to ensure consistency.
- 3.20** Two respondents referred to our use of the word 'common'. They misinterpreted the intention behind our proposed rule, assuming that 'common' required a situation to be relevant to a large majority of a consumer base, rather than shared by multiple consumers. They expressed concern that this interpretation could be overly restrictive for smaller firms with limited consumer data.

Our response

It is important that the regime is flexible and caters to a broad range of consumer needs. Given the broad support for our proposals, we are not making any substantive changes to the proposed policy.

We confirm that, in referring to 'common situations', we intended to refer to situations involving financial support needs or objectives that are shared by a firm's customers. We have removed references to 'common' and made minor changes to clarify the drafting of our rules and guidance.

We have also clarified in our guidance that situations can be pre-defined by reference to potential customers as well as existing customers.

Pre-defining consumer segments

Proposal

- 3.21** In CP25/17, we proposed that firms should pre-define consumer segments, which are groups of consumers in a common situation and, where relevant, sharing common characteristics.
- 3.22** We proposed that, when designing segments, firms must specify 'including' and 'excluding characteristics'. Including characteristics are used to align a consumer with a segment and excluding characteristics are used to prevent a consumer being aligned with a segment. When a firm pre-defines an excluding characteristic, they should consider whether they can pre-define a new segment to capture a consumer with such a characteristic. If this is not possible, the firm should identify ways to direct such consumers to other forms of support.
- 3.23** We proposed that firms must design consumer segments at a sufficiently granular level. So they should be neither too broad nor overly individualised, which may lead a consumer to believe they have received individualised advice.
- 3.24** We also reminded firms of their obligation to comply with the principle of data minimisation in the UK General Data Protection Regulation (GDPR) when pre-defining their consumer segments.

Feedback

- 3.25** We received 68 responses on our proposals and nearly two-thirds of respondents agreed.
- 3.26** Three respondents highlighted that excluding characteristics create a risk that vulnerable consumers may be excluded from targeted support journeys.
- 3.27** Eight respondents noted concern over the potential for an inconsistent application of the 'sufficiently granular' requirement given the lack of prescription. Sixty of the seventy respondents on our separate question on case studies agreed it would be valuable to produce case studies on the 'sufficiently granular' requirement. Respondents noted the importance of case studies being illustrative and not prescriptive standards resulting in rigid approaches.

Our response

We are maintaining that consumer segments must be 'sufficiently granular'. This is to seek to ensure the ready-made suggestion is suitable for an individual who aligns with that consumer segment. Suitability must be assessed by reference to the situation and, where relevant, the common characteristics of the relevant segment. Consumer segments should not be too broad, such that a firm cannot define a suitable ready-made suggestion for the segment.

The use of segments differentiates targeted support from other forms of advice. We want to clearly state the boundaries of targeted support. So, we have introduced a new requirement. Firms must not design segments with a level of detail that would reasonably be associated, by a firm in the business of providing investment advice, with a comprehensive consideration of an individual's circumstances or characteristics. We have removed the guidance that consumer segments should not be overly individualised, and that common characteristics should not be overly complex, as we believe the new rule more clearly articulates the boundaries within which firms must operate. We have also included new guidance to provide greater context around the requirement for sufficiently granular segments.

We accept that firms will have different interpretations around the granularity of consumer segments. This is a consequence of us creating a flexible regime that can meet a broad range of consumer needs. This will require firms to make judgements. In response to the feedback on case studies, we will publish further detail to support firms in making these judgements.

We are maintaining our expectation that firms, in the design stage, consider creating new consumer segments or signposting consumers to other forms of support when pre-defining excluding characteristics. This reduces the risk that vulnerable consumers do not receive support they need. We are not mandating this, as the range of potential excluding characteristics means there will be instances where it will not be possible

or appropriate for firms to create a new segment or direct the consumer to another form of support. We expect firms to have a clear rationale if they don't do this.

We expect firms will refine and adapt consumer segments as new groups emerge through this outcomes-based approach. We also maintain our view on the relevance of the principle of data minimisation in the GDPR for firms when pre-defining their consumer segments.

Risk questionnaires

We want to give firms flexibility to design engaging consumer journeys that build confidence and lead to suitable suggestions. It is important that consumers understand the service they are receiving, that suggestions are developed for groups and that they are not receiving individualised advice.

Firms can incorporate subjective factors, like risk preference or tolerance, in different ways. They could develop basic risk categories (eg 1-5) for consumers to choose from. They might be able to make reasonable assumptions about the level of risk that might be right for a segment. Or they could incorporate risk-style questionnaires within or alongside a targeted support journey. Firms should also consider whether any guidance delivered is integral to the ready-made suggestion.

If a questionnaire would incorporate a level of detail that a firm might reasonably associate with a comprehensive consideration of an individual's characteristics or circumstances, our view is that this would go beyond the type of support for which targeted support is designed.

Using assumptions

Proposal

- 3.28** In CP25/17, we proposed that when considering the suitability of ready-made suggestions, firms can make reasonable assumptions about consumers in a segment. This would allow firms to have regard to more factors in a targeted support journey without leading a consumer to believe they are receiving individualised advice. We proposed that firms consider whether to disclose these assumptions to consumers.

Feedback

- 3.29** We received 74 responses. Fifty-eight agreed; some viewed this as necessary to make targeted support scalable. Seventeen respondents requested clarity on how firms could use assumptions. For example, respondents asked for guidance or examples on when assumptions are 'reasonable', the evidence required to demonstrate this, how assumptions could be used alongside common characteristics, and when they should be disclosed. Another key theme was the importance of disclosing assumptions to build trust and ensure consumer understanding.

Our response

We maintain our position that firms can make reasonable assumptions, but have further considered the extent to which assumptions might be used to inform the specification of a suitable ready-made suggestion for a consumer segment, and how any assumptions interact with the common characteristics of a segment.

We want to enable firms to design consumer journeys that do not involve a comprehensive consideration of a consumer's characteristics or circumstances, and we continue to see a place for assumptions in the framework.

However, the targeted support framework is intended to ensure that consumers receive suitable ready-made suggestions through a combination of well-designed consumer segments and suggestions, and the consumer being correctly aligned with a segment.

We have added guidance to clarify that assumptions can be used to limit the number of common characteristics used to define a segment. However, firms must not make assumptions which are material to the suitability of the suggestion. The suitability of the suggestion for individuals in the segment must be assessed by reference to the situation and, where relevant, the common characteristics of the segment, not the assumptions. Beyond this, firms can still incorporate reasonable assumptions about consumer segments, but not in a way that risks undermining the suitability of the ready-made suggestion.

In CP25/17, we used the example of assuming a willingness to take investment risk. Firms may still be able to make this kind of assumption about a consumer segment, provided it is not material to the suitability of the suggestion, which will depend on the circumstances.

Pre-defining ready-made suggestions

Scope of ready-made suggestions

Proposal

- 3.30** In CP25/17 we set out that firms must establish a suitable ready-made suggestion for each consumer segment. We said these suggestions could be actions in relation to a new or existing product or service, or could involve not taking an action.
- 3.31** We proposed that delivering a ready-made suggestion should constitute support that would currently be regulated as a personal recommendation. We did not want the targeted support framework to extend our regulatory perimeter to types of support that firms can provide today without needing authorisation to advise on investments. This was consistent with the Treasury's consultation on a draft Statutory Instrument to create a new specified activity of providing targeted support.
- 3.32** We also proposed that firms may deliver support which constitutes guidance alongside a ready-made suggestion. Where guidance is integral to a ready-made suggestion, firms should develop the whole suggestion (including the guidance element) within the targeted support framework.
- 3.33** We clarified that where firms give guidance appearing similar to targeted support, then this would not be targeted support and our rules would not apply. However, firms should ensure they are complying with their obligations under our other rules, including to communicate in a way that is fair, clear and not misleading and ensure that consumers understand the nature of the service they are receiving.

Feedback

- 3.34** We received 65 responses on our proposals. There was general agreement that the scope of ready-made suggestions should be aligned with the scope of personal recommendations under the current advice framework. Ten respondents requested further guidance, for example on whether guidance can be offered alongside targeted support. Seven respondents suggested that the scope of targeted support should not go as far as a personal recommendation or should encompass a broader range of support than personal recommendations on 'particular investments'. Three respondents believed we and the Treasury should do more to differentiate the scope of ready-made suggestions from existing forms of advice.

Our response

The scope of the new regulated activity of providing targeted support is a matter for the Treasury. We understand the Treasury's intention is not to change the current boundary between advice and guidance.

As set out in CP25/17, firms can incorporate guidance (which can be personalised), or non-personal recommendation advice, into their targeted support journeys. This may extend beyond pensions and investments. Firms can suggest multiple suitable options within a ready-made suggestion. Firms should ensure customers understand the nature of the service(s) they are receiving. Firms must only refer to a service as targeted support when it has been designed and delivered in compliance with our rules. Where a piece of guidance is integral to the recommendation, firms should consider whether they should design and deliver the full suggestion in accordance with our rules.

As the boundary between advice and guidance is not changing, firms will have the same considerations as they currently do when considering whether they are crossing the advice boundary in the support they give.

We recognise that firms may benefit from further clarity on the boundaries between guidance and advice, and between targeted support and other forms of advice. We intend to consult on changes to our perimeter guidance in due course.

Ready-made suggestions involving annuities

Proposal

- 3.35** In CP25/17, we proposed that firms could not use targeted support to recommend a particular annuity to a consumer. We said the group-based nature of targeted support would be inappropriate for recommending an irreversible lifetime product, which is necessarily personalised. Our proposal prohibited providing an annuity quotation as part of a ready-made suggestion. We proposed that firms could provide ready-made suggestions for buying an annuity generally and relating to the features of an annuity without giving an express recommendation of a particular product.
- 3.36** We proposed that when providing a ready-made suggestion, firms must direct consumers to the MoneyHelper annuity comparison tool but not to any other comparison service, such as an annuity brokerage. We also proposed that firms must communicate when the targeted support interaction had ended. We proposed a break where firms could not communicate with the consumer about annuities except in limited circumstances. We asked whether this break should be for a reasonable period or at least 2 weeks. Our proposals applied to all annuities which are designated investments, including those that are pension annuities, short-term annuities and fixed term annuities.

Feedback

- 3.37** We received 54 responses on whether firms should be prohibited from suggesting a particular annuity. Forty-two respondents agreed. Some respondents disagreed with the proposal to prohibit a ready-made suggestion from including any quote for an annuity. Firms said that this undermined the ability to recommend annuity features

as consumers would not understand the effect of different features on the annuity income available. They noted that without the right support after receiving a suggestion, consumers may opt for an inappropriate annuity shape or use an alternative to an annuity, if easier to do so.

3.38 Eleven respondents disagreed with our proposal to prevent firms from signposting or referring consumers to commercial services, such as annuity brokerages or bureaux, noting that the MoneyHelper tool is non-transactional. They said this effectively required consumers to repeat journeys with individual annuity providers. Firms also told us that although annuity brokerages receive commission from annuity providers, they can use some of this commission to improve the annuity rate to consumers and pay fees to referring firms.

3.39 There was disagreement with the proposed break, given existing frictions in guided annuity purchase journeys. Stakeholders told us it typically takes up to 10 weeks for an annuity purchase to be completed, at which point the consumer then has a cancellation period. Some respondents queried including fixed term annuities in the proposals, given these are provided through drawdown contracts.

Our response

We engaged extensively with stakeholders during the consultation period to examine the dynamics in the non-advised annuity market.

We consider that the degree of personalisation needed to recommend a particular annuity is inconsistent with a model based on groups of consumers sharing common characteristics. Similarly, as annuity quotations are based on particular products, providing such quotations (including if based on an average rate for illustrative purposes) as part of a targeted support journey would give the impression that a firm was recommending a particular annuity. At the same time, we recognise that annuities can have an important role to play in retirement.

We are maintaining that firms can only suggest an annuity as an access method and suggest annuity features. They will not be able to suggest a particular annuity product, ie a clearly identified available product. Firms will not be able to provide a quotation. This is consistent with suggestions needing to be for groups of consumers.

We will continue to require firms to direct consumers to the MoneyHelper annuity comparison tool within the ready-made suggestion. However, firms will be able to direct consumers to whole of market annuity brokerages but must not provide a direct referral within the targeted support interaction. This is to allow the consumer to consider their options on the MoneyHelper tool. Instead of providing a direct referral, firms may inform the consumer that they will subsequently provide them with information on a relevant annuity brokerage once the targeted support journey has ended. This information must not include the provision of a quotation, including illustrative average rates. The annuity brokerage service must be one which provides consumers with access

to a sufficient range of annuities available on the market, including the type recommended. Directing consumers to annuity brokerages means that consumers will potentially have access to better annuity rates, while streamlining the consumer journey.

We are retaining the requirement that firms tell their customer when the targeted support journey has ended. Firms must make clear that any subsequent steps they take towards an annuity purchase forms part of a separate sales journey – including any information on an annuity brokerage.

Where firms refer customers to whole of market annuity brokerages following a ready-made suggestion, we are excluding payments received by the firm for making such a referral from the wider ban on commissions under the targeted support regime. This is because of the potential benefits to consumers of signposting to annuity brokerages. Such payments will remain subject to the existing inducement rules, consistent with current annuity journeys. This includes satisfying the transparency requirements within the inducement rules, meaning firms will be required to disclose any referral fee they receive from signposting to annuity brokerages as they must do presently as part of an annuity journey. Firms can still sell annuities outside a targeted support journey.

We are not proceeding with the mandated break between targeted support and a sales journey. This is because of the frictions in existing annuity consumer journeys and the communication requirement at the end of the targeted support journey. The requirement to direct the consumer to MoneyHelper's annuity comparison tool before providing information on an annuity brokerage provides a soft break. This allows consumers to visit the MoneyHelper website and consider their options, before proceeding with an annuity purchase.

We will not apply the annuity-specific targeted support rules to fixed term annuities where the annuity contains a surrender option, as they are not irreversible in the same way as a pension annuity.

Ready-made suggestions and pension consolidation

Proposal

- 3.40** In CP25/17, we said it would be difficult to use targeted support to suggest consolidation into or out of a particular pension product. We considered that the personalised data required to do so would result in overly granular consumer segments. Our draft rules prohibited firms from using targeted support to suggest that consumers consolidate any pensions out of or into a particular product.

- 3.41** We noted that firms can already give guidance to consumers on factors to consider when consolidating their pension(s). Firms are not prevented from indicating which key factors may be relevant to a consolidation decision to groups of consumers with common characteristics alongside targeted support provided they are not giving a suggestion in relation to consolidation.

Feedback

- 3.42** We received 68 responses on our proposals. Thirty-six respondents agreed with our position. They noted that, to make sure that a consolidation suggestion resulted in a better outcome, firms would need to conduct a detailed, personalised assessment which is incompatible with the targeted support framework. Some responses highlighted substantial consumer risks associated with consolidation.
- 3.43** Seven respondents highlighted that Simplified Advice could be an appropriate medium to provide consolidation advice.
- 3.44** Twenty-seven respondents disagreed with our position. Nineteen respondents highlighted that consumers need greater support with consolidation decisions. Sixteen respondents thought that this position on consolidation may not be future-proofed. They argued that as the pensions and financial markets landscape changes (for example, through the introduction of pensions dashboards) it may become possible to deliver consolidation suggestions in a way consistent with the targeted support framework.

Our response

We maintain our view that it is unlikely that a pension consolidation suggestion can be designed within the targeted support framework. This is because the personalised data required to do so would result in a comprehensive consideration of an individual's circumstances or characteristics. Whether consolidation is right for a particular consumer depends on their individual circumstances and preferences, including the specific features and benefits of their pension pots. Our final rules prevent firms from giving a suggestion to consolidate pensions.

We recognise that many consumers need support on how to use multiple pension pots, especially at the point of retirement. We also appreciate that the introduction of pensions dashboards will give consumers a greater awareness of their pots and potentially be a catalyst for consumers to consider consolidation.

We know firms are already making consumers aware of the option of consolidating when accessing their pension. Firms are describing the key factors that may be relevant to a consolidation decision. We want firms to feel confident to support consumers in this way. Such guidance could be provided before or in parallel to a targeted support journey, provided the guidance is not integral to the ready-made suggestion. This requirement does not prevent firms from continuing to deliver such guidance on consolidation when firms consider this would be helpful to

a consumer provided the guidance is not so closely connected to the targeted support such that it amounts to an explicit or implicit suggestion to consolidate.

To give firms greater clarity about when our rules relating to consolidation apply, we are adding guidance to the final instrument about what constitutes consolidation and what does not. This guidance highlights that we consider consolidation to be any situation where a consumer is combining multiple pots into one arrangement.

Our [CP25/39](#), also published today, proposes measures to make sure non-advised consumers are provided with the right information at the right time to make an informed decision about consolidation.

Product limits and ready-made suggestions

Proposal

- 3.45** We proposed preventing firms from including within a ready-made suggestion any investment product that is subject to marketing or distribution restrictions under our rules. For example, Non-Mass Market Investments, Restricted-Mass Market Investments and products covered by restrictions in COBS 22.
- 3.46** We proposed that the restriction will apply to investments held through self-invested personal pensions (SIPPs) where they are subject to these restrictions. This restriction would not apply where a firm suggests a suitable investment which has a component part that provides some exposure to one of these restricted products. For example, it may be appropriate to suggest a packaged product or default arrangement with an appropriately diversified asset allocation with some exposure to a Long-Term Asset Fund (LTAF).
- 3.47** We asked if high-risk products were to be included, what products should be included and how firms would ensure the suitability of suggestions.

Feedback

- 3.48** There was near unanimous agreement with our proposal, from consumer groups and industry. Of the 57 respondents who answered this question, 52 supported our proposal. Six respondents asked for this area to be reviewed in the future, as part of a post implementation review.

Our response

Given the near unanimous agreement, we are maintaining our approach on product limits. We note requests to clarify what is meant by 'a suitable investment which has a component part that provides some exposure to one of these excluded products'. This is to make sure

ready-made suggestions do not exclude investments like default pension arrangements or packaged retail investment funds, even if a minor portion of their assets are in investment types that would be excluded if proposed individually. Firms should refer to the FCA Handbook Glossary for definitions of default arrangements and packaged products.

Delivering targeted support – verification

Proposal

- 3.49** In CP25/17 we proposed that a firm can use existing data it holds or collect new data to align a consumer with a segment. A firm would have to take reasonable steps to ensure this data was accurate and up to date, in accordance with our requirements and the data protection principles in the GDPR.

Feedback

- 3.50** We received 54 responses on our proposals. Many of these raised the issue of additional information which we cover in the following section. Seven respondents suggested firms should be allowed to verify with consumers that the data they hold is accurate and up to date at the start of the targeted support process. A few respondents requested guidance on how the requirements interact with the GDPR.
- 3.51** Two respondents queried the requirement to verify information before aligning a consumer with a segment where the firm considers the information used to align the consumer may not be accurate or up to date. They suggested that the requirement should be to verify that consumers have the relevant common characteristics rather than verifying the specific information.

Our response

We are maintaining our position. Our proposals do not prevent firms from verifying with consumers that data held is accurate. This would be a reasonable step for a firm to take to meet our requirements. The requirements in our rules in relation to ensuring information about clients is up to date are in alignment with the accuracy principle in GDPR.

We think it is appropriate that, if a firm thinks the information used to segment a consumer may not be accurate, then they must verify this information with the consumer before they try to align them with a segment. This will help to make sure they do not incorrectly align the consumer.

Delivering targeted support – additional information

Proposal

- 3.52** In CP25/17 we said firms need to consider whether to factor in additional information they hold on their consumers, beyond that needed to align them with a consumer segment, in determining whether a ready-made suggestion is suitable. This applies to information that firms already hold about their customers, and information volunteered during the targeted support journey. We said it would not be reasonable to expect firms to consider all data they hold about a consumer.
- 3.53** If a consumer volunteers additional information during the targeted support journey, we proposed that a firm would need to consider whether the ready-made suggestion was still suitable. We recognised that consumers volunteering additional information would be more likely when targeted support is delivered person to person.

Feedback

- 3.54** We received 62 responses on these proposals. Eight respondents could not envisage any situation where firms would hold additional information that would make the ready-made suggestions unsuitable. Twenty respondents identified situations where this could occur. Examples included information relating to vulnerability, debt and other indicators of low financial resilience. Of these, ten respondents highlighted that information may be derived from a customer's previous interactions with a firm, such as existing product usage, customer service interactions, or transaction histories. Six respondents highlighted that such information may be unstructured and difficult to access within a firm's databases. Four respondents felt such information might arise during a targeted support journey.
- 3.55** Twelve respondents suggested it would be very difficult for them to consider additional information volunteered during a targeted support journey, as this would become individualised advice. Fourteen responses highlighted that our proposals could lead to firms offering targeted support via digital-only journeys. Twelve respondents felt this issue could be addressed through disclosure to customers of the data points and assumptions made during the provision of targeted support.

Our response

We anticipate that some information respondents expect to come to light during a targeted support journey, and which may impact suitability, would be captured as a pre-defined excluding characteristic. This may include the examples of information relating to vulnerability, debt and other indicators of low financial resilience outlined above. In this event, a firm would need to determine whether that characteristic applied to a customer when aligning them to a segment.

We disagree that firms should not have to consider any additional information. This would be inconsistent with firms' obligations under

Principle 9 and the Consumer Duty. We are maintaining our position that a firm must not provide a ready-made suggestion if it is, or ought reasonably to be aware of information about the consumer that indicates the suggestion may not be suitable. This applies equally to information already held by a firm, and information volunteered during a targeted support journey.

Firms are not expected to request information from a consumer other than that required for the provision of targeted support when delivering the service (ie to align a consumer to a consumer segment), and they do not need to consider all information they might hold. We have added guidance to clarify our expectations around information of which a firm ought reasonably to be aware, the extent to which information needs to be considered, and how firms should respond when additional information is volunteered.

We maintain that it is for firms to determine how to consider information they hold about consumers in delivering targeted support, having regard to their own business models and customer relationships.

Providing high-quality targeted support and monitoring outcomes

Proposal

Overall approach to monitoring

- 3.56** In CP25/17, we sought to make sure that rigorous product governance sits around the design and delivery of targeted support. We proposed leveraging existing requirements in our Product Intervention and Product Governance sourcebook (PROD) and the Consumer Duty for targeted support.
- 3.57** We proposed that a firm providing targeted support will be responsible for monitoring the outcomes from targeted support, but they would not be required to carry out ongoing suitability assessments for individual consumers.
- 3.58** We proposed that firms should review their targeted support service regularly and determine the appropriate review intervals.

Product monitoring

- 3.59** We proposed that a firm must monitor whether any product that forms part of a ready-made suggestion has changed. Where this has occurred, we proposed that firms should look at whether the product remains appropriate for the consumer segment, and whether action should be taken to mitigate harm for customers who previously acted on the firm's suggestion.

Feedback

Overall approach to monitoring

- 3.60** We received 59 responses on our intention to use PROD and the Consumer Duty to make sure targeted support services are of high quality. Nearly all respondents agreed. Six respondents asked for no additional requirements.
- 3.61** We received 64 responses on our specific monitoring proposals. While most respondents agreed with our proposals, over a quarter disagreed. Fourteen respondents highlighted concerns that our proposals would result in targeted support becoming an ongoing rather than one-off service. Two respondents called for clarity on whether monitoring extends to consideration of investment performance.
- 3.62** A small number of respondents indicated their agreement with the proposed approach to a regular review of the service, recognising the outcomes-based approach.

Product monitoring

- 3.63** Several respondents noted it would be very difficult to identify retrospectively whether a consumer has acted on a ready-made suggestion after a significant product adaptation. Several respondents called for guidance on what constitutes a significant adaptation. Two respondents called for the removal of the retrospective element from our proposals for monitoring product changes.
- 3.64** One respondent raised concerns about whether they need to consider changes to a product beyond a significant adaptation.

Our response

Overall approach to monitoring

We will continue to leverage PROD and the Duty. Our proposed rules and guidance in COBS 9B.10 are an extension of what firms are already expected to do under the Duty and product governance requirements. We have made this clearer in the rules and guidance.

We are maintaining our position that all firms providing targeted support will be the manufacturer and distributor of the targeted support service while also being the manufacturer or distributor (or both) of the product that forms part of a ready-made suggestion. This means that firms will be responsible for monitoring outcomes from the service (as they must do under the Duty for any service) and consider the impact of a significant adaptation to a product that forms part of a ready-made suggestion (as they must do under PROD and the Duty for any product).

We understand that some firms are concerned about the extent of monitoring that would be required. Our proposals align with what is expected under the Duty. Firms are not required to check the suitability of a suggestion they have delivered to a consumer on an ongoing basis. This only needs to be assessed at the point of specifying the ready-made

suggestion for the relevant consumer segment (see our response to suitability). However, as part of monitoring outcomes from the service, firms should consider whether the ready-made suggestion remains suitable for the pre-defined consumer segment. We have made this clearer in our guidance.

Our rules in COBS 9B do not require firms to monitor individual customer outcomes from targeted support. They also do not require firms to track the market performance of a product to determine whether it remains suitable for consumers it has been suggested to.

We are maintaining our position that firms must regularly review their targeted support service.

Product monitoring

We maintain our view that firms providing targeted support should consider whether mitigating action is needed in response to a significant adaptation to a product. We have amended our rules and guidance to focus solely on significant adaptations.

We recognise that firms may find it difficult to determine retrospectively whether a consumer acted on a ready-made suggestion and take mitigating action for that consumer in light of a significant adaptation. We are removing this retrospective consideration from COBS 9B. The risk of harm to such consumers is mitigated by existing requirements in PROD and, in particular, the Consumer Duty requirement to take appropriate actions if a risk of consumer harm becomes foreseeable.

In relation to concerns about being unable to identify a significant adaptation and requests for guidance around this, product manufacturers should be identifying significant adaptations under existing product governance requirements already. Several examples of significant adaptations were published in FG22/5 to support firms' considerations of this (see paragraph 6.15 of [FG22/5](#)). Distributors should have arrangements in place to obtain this information from the product manufacturer but do not need to identify significant adaptations themselves. Our PROD 8 requirements seek to ensure this information sharing takes place.

Chapter 4

Targeted support communications

- 4.1** This chapter summarises the feedback on our targeted support communications proposals (Chapter 3 of CP25/17).

Communicating with consumers

Proposal

- 4.2** In CP25/27, we proposed that when firms provide targeted support, they must communicate the nature and limitations of targeted support, including that it is not individualised advice.
- 4.3** We also proposed that where a firm provides a ready-made suggestion, it must communicate to the consumer:
- The common characteristics of the consumer segment (including and excluding) to which the consumer has been allocated (ie the data points that the segment is based on).
 - That the ready-made suggestion was designed for the relevant consumer segment, not the individual.
 - Any limitations on the scope of products considered by the firm, for example where the firm has only considered its own products or connected firms' products.
- 4.4** We proposed that firms must test their communications and take reasonable steps to make sure consumers understand the service.
- 4.5** We proposed that firms should pay particular regard to the information needs of consumers who had received, or were receiving, investment advice. This included where the firm was aware, or ought to be aware, that a customer had received advice from another provider.

Feedback

- 4.6** We received 48 responses to our communication proposals. Most respondents agreed with our approach. Three respondents suggested that our guidance on the timing of communications could be interpreted as too prescriptive and suggested removing it. A small proportion of respondents also suggested that our required disclosures when providing a ready-made suggestion were overly prescriptive.
- 4.7** Five respondents requested that we provide examples of 'best practice' communications with consumers, suggesting this would be beneficial for firms to develop their communications in compliance with our requirements.

- 4.8** One respondent asked us to clarify the guidance we proposed relating to advised consumers. They pointed out that if a consumer had received advice many years ago, it would not be directly relevant to the ready-made suggestion provided under targeted support.

Our response

We are maintaining our approach to communications. We consider the required communications about the service, and specific rules for providing a ready-made suggestion are important to make sure that consumers can understand the nature of the support they receive and assess whether the suggestion is right for them.

We have added guidance encouraging firms to keep a record of how they meet their disclosure obligations, both in accordance with our COBS 9B rules and to the extent that the final legislation includes a disclosure element.

We are not providing examples of best practice communications as we encourage firms to identify engaging and innovative ways to communicate with consumers. As set out in CP25/17, our consumer research may be a useful starting point for firms to develop their communications.

We have amended our guidance for advised consumers by clarifying that the expectation for firms to consider the information needs of advised consumers applies only where the firm is reasonably aware that the consumer is receiving or has recently received relevant investment advice from an adviser.

Assumptions

Proposal

- 4.9** In CP25/17, we suggested firms should consider whether it would be appropriate to communicate the assumptions it has made about the consumer segment, but did not propose making it mandatory.

Feedback

- 4.10** We received 23 responses to our question about communicating the assumptions used by a firm to create a ready-made suggestion. Seventeen respondents suggested that these should always be communicated to consumers. Respondents noted it could help further consumer understanding of the nature and limitations of the suggestion. However, six respondents agreed with our approach in CP25/17 to not require assumptions to be communicated, as it could create overly confusing or dense communications which may hinder consumer understanding.

Our response

We have considered whether we should require firms to disclose assumptions to consumers, as we agree that this could help further consumer understanding of the service and suggestion. However, in our response to using assumptions above, we have set out our position on the use of assumptions, and that the suitability of the suggestion must be assessed by reference to the situation and, where relevant, common characteristics of the segment. On this basis, we think it is sufficient that firms should, where appropriate, inform the consumer about any assumptions the firm has made about individuals in the consumer segment, to support consumer understanding. In doing so, firms should consider the requirement in PRIN 2A.5.3R, to equip retail customers to make decisions that are effective, timely and properly informed.

Signposting in ready-made suggestions

Proposal

4.11 We proposed guidance that firms should, where appropriate:

- Signpost consumers to additional tools or modellers, guidance services (such as MoneyHelper), or individualised advice.
- Encourage consumers to consider products from other providers which are available in the open market.

Feedback

4.12 Thirty-three respondents considered it would be appropriate for firms to decide when consumers should be signposted to additional support. They generally thought that firms could determine what support they signpost consumers to. Seven respondents suggested that where consumers had characteristics of vulnerability, firms should always signpost them to additional support.

Our response

We are not amending our signposting expectations. It is important for firms to consider what additional support they should make consumers aware of. Firms should consider the expectations within [FG21/1](#) to respond flexibly to the needs of vulnerable consumers. This may involve providing additional or specific signposts to vulnerable consumers which are within a targeted support journey.

Communicating with consumers who do not receive a ready-made suggestion

Proposal

- 4.13** In CP25/17 we set out that where consumers are exited out of targeted support, firms should, where appropriate, signpost consumers to alternative forms of support (eg MoneyHelper).

Feedback

- 4.14** We received feedback from two respondents who considered the guidance could mean they needed to proactively engage with consumers who had not requested targeted support.

Our response

We have clarified our expectation for consumers to be signposted to alternative forms of support. This applies where a firm has been unable to provide the consumer with a ready-made suggestion, where the consumer has engaged with the firm in relation to targeted support. There is no expectation for firms to proactively contact consumers where targeted support has not been sought or offered.

Labelling 'Targeted Support' to consumers

Proposal

- 4.15** We did not propose any specific labelling requirements in CP25/17. We proposed that firms could only refer to the service as 'targeted support' if it was designed and delivered in compliance with the rules in COBS 9B.

Feedback

- 4.16** One respondent suggested that firms should be required to explicitly call the service 'targeted support' within consumer-facing communications.

Our response

We know from our consumer research that many consumers may wish to do further research on targeted support and/or the suggestion they received before acting on it. Therefore, we are requiring firms to explicitly call the service 'Targeted Support' in the communication to consumers which contains the ready-made suggestion, to help consumers independently research what the service does. This also supports the requirements to signpost to MoneyHelper in COBS 16 and 19.

Firms can use 'natural language' names for the journeys they design and we have added guidance to clarify that this requirement does not prevent firms from calling the service 'Targeted Support' at other points in the consumer journey. We encourage firms to think carefully about how they describe and brand their service. They should identify where consumer understanding may benefit from describing or calling the service 'Targeted Support' elsewhere, for example, on website landing pages for the support service. This is important where a consumer has become aware of the availability of targeted support when highlighted by MoneyHelper. We are also working closely with MaPS so that when consumers are signposted to their services, MaPS are well placed to support consumers, either having received a ready-made suggestion or having been exited from a targeted support journey.

Durable medium

Proposal

- 4.17** We set out in CP25/17 that firms must provide required communications in a durable medium to consumers throughout the targeted support journey.

Feedback

- 4.18** Ten respondents highlighted that this could disrupt the consumer experience or put consumers off completing a targeted support journey. Some respondents suggested that consumers should be able to opt-out of receiving the information in a durable medium. We also received feedback that providing a ready-made suggestion in a durable medium could risk causing consumer harm if a consumer returned to the suggestion later and their circumstances had changed.

Our response

We want firms to deliver effective consumer journeys which do not prevent consumers from engaging with support. Therefore, we have clarified our durable medium requirements. We have set out that firms must communicate the nature and limitations of the targeted support service.

However, this information does not need to be provided in a durable medium at the start of a consumer journey, so long as the information is provided in good time to facilitate effective consumer decisions.

At the time that a consumer receives a ready-made suggestion, firms must provide the information that is mandated under the rules, such as that the ready-made suggestion was designed for the consumer segment with which the firm has aligned the consumer. Recognising that targeted support may be delivered in person or over the phone, this does not have to be provided in a durable medium at the point of communicating the suggestion. Our rules confirm that firms must provide the required information in a durable medium when the ready-made suggestion is provided. However, if this is not possible, we have clarified that firms must provide this in a durable medium as soon as reasonably practicable after. Firms have flexibility to determine what durable medium would be most effective, or to ask consumers their preference.

It is important for consumers to be able to return to the key information about the ready-made suggestion they have been provided. This is especially relevant where a consumer wants to purchase a new product recommended to them. Where the ready-made suggestion involves the recommendation or sale of a new product, existing product disclosure requirements will apply. Equally, other disclosure requirements (such as in COBS 6) will apply to the targeted support service itself. These other requirements may require information about the service to be disclosed in a manner or at a time which is incompatible with the nature of targeted support. We have clarified that where this is the case, firms must provide the information at a time that is consistent with PRIN 2A.5.5R (to provide information on a timely basis and in good time for consumers to make effective decisions).

Risk warnings

In CP25/17 we invited feedback from respondents on whether they would like more guidance or clarity on how to appropriately balance risk warnings in their communications. We received 56 responses to our question on risk warnings. Most respondents were in favour of further guidance on the use of such warnings. A common theme was that risk warnings should be simpler and more geared towards improving consumer understanding. A significant number also advocated for a regime that allows firms to emphasise the opportunities of investing against the risks of holding cash.

Firms have flexibility in how they meet our requirements for risk information when promoting mainstream investments. We have published clarification on some of the misunderstandings we have heard about risk warnings. We continue to support the industry Investment Risk Delivery Group and will work with them on any recommendations that they make.

Direct marketing rules

Proposal

- 4.19** In CP25/17, we recognised feedback from industry that direct marketing rules could be a barrier towards proactive delivery of targeted support. We explained that we were working with the ICO and government to consider how to address this.

Feedback

- 4.20** We received 73 responses on direct marketing. Of these, 55 respondents stated that the current direct marketing framework in the Privacy and Electronic Communication Regulations (PECR) and the GDPR represent a barrier to the delivery of targeted support and that this issue needs to be resolved before firms offer targeted support, particularly for firms who wish to provide targeted support to pension customers. Only 10 respondents stated that the barriers did not need to be addressed before the regime goes live. Some respondents cited concerns regarding any relaxation of direct marketing rules given the important protections that these provide to consumers.
- 4.21** Thirty-two respondents called for the FCA and the ICO to provide further guidance on the application of the direct marketing framework to targeted support. Around a quarter of respondents called for broader legislative change including exempting targeted support communications from direct marketing rules and extending the 'soft opt-in' to automatically enrolled scheme members.

Our response

We recognise the important protections that direct marketing rules provide to consumers. We acknowledge concerns raised about perceived barriers to the delivery of targeted support proactively from direct marketing rules. We understand the need for clarity on the interaction between targeted support and direct marketing rules. We have worked with the ICO to publish a [jointly prepared statement](#) to provide this clarity.

We acknowledge the strong calls for broader legislative change. This is a matter for Government. We have shared feedback we received with Government for consideration. We welcome the announcement by the Government today to take forward secondary legislation to enable workplace pension providers to deliver targeted support communications to members who have not opted out of direct marketing. This is proposed to apply to both existing and new automatically enrolled pension savers. So, this could significantly increase the number of pension savers that firms could provide proactive targeted support communications to and therefore help them more effectively make important decisions around their pensions.

Chapter 5

Charging and remuneration

- 5.1** This chapter summarises the feedback to our proposals on costs and charges (Chapter 4 of CP25/17) and our further proposals in CP25/26.

Proposals

- 5.2** We proposed that firms can charge for targeted support, but charges must be disclosed and agreed with customers. We proposed that firms can recover their costs through cross-subsidisation, provided cross-subsidisation arrangements are disclosed and reasonably representative of the cost of delivery. We proposed that firms cannot solicit or accept commissions or other benefits for providing targeted support or related services.
- 5.3** We said the price and value outcome under the Consumer Duty would apply to firms providing targeted support. This requires firms to demonstrate that all groups of customers get fair value from their products. Firms would also be subject to existing requirements in our Senior Management Arrangements, Systems and Controls sourcebook (SYSC), including on managing conflicts of interests.

Further proposals in CP25/26

- 5.4** In CP25/26, we made some further proposals in relation to the requirements in COBS 9B.8 to provide additional clarity on our charging proposals. We proposed new requirements in COBS 9B.8A applying to issuers and product providers. We proposed not permitting issuers and product providers to offer or pay commissions (or other payments or benefits) in relation to targeted support.
- 5.5** We clarified the interaction of the inducement rules in COBS 2.3 and 2.3A with our proposed requirements. We proposed amending the non-MiFID inducement rule in COBS 2.3 so that the requirement to disclose the existence, nature and amount of relevant inducements to clients applies when providing targeted support.
- 5.6** We proposed not to amend the existing requirements in COBS 6.1B as the rules applicable to targeted support would be set out in COBS 9B.8A. We thought that the consultancy charging rules in COBS 6.1C generally won't apply to targeted support. We proposed to apply COBS 6.1E and COBS 6.1F to firms providing targeted support. We indicated that the COBS 6.4 requirements for firms to disclose commission payments for packaged products would not be relevant to targeted support considering the broader commissions ban.

Feedback

- 5.7** We received over 60 responses on our proposals in CP25/17, with an even split between those that agreed and those that challenged aspects of them. We received 24 comments on our further proposals in CP25/26 with respondents generally agreeing with our positions.
- 5.8** Respondents agreed that customer uptake would be significantly limited unless targeted support can be provided free of charge at the point of use. They supported our proposal to allow firms to provide targeted support either without a charge or on a paid basis.
- 5.9** A third of respondents disagreed with our proposal to require disclosure of cross-subsidisation arrangements to consumers. They argued this would be challenging to explain and would over-complicate the consumer experience without delivering proportionate benefits. For the same reason, one respondent disagreed with our proposal to amend the non-MiFID inducement rule in COBS 2.3. Five respondents raised concerns about the potential for firms to charge more for a product when delivered via targeted support compared to other distribution channels.
- 5.10** Nearly a fifth of respondents noted that cross-subsidisation would give large, vertically integrated firms a competitive advantage to promote their own products, and seven said that cross-subsidisation could undermine the transparency principles established by the Retail Distribution Review. Some raised concerns about targeted support being a vehicle for firms to market their own products, and the possibility for firms to suggest high-cost products to consumers, which could lead to consumers paying significant charges over time.
- 5.11** Two respondents to CP25/26 agreed that the disclosure of commissions relating to packaged products under COBS 6.4 was not relevant to targeted support. There was general agreement with our proposals relating to COBS 6.1B, 6.1E and 6.1F in CP25/26. However, 3 respondents disagreed with our position in 6.1C, suggesting that some services, such as those offered as workplace benefits, may still fall within scope and require provisions for employer charging.

Our response

Cross-subsidisation

We maintain our position that firms can decide whether to charge consumers for targeted support. Firms must make sure all consumers receive fair value.

Firms may recover the costs of providing targeted support through their other business lines or by other legal entities within the same group. As such, we are narrowing the scope of our rule so that firms can accept payments, which are reasonably representative of the costs of providing the service, from affiliated companies (as opposed to associates, which is a broader term). This change is intended to ensure that only payments

from undertakings in the same group as the targeted support provider are captured.

We recognise that cross-subsidisation may benefit larger, vertically integrated firms. However, cross-subsidisation enables firms to offer the service for free at the point of use. We think this will help make sure that targeted support is available to a large number of consumers.

Ensuring fair value and that consumers understand any costs and charges

Under the Consumer Duty firms must make sure their products provide fair value to retail customers in the target markets for those products and that their communications equip retail customers to make effective, timely and properly informed decisions. Our inducement rules in COBS 2.3 and 2.3A will also apply to firms making or receiving intra-group payments for targeted support.

The Consumer Duty requires firms to demonstrate that products and services provide fair value to all groups of customers. We are also introducing a new rule requiring firms to disclose, at the latest, at the time that the firm communicates the ready-made suggestion to the consumer, where the costs and charges associated with a product differ depending on whether it is accessed through targeted support (compared to a different route). This is intended to make sure consumers understand if they will pay more for a product provided through targeted support compared to other routes.

Having considered our position and feedback from stakeholders, we think these requirements together are sufficient for firms to provide fair value to targeted support customers. For these reasons, we will not introduce the proposed requirement for firms to disclose to consumers the basis of their remuneration arrangements, including cross-subsidisation.

Rule against commissions

We are broadly maintaining our ban on monetary and non-monetary benefits paid or provided by a third party to a targeted support provider. Our rules make clear that the obligation does not prevent payments made by or on behalf of clients to a firm providing targeted support.

We are allowing firms to refer customers to whole of market annuity brokerages following a ready-made suggestion. We are providing an exception from the ban on commissions for payments received from providers of annuity brokerage services, where a firm providing targeted support refers a customer to such a brokerage. Such payments will remain subject to existing inducement rules, consistent with current annuity journeys. This includes satisfying the transparency requirements within the inducement rules, meaning firms will be required to disclose any referral fee they receive from signposting to annuity brokerages as they must do presently as part of an annuity journey.

We maintain our proposal in CP25/26 to not apply rules on the disclosure of commissions relating to the sale of packaged products under COBS

6.4 where this is done in connection with the provision of targeted support. Firms will be subject to the existing inducement rules in COBS 2.3/2.3A, and commission from an annuity provider to an annuity brokerage must be disclosed in the usual way.

Scope of services in COBS 6.1C

We are retaining the proposed guidance in the final instrument. We still consider that targeted support is unlikely to be provided in the manner anticipated by the rules in COBS 6.1C. However, if it is, then the rules in that section would apply, requiring the firm to be paid by way of consultancy charges.

Chapter 6

Application of existing requirements

- 6.1** This chapter summarises the feedback to our proposals for the application of existing Handbook requirements to targeted support (Chapter 5 of CP25/17) and our further proposals in CP25/26.

Application of existing requirements covered in CP25/17

Proposals

- 6.2** In CP25/17, we proposed minimal changes to the application of existing Handbook requirements. A number of parts of the Handbook would apply in accordance with their general application.
- 6.3** We noted that any necessary changes to the application of the FEES sourcebook, regime for professional firms (PROF), and our perimeter guidance (PERG) would be considered in due course. We subsequently consulted on changes to the FEES sourcebook in November 2025.

Feedback

- 6.4** We received 51 responses on the proposed changes. Forty-three of those respondents supported our proposals. Five respondents disagreed with some aspects, indicating that further guidance and clarification could help ensure high standards (eg on the data required for record keeping purposes and how to effectively manage potential conflicts when suggesting in-house products).

Our response

We are proceeding with the proposals set out in CP25/17. The requirements are aligned with those for most other regulated activity. This will make sure that firms are well equipped to deliver targeted support with due skill and care and robust systems and controls. We do not propose any further changes to those set out in CP25/17.

MiFID business, IDD, and designated investment business regimes, including COBS

Proposals

- 6.5** We proposed that the targeted support framework should only apply where ready-made suggestions would currently constitute a personal recommendation. This meant that where targeted support recommendations include financial instruments, they would fall within the scope of investment services regulated under the Markets in Financial Instruments Directive (MiFID) regime. To the extent that targeted support involves a personal recommendation in relation to a contract of insurance, we said this would be within the scope of insurance distribution for the purposes of the Insurance Distribution Directive (IDD).
- 6.6** We proposed that targeted support should be classified as designated investment business to ensure that targeted support is generally subject to the requirements set out in the Conduct of Business (COBS) sourcebook.

Feedback

- 6.7** We received 48 responses on our proposals. Thirty-five respondents agreed with our proposals.
- 6.8** Seven respondents requested further clarity on the application of elements of the COBS framework to targeted support, for example regarding the inducement rules, the timing of disclosures to consumers and the rules related to risk warnings for retirement wake up packs.

Our response

We are maintaining the proposals made in CP25/17. We have clarified the application of certain COBS provisions to targeted support in CP25/26. The scope of the specified activity of providing targeted support on which the Treasury has consulted is wider than the application of our rules framework for targeted support. For example, the Treasury has proposed that the new activity extends to recommendations relating to all relevant investments, such as insurance contracts and funeral plan contracts. We have clarified in our final rules that, if a firm obtained permission to carry on the new activity of providing targeted support, and sought to do so, in relation to a type of investment beyond the scope of our rules, then the firm would need to comply with those rules that would apply if it were carrying on the regulated activity of advising on investments (providing a personal recommendation). We have sought to clarify the language which we use in the Handbook to differentiate where we refer to the regulated activity of providing targeted support and providing targeted support to which our rules in COBS 9B apply.

Feedback on our proposals for pensions supplementary provisions in COBS 19 is considered in the following section of the policy statement.

Application of existing requirements covered in CP25/26

- 6.9** In CP25/26, we refined our proposals on charging and remuneration and clarified how targeted support would be integrated within existing reporting requirements. These proposals and corresponding feedback are set out in Chapters 4 and 7 of this policy statement respectively.
- 6.10** The rest of this section sets out the proposals, feedback and our response to proposed changes to all other sourcebooks covered by CP25/26.

Glossary of definitions

Proposals

- 6.11** We proposed to modify certain Handbook definitions. The terms 'distribute', in the context of the Product Disclosure sourcebook (DISC), and 'marketing', for the purposes of rules in the Collective Investment Schemes Sourcebook (COLL) would be amended to include targeted support. We proposed to make reference to targeted support in the Glossary definitions of 'corporate finance business', 'lifetime ISA charge' and 'non-advised client' in the context of COBS 19 and PROD 6. We also proposed to align the scope of an 'ICD (Investor Compensation Directive) claim', for the purposes of the Financial Services Compensation Scheme (FSCS), with that for personal recommendations.

Feedback

- 6.12** Eight respondents commented on our proposed changes. There was agreement with our proposals to update the definitions of 'distribute', 'lifetime ISA charge' and 'corporate finance business'. One respondent raised concerns about consumer protections in relation to the definition of 'ICD claim'.
- 6.13** Five respondents did not agree that targeted support should be referenced in the definition of 'marketing', particularly in the context of the ongoing discussions around the interaction between targeted support and direct marketing rules. Some feedback considered the definition update unnecessary and potentially limiting for firms, seeking further clarification on the intention behind the proposal.

Our response

We are proceeding with our proposed change to the definition of 'marketing' following the feedback. Amending the 'marketing' definition in this specific context does not impact the broader issues related to targeted support and PECR (which we address in Chapter 4). We are maintaining our position on other relevant aspects, including 'ICD claim' which does not materially impact protections as consumers will still have access to the FSCS for claims relating to the provision of targeted support.

SYSC 5, 19G and 25

Proposals

- 6.14** We proposed to apply certain competence requirements in SYSC 5 (Employees, agents and other relevant persons) to staff involved in targeted support. This would align the expectations with those for individuals providing personal recommendations in the course of MiFID business. We proposed amendments to guidance in SYSC 25 (SM&CR: Management responsibilities maps and handover procedures and material) Annex 1 to include reference to targeted support in management responsibilities maps. We didn't propose amendments to SYSC 19G (MIFIDPRU Remuneration Code). This means the relevant individual with managerial responsibility for the business unit carrying out targeted support activities would not necessarily be deemed to be a material risk taker. However, firms would still need to consider whether a relevant individual with managerial responsibility for the business unit carrying out targeted support is a material risk taker under SYSC 19G.

Feedback

- 6.15** We received eight responses to our SYSC proposals, six of which supported the application of the respective requirements. The remaining two respondents provided balanced feedback and asked that we reconsider the proposed Handbook text in relation to SYSC 5 to better distinguish between the competency requirements that apply to targeted support and the provision of a personal recommendation.

Our response

We welcome the broad support for the proposed application of SYSC 5 and acknowledge the areas that need further clarification. We recognise the concerns raised by stakeholders about our proposal to extend the application of SYSC 5.1.5AAR to the provision of targeted support. So, we have not proceeded with this change. Firms providing targeted support will be subject to the relevant competent employees rules in SYSC 3.1.6R and 5.1.1R. SYSC 5.1.5ABR will also continue to apply in relation to the provision of information to retail clients, where applicable. Following our consultations, we have made one minor change to SYSC 23 Annex 1 to ensure that the position for a firm providing targeted support is aligned with that for a firm providing investment advice, for the purpose of the exclusion from being an enhanced scope SM&CR firm in Part 9.

COBS 2.4 – Reliance on others

Proposals

- 6.16** We proposed that it would not be appropriate for a firm (Firm 1) to rely on any targeted support provided by another firm (Firm 2) when it (Firm 1) is required to perform a suitability assessment. This is because targeted support would not be deemed to be a proxy for a suitability assessment. We asked for views on any instances in which a firm might want to rely on the targeted support provided by another firm when required to undertake an appropriateness assessment.

Feedback

- 6.17** We received eight responses to this. Six respondents could not identify any scenarios where a firm may need to carry out an appropriateness assessment in relation to a transaction recommended by another firm through targeted support. Several agreed that firms should not be permitted to rely on targeted support as a substitute for a suitability or appropriateness assessment.

Our response

We are maintaining that a firm required to carry out a suitability or appropriateness assessment would not be permitted to rely on targeted support provided by another firm when undertaking those assessments. COBS 2.4.4R and 2.4.5AR will not apply to targeted support.

COBS 7 – Insurance distribution

Proposals

- 6.18** We proposed that the demands and needs rules should continue to apply where a ready-made suggestion recommends a new life policy. These requirements would be met where a firm meets its COBS 9B obligations and the outcomes in COBS 7.

Feedback

- 6.19** Six of the 8 responses we received agreed with the proposal. Two respondents requested further clarity on the application of the demands and needs test, set out in COBS 7, to targeted support.

Our response

We still consider that the demands and needs rules should apply where a ready-made suggestion recommends a new life policy. We acknowledge the requests for clarity on the application of the demands and needs test

to targeted support. The new rule would enable firms to rely on targeted support processes to meet the demands and needs requirements in relation to the sale of a new life policy, where firms can demonstrate that the respective outcomes in COBS 7 are met. Firms should be able to demonstrate that the life policy is consistent with the demands and needs of the individual customer based on the information that they have received from the customer and that a statement of this is provided to the customer. But the additional rule in COBS 7 on targeted support means that if firms appropriately design their consumer segments and properly allocate their customers to the appropriate consumer segment, this should be sufficient to meet the demands and needs outcomes.

COBS 15 – Cancellation

Proposals

- 6.20** We proposed that cancellation rights under COBS 15 should apply to targeted support as they do to personal recommendations.

Feedback

- 6.21** Most of the eight respondents agreed that targeted support customers should have at least the same contract cancellation rights they would with a personal recommendation. Some respondents asked for clarity, such as around how cancellation rights apply to products purchased after a ready-made suggestion, how they work in relation to existing products, or where it is not clear whether a customer has acted on a ready-made suggestion.

Our response

These rules are a long-standing feature of the rules in COBS. Our proposals sought to preserve the current application of the cancellation rules and align the application of particular provisions for products sold by way of targeted support with those sold on an advised basis. We want consumers to have the same rights to cancel contracts as they do in relation to the provision of personal recommendations currently. We have not therefore proposed changes that would make the rules operate differently from how they work today.

We will have regard to feedback about these rules in deciding whether to review these rules more broadly, including in the context of the broader framework for financial services contracts entered into at a distance.

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

Proposals

- 6.22** We proposed that relevant operators of personal pension schemes and stakeholder pension schemes should signpost targeted support to consumers in annual statements. We proposed that firms must include relevant targeted support charges in the written statement accompanying costs and charges information.

Feedback

- 6.23** Eleven respondents provided feedback on this. The majority disagreed or only partly agreed with our proposal to mandate signposting to targeted support. Respondents suggested that signposting is premature at this stage and should be optional for firms. Respondents expanded on their views in their answers to question 13 on COBS 19 (see paragraph 6.25).

Our response

We have made minor changes to the proposed signposting requirements, including removing the reference to 'targeted support'. We are deferring commencement by 12 months to allow firms time to implement the relevant changes. We expand on our changes to signposting in the first section of 'COBS 19 – Pensions supplementary provisions' below.

We are introducing requirements for relevant targeted support charges to be included in the written statement accompanying costs and charges information. We are also maintaining the guidance on the ability for firms to highlight a targeted support service to consumers when providing the annual statement under COBS 16.6.

COBS 19 – Pensions supplementary provisions

Signposting

Proposals

- 6.24** We proposed that, where firms already provide information about the support available to help consumers make pension decisions, they must also suggest that consumers 'consider obtaining targeted support' and inform them that further information is available on the MoneyHelper website.

Feedback

- 6.25** Sixteen respondents commented on our COBS 19 proposals. Three quarters of respondents disagreed or only partially agreed with the proposed signposting requirements. Half suggested it was premature to mandate signposting when few firms would offer targeted support when the rules and guidance would be introduced. They suggested it could create ineffective journeys, and some were particularly concerned about the potential confusion caused by suggesting consumers 'consider obtaining targeted support'. A small number of respondents noted the cost of implementing signposting, especially under short timelines and for firms not providing targeted support.

Our response

We recognise concerns that some consumers may not be aware of targeted support, particularly if their provider does not offer it. To avoid confusion, we will not expect firms to suggest consumers 'consider obtaining targeted support'. Instead, we have included rules and guidance in COBS 19 that consumers are signposted to a MoneyHelper webpage that provides information on the different types of support available, including targeted support.

We acknowledge concerns raised around the cost of implementing signposting requirements within short timeframes, particularly for firms that aren't providing targeted support. To address this, we are deferring commencement of the signposting expectations by 12 months, so the expectations will apply from April 2027. We encourage firms to update their communications promptly to support customers with decisions.

We are maintaining our clarifications that firms can highlight a targeted support service to consumers in communications provided under COBS 19.

Investment pathways

Proposals

- 6.26** Recognising that measures in the Pension Schemes Bill may require further changes in the future, our interim position was to maintain existing investment pathway requirements. We proposed guidance clarifying that a firm can inform the consumer that it provides a relevant targeted support service when consumers are given the option to select investments without using the investment pathways.

Feedback

- 6.27** Fourteen respondents commented on our investment pathways proposals. Most raised concerns, even among the third who agreed overall. Seven suggested pathways should be optional if consumers had received a relevant ready-made suggestion. Six suggested offering pathways after or during targeted support could confuse consumers or create circular journeys.

Our response

We want to enable firms to provide consumers with helpful ready-made suggestions around their drawdown investments. To address concerns about ineffective consumer journeys and confusion, we have introduced a specific exemption in our investment pathways requirements. Under this exemption, where a consumer has been provided a relevant ready-made suggestion and has taken steps to action it, the firm is not required to offer investment pathways.

We have also introduced guidance setting out that firms can offer a targeted support service to consumers immediately before offering investment pathways. This means that consumers will first have the opportunity to receive targeted support.

We recognise that future changes may be needed due to the default pension benefit solutions under guided retirement proposed in the Pension Schemes Bill. However, after considering feedback, we believe implementing these changes now will provide firms with greater certainty, enabling them to design effective targeted support journeys and better support consumers.

Default investment strategies in non-workplace pensions

Proposals

- 6.28** We proposed that, where a consumer has received targeted support suggesting an investment strategy identical to the one that would have been offered as the firm's default option in accumulation, the requirement in COBS 19.12 for that firm to offer a default option would not apply.

Feedback

- 6.29** Four of the five respondents who provided feedback on this element agreed with the proposals. One suggested consumers who receive a ready-made suggestion should not also be offered the default strategy, regardless of whether the suggestion was the same as the default.

Our response

We did not receive significant feedback on this proposal. But we recognise the similarities with our investment pathways position and the risk of ineffective consumer journeys if consumers are offered a default strategy after receiving targeted support. So, in line with the rationale behind our changes to investment pathways, we have extended the proposed exemption for default investment strategies in non-workplace pensions. Under this exemption, firms are not required to offer a default investment option where the consumer has been provided with a relevant ready-made suggestion on how they should invest their contributions to, or assets in, their non-workplace pension.

Other requirements under COBS 19

Proposals

- 6.30** We proposed to maintain existing COBS 19 rules to support consumer decision-making, such as the stronger nudge to Pension Wise guidance, where a consumer receives targeted support. We also proposed minor amendments to requirements such as retirement risk warnings and cash warnings for clarity.

Feedback

- 6.31** Two of the four respondents were content with the stronger nudge applying for consumers even if they have received targeted support. Two suggested that in particular instances it should not apply.
- 6.32** Two respondents addressed our proposals on retirement risk warnings. Both indicated that firms may wish to communicate risk warnings as part of the targeted support journey. One added that repeating warnings during the execution process should not be mandatory.
- 6.33** Two of the four respondents that provided feedback on cash warnings agreed with our proposals. One respondent suggested that a warning that includes the term 'targeted support' may be confusing for consumers that are not aware of what targeted support is.

Our response

We are not making any changes to our stronger nudge requirements which ultimately reflect legislative requirements.

We are proceeding with the minor proposed changes to our retirement risk warning requirements. We acknowledge that firms may want to provide risk warnings as part of targeted support. The changes to COBS 19.7.3R will enable firms to avoid repeating these warnings again if they would not change.

In line with our position on signposting, we recognise concerns that some consumers may not be aware of targeted support, particularly if their provider doesn't offer it. So, we have decided not to introduce a reference to 'targeted support' in the cash warning requirements.

Insurance: Conduct of Business sourcebook (ICOBS)

Proposals

- 6.34** We proposed provisions in ICOBS to explain interactions between providing targeted support and certain types of insurance contracts. This follows the approach in CP25/17 where we proposed that support relating to products, such as non-investment insurance contracts and pure protection insurance, should not be in scope of our targeted support framework.

Feedback

- 6.35** Four of the five respondents that commented on this proposal agreed, while one respondent suggested that ICOBS must clearly indicate which insurance contracts can and cannot be included as ready-made suggestions.

Our response

As per COBS 9B.2.1R, targeted support applies to recommendations relating to designated investments other than long term care insurance contracts that are pure protection contracts, leaving just life policies in scope from an insurance perspective. The changes to ICOBS reflect this position and ensure that firms are clear about how ICOBS applies when they are advising on contracts of insurance. In our near-final rules, we have made equivalent changes in the Funeral Plan: Conduct of Business sourcebook for the same reasons.

Pensions Dashboards: Conduct of Business sourcebook (PDCOB)

Proposals

- 6.36** We proposed to amend some requirements in PDCOB 12 to make clear that pensions dashboard service (PDS) firms cannot offer or provide targeted support as a post-view service (PVS). We also proposed not to make any changes to the choice architecture rules in PDCOB 8, at this stage.

Feedback

- 6.37** We had 12 responses to our PDCOB-related proposals. The majority agreed with our proposals, though many advocated that we should reconsider our positions in future:
- a.** when insights about consumer behaviour and risks have been gained from the launch and operation of the MoneyHelper dashboard, and
 - b.** if, at a future point, PDS are permitted to be transactional
- 6.38** In relation to PDCOB 8, two respondents disagreed with our proposals. One suggested that PDS firms' choice architecture should include an option to explore targeted support. The other suggested that the MoneyHelper dashboard's choice architecture should include a targeted support specific option.

Our response

Having considered feedback, we are adopting the PDCOB revisions we consulted on in CP25/26.

We remain of the view that PDS firms cannot offer or provide targeted support as a PVS. This is because our PDCOB rules do not allow for transactions to be promoted or initiated within the PDS. These rules reflect the Government's commitment that pensions dashboards will not be able to offer any functionality which enables transactions. However, PDS firms can explain within the dashboard what targeted support is and that it may be a service available to the dashboard user, outside of the dashboard.

PDCOB applies only to PDS firms, not the MoneyHelper dashboard. And we still consider it is not yet appropriate to decide whether and how to amend our choice architecture rules (PDCOB 8). We are working closely with MaPS on the development of the MoneyHelper pensions dashboard alongside targeted support.

Collective Investment Schemes sourcebook (COLL) 6 / Investment Funds sourcebook (FUND) 1

Proposals

- 6.39** We proposed amendments to confirm that references to 'investment advice' in the permitted business of Alternative investment fund managers (AIFMs) and management companies for Undertakings for Collective Investment in Transferable Securities (UCITS ManCos) include targeted support. We said we are engaging with the Treasury on whether consequential legislative changes are required to the RAO to make sure these firms have the relevant permissions to carry on the new activity.

Feedback

- 6.40** One of the three respondents that commented on this proposal explicitly agreed. One firm noted that it appeared AIFMs and UCITS ManCos would be able to provide targeted support without holding the relevant permission and asked us to clarify this.
- 6.41** Another respondent asked us to clarify the prudential implications for such firms, also referred to as collective portfolio management firms (CPMs), seeking permission to provide targeted support. These firms are subject to the capital requirements under Chapter 11 of IPRU-INV. However, in the draft rules in CP25/17 we did not refer to the prudential provisions for IPRU-INV 11 firms offering targeted support.

Our response

The amendments in COLL 6.9 and FUND 1.4 confirm that these firms can provide targeted support. From a legislative perspective, we have also confirmed with the Treasury that it intends to amend Article 72AA of the RAO to ensure that these firms will require the relevant Part 4A permission to carry on the targeted support activity.

We will not be amending the provisions in IPRU-INV 11, as we would expect the relevant firms to be required to have permission to manage investments and will therefore be subject to prudential requirements in MIFIDPRU.

Transitional provisions

Proposals

- 6.42** We considered that firms would have sufficient time to implement the necessary changes to their communications to comply with the requirements in COBS 16 and COBS 19 by the time the rules come into force.

Feedback

- 6.43** Ten respondents provided feedback to the question relating to transitional provisions. Seven of the respondents suggested that, if the requirements to signpost customers to targeted support are not optional, a transitional period may be required. Respondents stated that this transitional period would allow the targeted support market to develop and avoid consumer confusion. Some respondents suggested that transitional arrangements would avoid imposing excessive costs and time pressures on firms, especially for those firms that are not currently planning on providing targeted support.

Our response

The feedback on transitional provisions closely aligns with the views expressed on the COBS 19 signposting proposals outlined in paragraph 6.25. In our updated approach, we are deferring commencement of the signposting expectations for 12 months. So, the expectations will now apply from April 2027.

Other proposals in CP25/26

Proposals

- 6.44** We proposed that rules under COBS 1 on structured deposits would apply to targeted support activity, while the third party processor (TPP) rules in COBS 1 Annex 1 would not. The appropriateness tests in COBS 10/10A are not applied on the basis that we proposed a bespoke set of rules in COBS 9B. We proposed to update COBS 14 expectations about disclosure of information in relation to life policies. Lastly, we proposed to not permit firms to provide targeted support in relation to credit union deferred shares and subordinated debt and reflect the restrictions in CREDS 3A in the bespoke targeted support restrictions under COBS 9B.4.

Feedback

- 6.45** Between four and ten respondents commented on the proposals related to COBS 1, COBS 10/10A, COBS 14 and CREDS, with the vast majority agreeing with the positions.
- 6.46** Three respondents provided relatively mixed feedback on our COBS 14 proposal, which included a request that disclosure requirements are not duplicative and non-prescriptive.

Our response

In line with the clear support for our positions on COBS 1, COBS 10/10A, COBS 14, and CREDS, we will make these changes as proposed. We do not consider it necessary to apply appropriateness requirements in COBS 10/10A where a consumer receives targeted support as our bespoke suitability requirements in COBS 9B will apply. We also consider our proposals on the application of COBS 14 to be proportionate.

Appointed Representatives

Proposal

- 6.47** In CP25/17, we recognised that, while it is ultimately a decision for the Treasury, there could be both benefits and risks associated with Appointed Representatives (ARs) providing targeted support. Benefits included the potential for targeted support to reach more customers, as well as increased competition and standardisation. We noted that ARs may not possess the same level of operational capabilities as authorised persons to provide targeted support in line with our proposed rules. We consulted on the basis that ARs should not initially be permitted to provide targeted support.

Feedback

- 6.48** We received 34 responses. Half supported ARs being able to deliver targeted support, indicating that the benefits outweighed the risks and effective supervision and oversight by the principal firm of the activities of their ARs would address the potential risks. The other half held a balanced view or supported ARs being excluded.

Our response

The Treasury has now confirmed that ARs will not be able to deliver targeted support from the point of roll-out, but the Treasury will review this position once its reforms to the AR regime have been introduced and are well established.

We have considered early mover advantage for directly authorised firms, but do not believe this to be a material risk. Targeted support providers are most likely to find customers from their existing base, due to data and loyalty advantages, so we expect later entrants will still have access to market share. They may also have a learning benefit from the experience of early movers. The effect of these factors is not easily measurable, so the overall balance is unclear.

Prudential requirements

Proposals

- 6.49** In CP25/17, we set out proposed prudential requirements for targeted support. We proposed that an absolute minimum requirement of £500,000 is set for the new type of arranger firm exclusively permitted to deliver targeted support in IPRU-INV 3. We proposed that other firms will generally remain subject to the prudential regime or regimes to which they are already subject, but all FCA prudentially regulated firms that choose to deliver targeted support will need an absolute minimum level of regulatory capital of at least £500,000.

- 6.50** We set out that we would consider a bespoke scalar for any firm which delivers targeted support to make sure its financial resources requirement continues to accurately reflect the specific level of risk related to growing targeted support activity.

Feedback

- 6.51** We received 36 responses. Most respondents agreed with our proposals. A small number suggested that the minimum requirement was too high and could exclude certain firms from being able to provide targeted support to consumers.

Our response

Targeted support is designed to reach large numbers of consumers. It should be conducted by firms that can meet its associated prudential risks. We believe the minimum capital requirement proposed is appropriate and are maintaining our proposals.

We will not add a scalar for targeted support at this time. We are still considering whether, in addition to the baseline requirement of £500,000, there should be a specific scalar in place for any firm which delivers targeted support. This is to make sure its financial resources requirement continues to accurately reflect the specific level of risk related to growing targeted support activity. A scalar could be calibrated based on a metric relevant to the firm's volume of business. For example the value of transactions or assets invested by clients that can be linked to the provision of targeted support. We will keep this under review and amend our prudential requirements as necessary.

Chapter 7

Complaints and redress

- 7.1** This chapter summarises the feedback to our proposals on complaints and redress (Chapter 6 of CP25/17).

Compulsory jurisdiction of the Financial Ombudsman

Proposal

- 7.2** In CP25/17 we proposed that consumer complaints be subject to the complaints handling rules set out in our Dispute Resolution: Complaints (DISP) sourcebook. This included proposing the right for consumers to refer unresolved complaints against authorised firms providing targeted support to the Financial Ombudsman, under its Compulsory Jurisdiction (CJ).

Feedback

- 7.3** We received 58 responses to our question on complaints handling rules. There was overwhelming support for our proposal.

Our response

In line with the approach we consulted on, we intend to apply our complaints handling rules and guidance in DISP, including extending the Financial Ombudsman's CJ, to all authorised firms providing targeted support.

DISP 2.3 sets out the activities to which the Financial Ombudsman's CJ applies. Subject to legislation making the provision of targeted support a new regulated activity, we are revising the definition of 'regulated activity' in the Glossary, to which DISP 2.3 refers, to include targeted support within the scope of the Financial Ombudsman's CJ.

Handling complaints about targeted support

Proposal

- 7.4** In CP25/17 we recognised that firms are seeking clarity on how complaints relating to targeted support will be assessed by the Financial Ombudsman. We said that the FCA and the Financial Ombudsman would seek to cooperate on the interpretation of our

rules relating to targeted support to achieve a consistent approach, while recognising our respective statutory functions. We also said that we intend to work together on case studies and/or guidance, demonstrating how the framework may apply in practice.

- 7.5** We asked whether the FCA and the Financial Ombudsman should publish guidance setting out how targeted support cases will be considered and if anything else was needed to clarify how targeted support cases will be handled.

Feedback

- 7.6** Over 60 respondents provided feedback to these questions. There was strong support for guidance from the FCA and the Financial Ombudsman on how targeted support cases should be handled.
- 7.7** Respondents emphasised the need for alignment between the FCA and the Financial Ombudsman on the interpretation of targeted support requirements to promote consistent outcomes in complaints handling. They also suggested that targeted support complaints would need to be treated differently to those relating to other forms of investment advice. This is because firms providing targeted support will not be subject to the suitability requirements in Chapters 9 and 9A of COBS.
- 7.8** Respondents said firms would need to be judged on whether the ready-made suggestion they provided to a consumer was suitable at the point in time it was given, rather than with the benefit of hindsight. In addition, firms asked for clarity about their ongoing responsibilities to consumers after a ready-made suggestion had been made. Firms also highlighted that an individual complaint relating to targeted support could have wider implications for the firm and/or other consumers.
- 7.9** Most respondents also suggested that the FCA and the Financial Ombudsman pilot an interim process to complaints handling for targeted support in line with the Government's draft proposals (published in July 2025), which intends to reform how the Financial Ombudsman considers complaints.

Our response

The targeted support regime is new. It is important for consumers and industry to have clarity on how targeted support complaints will be handled.

The Government, the FCA and the Financial Ombudsman are currently considering legislative and regulatory reforms to modernise the redress system and provide greater certainty for firms and consumers using the Financial Ombudsman. These proposals are intended to improve consistency of understanding between the FCA and the Financial Ombudsman as to how relevant FCA rules apply. We are working closely with the government and the Financial Ombudsman on the details of these reforms.

We remain fully committed to working closely with the Financial Ombudsman to seek alignment on the interpretation of the targeted support rules. To do this, we will take full benefit of our Memorandum of Understanding. This includes a commitment to early engagement and cooperation on interpreting our rules. This will include the Financial Ombudsman seeking a view from the FCA on the interpretation of targeted support rules where we jointly consider there to be wider implication issues.

We are publishing a joint statement on how we intend to work together and consult each other on the interpretation of regulatory requirements for targeted support. This will complement the proposed legal changes which may be implemented as part of the Government's broader reforms.

Right now, we do not intend to publish case studies showing how the redress framework would apply in practice, through example-based scenarios. We recognise the way firms deliver targeted support will evolve over time. So, the FCA and the Financial Ombudsman will continue to monitor market practices and appropriately consider whether further clarification would be helpful as the regime matures.

Voluntary jurisdiction of the Financial Ombudsman

Proposal

- 7.10** In CP25/17 the Financial Ombudsman said that, due to the significant new regulation which would apply to targeted support activities, it did not propose to make its Voluntary Jurisdiction (VJ) available for complaints relating to targeted support activities before the introduction of the new regulated activity (notwithstanding the VJ's potential availability for other regulated activities). However, the Financial Ombudsman did propose to make rules to expand the scope of its VJ from the point of regulation day to cover complaints about activities which are carried on from a European Economic Area (EEA) or Gibraltar establishment, which would not otherwise fall within the scope of the CJ.

Feedback

- 7.11** Over one third of respondents provided feedback to these proposals. Most were in favour of the Financial Ombudsman's proposal to (i) exclude pre-regulation activities from the VJ and (ii) expand the scope of the VJ to cover activities carried on after regulation day from an EEA or Gibraltar establishment. These respondents said that the Financial Ombudsman's proposals would avoid retrospective liability for firms and ensure consistent treatment across jurisdictions.

The Financial Ombudsman's response

The Financial Ombudsman has considered these responses alongside other feedback it has received through its modernising redress consultations and stakeholder engagement. Taking all the feedback it has received, the Financial Ombudsman believes that its VJ should only be made available where there are clear benefits to consumers and industry.

The Financial Ombudsman is also mindful that, were the VJ to be made available, it is highly unlikely that it would be used in practice. This is because there are very few firms operating from an EEA or Gibraltar establishment without a UK establishment who would be likely to provide targeted support into the UK. Currently, there are virtually no VJ participants providing regulated investment activities in the UK. Rather, any firm that offers targeted support is highly likely to be within the Financial Ombudsman's CJ and will be providing other regulated activities that are within its CJ.

Given this very limited expected benefit, and the material costs to establishing and promoting the availability of its VJ, the Financial Ombudsman does not believe that it is consistent with its mandate and priorities to offer its VJ for targeted support.

Therefore, the Financial Ombudsman will not make the VJ available either (i) for complaints relating to the provision of targeted support before the introduction of the new regulated activity; or (ii) to cover targeted support activities carried on after regulation day from an EEA or Gibraltar establishment.

The Financial Ombudsman will therefore be making changes to its VJ rules and standard terms to ensure that the targeted support provisions are not mirrored in the VJ.

Financial Services Compensation Scheme (FSCS) coverage

Proposal

- 7.12** In CP25/17 we said that we consider it appropriate that consumers who have valid civil claims against defaulting firms arising from targeted support activities should be able to bring such claims to the FSCS.

Feedback

- 7.13** We received 50 responses to this question. Respondents overwhelmingly supported our proposal.

Our response

In line with the approach we consulted on, FSCS compensation will be available for eligible claims relating to targeted support. We have revised the definition of 'designated investment business' in the Glossary, to capture the provision of targeted support. A small additional adjustment to the definition of 'ICD claim' in the Glossary is also being made in the instrument for consistency (covering ICD claims arising from a firm's inability to repay money owed to or belonging to investors) to align it with the adjustments already proposed in CP25/26. The amendments to these definitions ensure that targeted support is appropriately covered as 'protected investment business' in 5.5.1R of the Compensation sourcebook (COMP) and treated consistently, including under the COMP 6.3 and COMP 6.3A provisions.

We consulted on the classification and treatment of targeted support for the purposes of the FSCS and the wider FEES framework, including the relevant fee blocks, as part of the FCA's regulated fees and levies consultation in November 2025. This consultation is available [here](#).

Chapter 8

Authorisations and measuring success

Approach to authorisations

Proposals

- 8.1** In CP25/17 we confirmed that an important implication of the Treasury's intention to specify a new activity in the RAO of providing targeted support is that firms will need to apply for a Part 4A permission to provide it.
- 8.2** Consistent with our approach to assessing Variation of Permission applications to add targeted support to existing permissions as a new activity, we said our approach to authorisations for targeted support would avoid duplication and unnecessary process. We provided areas of focus for our assessment and committed to work closely with the Prudential Regulation Authority (PRA) when assessing applications from dual-regulated firms.

Feedback

- 8.3** We received 46 responses. A significant majority of respondents agreed with our proposed approach to authorisations.

Our response

In August 2025 we opened our Pre-Application Support Service (PASS) to applications from firms planning to apply for a targeted support permission. PASS is a voluntary support service which gives firms the chance to engage directly with us, discuss their specific proposals and receive constructive feedback before submitting a formal application. We are pleased with the number of firms who are engaging with the PASS and the number of firms coming forward to learn more about the service.

In CP25/17 we set out the areas we would pay particular attention to in the authorisations process and these remain areas of focus:

- How a firm plans to identify customers who might benefit from targeted support.
- How firms plan to conduct initial segmentation of consumers.
- How firms intend to develop suitable ready-made suggestions which are consistent with the overall purpose of providing targeted support.
- How firms will check that consumers align with particular segments and can be offered ready-made suggestions.
- Evidence that firms can demonstrate examples of end-to-end customer journeys for targeted support along with relevant testing.

- Firms' plans for ongoing checking to ensure their targeted support model continues to operate as intended.
- Evidence that firms have adequate systems and controls in place to deliver targeted support effectively and comply with our rules on an ongoing basis.

We encourage firms with questions about the authorisations process to engage with us through the PASS.

Subject to legislation, we have set out our ambition to open the gateway for applications in March 2026. Firms which have engaged with us through PASS to submit complete applications, demonstrating they are ready, willing and organised to deliver targeted support, will be granted permission swiftly. We will deploy cross-FCA teams, bringing gateway, sector, supervisory and policy knowledge together to assess applications, leveraging on PASS and reducing friction. This extends across both solo- and dual-regulated applicants, with coordination between the FCA and PRA accordingly.

Approach to measuring success

Proposal

- 8.4** In CP25/17 we listed some success measures we plan to adopt for targeted support. We asked respondents how they would assess whether their targeted support service is delivering intended outcomes for consumers.
- 8.5** We stated we will evaluate our work in the short-term to understand whether and to what extent it has achieved the outcomes we expect to see. We committed to confirming the timing of our post implementation review in this policy statement.

Feedback

- 8.6** Thirty-eight of the forty-eight respondents broadly agreed with the success measures (set out in paragraph 8.20 of CP25/17) and the list of data points we will use (as set out in paragraph 8.21 of CP25/17).
- 8.7** A number of respondents said assessing whether a targeted support service delivers the intended outcomes for consumers will depend on the specific use case and the outcomes a firm wants to achieve. Respondents noted some measures will be easier to track if a consumer remains with the provider that gave them the ready-made suggestion. Similarly, they said it will be impossible to track accurately if consumers fulfil their ready-made suggestion with a provider other than the one that gave them the suggestion. So, it will not be possible to measure the outcome in full.

8.8 Respondents said they will use a mixture of quantitative and qualitative metrics and outcomes data. The most common metrics included:

- **Complaints data:** to identify recurring issues and patterns.
- **Behavioural outcomes:** for example, customer service interactions, uptake rates, journey dropout rates, opt-out levels and proportion of customers acting on suggestions, number of customers switching from cash to investments, and investment amounts.
- **Customer feedback:** user research and satisfaction surveys to test clarity and confidence.
- **Consumer understanding:** to assess whether consumers felt better informed.
- **Independent audits:** or peer reviews to ensure outcomes are being fairly delivered.

8.9 A small number of respondents felt that the FCA should mandate the specific outcomes we expect to see from targeted support and the metrics for firms to collect to demonstrate this.

Our response

Within the first year of the gateway opening in March 2026, we will periodically collect data from firms authorised to provide targeted support to monitor how the market is evolving and support our supervisory activities. As outlined in CP25/17, firms should be prepared to generate, upon request, a range of data relating to the delivery and outcomes of their targeted support services. Table 1 below indicates the type of data that we might collect to help inform our supervision and future review of the regime.

Table 1: Data related to the provision and outcomes of targeted support services

Area	Data
1. Customer uptake of targeted support	a. The number of retail clients the firm has provided with targeted support. b. The number of customers who chose to opt out of receiving targeted support. c. The number of retail clients who proceeded with a ready-made suggestion.

Area	Data
2. Outcomes of targeted support	<p>a. The courses of action and product types suggested.</p> <p>b. The monetary value of all investments and contributions made as a result of ready-made suggestions, where the firm / wider group is providing the investment product.</p> <p>c. The number of complaints related to targeted support that the firm has received.</p> <p>d. The total number of customers referred to guidance services as a result of the targeted support journey.</p> <p>e. The total number of customers who transition into other forms of advice as a result of the targeted support journey.</p> <p>f. Assessment of whether the targeted support provides fair value.</p>

We intend to carry out a post implementation review within 2 years of the gateway opening. A combination of data requests and regulatory returns data will help us to identify how many firms are offering the service, customer uptake, and the types of actions and investment products being suggested to consumers and the actions they take. After 2 years, we may use wider sources, such as our Financial Lives survey, to explore specific consumer outcomes and evaluate whether these are improving relative to a scenario without targeted support.

We will not mandate the specific outcomes we expect to see from targeted support, nor the metrics for firms to collect to demonstrate this. Firms will need to identify and collect relevant sources of data so they can assess and monitor the outcomes for their customers. They should also keep sufficient records in line with existing requirements on record-keeping, as set out in SYSC 3, SYSC 9 and PRIN 2A.9.

We expect firms to maintain records on targeted support to underpin our supervision of firms offering these services. This will help us measure success, and support future evaluations on the effectiveness of the regime.

Record keeping

Proposal

- 8.10** In CP25/17 we did not propose to introduce new record keeping requirements for targeted support. Instead, we proposed that existing rules in SYSC 3, SYSC 9 and PRIN 2A.9 are sufficient to make sure firms providing targeted support establish and maintain appropriate records.

Feedback

- 8.11** We received 46 responses on record-keeping proposals. A significant majority of respondents supported the proposals with only five respondents disagreeing. Many who agreed noted that existing obligations under SYSC 3, SYSC 9, and PRIN 2A.9 already provide a robust framework for monitoring and evidencing outcomes.

Our response

We are confident the existing record-keeping requirements are sufficient for the targeted support framework. We will not be introducing new requirements.

Reporting requirements proposed in CP25/26

Proposals

- 8.12** In CP25/26 we proposed to integrate targeted support within existing regulatory returns under SUP 16 and DISP 1. We proposed that firms authorised solely to provide targeted support will be assigned to the Regulated Activity Group 8 (in SUP 16.12). For product sales data and retirement income market data, we proposed amendments to confirm that data on targeted support should not be reported within 'advised' categories. We also proposed that products arranged through targeted support should be reported under 'other' distribution in the persistency report.
- 8.13** To confirm how eligible complaints related to targeted support should be reported, we proposed to add an express reference to targeted support to the 'advising, selling and arranging' category in DISP 1 Annex 1.

Feedback

- 8.14** Ten respondents commented on the proposed reporting framework. Six queried why we are not creating a standalone reporting category for targeted support. One suggested that merging targeted support data within existing categories may create problems for the FCA when assessing the impact of targeted support. One firm said that grouping

sales from targeted support with non-advised sales could make it appear that many customers are not receiving any form of advice or guidance at all, even when they have engaged with a targeted support service.

- 8.15** Two respondents were concerned that our approach to complaints reporting could imply that the Financial Ombudsman might treat targeted support complaints the same way as complaints about other forms of advice. One firm asked for clarity about which subcategory in the complaints form targeted support should fall under.

Our response

Our reporting approach will allow us to put a reporting framework in place by the time the rules come into force in April 2026. We want to minimise the cost to firms and the FCA of tailoring internal systems for targeted support in the short term for reporting purposes.

As the market takes shape, we will collect data from firms and supplement this with regulatory returns to get a clearer view of the impact of the new activity specifically. This flexible approach will help us to review and refine the types of data we need to collect through regulatory returns. This includes whether to create a distinct targeted support category within existing reports. This approach will help us identify any necessary changes to reporting requirements in the future.

To address concerns raised about categorising targeted support complaints alongside advice complaints, we are clarifying that the categories of complaints set out in the DISP 1 Annex 1R form represent standardised, broad and generic categories of complaints as received and are not strictly organised by regulated activities or by reference to their outcome. The generic design of this form, including the subcategories, is to help firms provide a complete and accurate return without spending too much time distinguishing all types of complaints. Adding reference to targeted support to the broad category 'advising, selling and arranging' in this form is only proposed to highlight that targeted support complaints could be of a different nature to other advising complaints.

Earlier this year, we consulted on proposals for complaints reporting more broadly (CP25/13) with final rules published earlier in December 2025 PS25/19. This includes how the transitional provisions for complaints reporting will be presented in DISP before the new forms come into force in 2027. Complaints relating to targeted support would be categorised alongside those relating to 'unsuitable advice' in the new forms for retirement savings and decumulation and investment sectors. The final rules published in this policy statement (PS25/22) also include these modifications (at Part 2 of Annex L) to show where targeted support complaints should be reported in these new forms, and are consistent with the proposal made in CP25/26. The current version of the complaints returns form (at Part 1 of Annex L) will apply for complaints reporting until the new arrangements come into force from 31 December 2026.

Chapter 9

Pension scheme trustees and guided retirement

- 9.1** This chapter summarises the feedback on the support pension trustees can provide to their members covering targeted support and guided retirement (Chapter 2 of CP25/17).

Pension scheme trustees and targeted support

Proposal

- 9.2** In CP25/17, we sought feedback on whether trustees might be interested in offering targeted support, or a version of it tailored specifically to 'in-scheme' benefits. These are pension rights or entitlements provided under the trust of an Occupational Pension Scheme (OPS). We also asked whether the support they would like to provide would extend to FCA-regulated investments, potentially through partnership arrangements.

Feedback

Trustees providing support akin to targeted support

- 9.3** We received 44 responses to our question on whether pension scheme trustees want to provide a form of support like targeted support to their members. Over three-quarters said that pension scheme trustees are interested in offering a form of support akin to targeted support.
- 9.4** Around half indicated that the support they wish to provide would involve FCA-regulated investments. However, there was also a strong preference for trustees not to become FCA authorised to deliver this support, with some citing limited resources and capacity. Three respondents noted that enabling trustees to advise on FCA-regulated investments could help members navigate a wider range of decisions.

Practical examples of the support trustees wish to offer

- 9.5** We received 32 responses (from a mix of master trusts, authorised firms, trade bodies and other stakeholders) to our question on the practical examples of the support trustees wish to provide and the potential barriers they face. Respondents identified a broad range of support spanning advice and guidance, with around a third expressing interest in either encouraging increased contributions during accumulation or offering a choice of decumulation options. Seven respondents expressed interest in directing members toward specific annuity products.

- 9.6** The most cited barrier to providing support was the risk of undertaking a regulated activity, which nine respondents felt constrained their ability to act. A further nine respondents acknowledged that partnering with authorised entities may offer a more appropriate and compliant route to delivering targeted support.

Requests for further guidance

- 9.7** Around a third of respondents suggested that further guidance from either the FCA, the Department for Work and Pensions (DWP), The Pensions Regulator (TPR), or the Treasury could help clarify how targeted support might operate in the trust-based market, and/or how it could interact with the guided retirement proposals. Five respondents highlighted inconsistencies between trust-based and contract-based schemes. One noted that terminology and expectations (such as what constitutes 'better outcomes') may not translate easily across scheme types, particularly when trustees must consider the needs of the wider membership under their fiduciary duty.

Our response

Key considerations: Trustees providing support akin to targeted support

Together with the Government, we want consumers to achieve good outcomes, regardless of what type of pension they have. So, we are working closely with them on the development of targeted support and guided retirement.

As explained in DP23/5, rights under an OPS are not generally treated as specified investments for the purposes of most of the RAO, except where safeguarded benefits are transferred or converted into flexible benefits. An activity which relates to a specified investment and is carried on by way of business is a regulated activity. So, the boundary for Article 53 investment advice (or the proposed targeted support activity) is typically not relevant to trustees of OPS (or indeed any person, authorised or not) when they are providing support about the options available to members solely under their trust-based scheme.

This means that if trustees provide a form of support akin to targeted support, but solely in relation to in-scheme benefits, this will not fall within the scope of the proposed targeted support regulated activity. Therefore, our conduct rules and the jurisdiction of the Financial Ombudsman would not apply to trustees as these activities are not FCA-regulated.

We recognise that there will be many considerations for trustees giving advice to their members that is not subject to the FCA's perimeter. Even though this would not be within the FCA's perimeter, trustees will still need to consider their obligations, including their fiduciary duties and duty of care, and consider assessing the suitability of any advice given. As such, trustees will need to consider carefully whether it would be appropriate for them to offer any advice, in their capacity as trustees, to members.

The FCA perimeter becomes relevant when trustees give support by way of business and extends to discussing solutions that are FCA-regulated investments. Support that includes conversations that go beyond providing factual information or guidance, and so may be construed as advice, about products or solutions which include FCA-regulated investments, may fall within the FCA perimeter. This is the case even if those products or solutions are not ultimately pursued.

This means this support would be subject to either the existing Article 53 'advising on investments' activity or the proposed targeted support regulated activity. If trustees want to provide support within the proposed targeted support regulated activity and that includes suggestions relating to a particular FCA-regulated investment, they would require authorisation (if it is carrying on the activity by way of business) and would be subject to our conduct rules.

Our joint guidance with TPR sets out the support trustees may provide to their members without needing FCA authorisation, as well as guidance on the operation of the 'by way of business test'. Trustees should consider whether the support they intend to provide could cross into the FCA's perimeter. For example, if a trustee, by way of business, recommends an annuity and that recommendation leads to the member purchasing the product, the trustee would be undertaking a regulated activity. This is the same if a trustee recommends a specific drawdown product held outside the scheme.

FCA-regulated firm-backed master trusts providing support akin to targeted support

We recognise that FCA-regulated firms, and in particular life insurers, are likely to develop targeted support propositions for members of their group personal pensions. In FCA-regulated firm-backed master trusts (multi-employer arrangements set up as discretionary trusts by FCA-regulated firms, in particular insurance companies) the firm and/or trustees may wish to mirror the way targeted support is provided to the FCA-regulated firm's group personal pension members. Where this support relates solely to in-scheme benefits of the master trust and does not contain suggestions for FCA-regulated products, it would not fall within the targeted support regulated activity, nor the jurisdiction of the Financial Ombudsman.

However, in these cases, FCA-regulated firms who operate master trusts may still be undertaking other regulated or ancillary activities. For instance, the FCA-regulated firm will generally carry out regulated activities when providing FCA-regulated products to the trustees to provide in-scheme benefits. In relation to those products, the FCA-regulated firm may be providing advice or services which allows the trustees to design ready-made suggestions and consumer segments. This may amount to a regulated activity carried on by the trustees in their own right, or to activities ancillary to providing products to the trustees. Therefore, these FCA-regulated firms should be mindful of their Consumer Duty obligations. The Duty applies to products and services

offered to retail customers, and to all firms carrying out regulated or ancillary activities to the extent they can determine or have a material influence over customer outcomes – not just those with a direct customer relationship. We have defined retail customers to include members of DC occupational pension schemes. So the services or advice from the FCA-regulated firm, given in connection with the products provided to the trustees, may have a material influence over the outcomes for scheme members.

Although trustees of these master trusts, or the FCA-regulated firm, would not have to comply with our detailed conduct rules on targeted support, as they would if carrying on the targeted support regulated activity to its FCA-regulated business, they may find it useful to reference the framework in COBS 9B when delivering support akin to targeted support to their master trust members.

We would also encourage these firms to consider how they can achieve comparable consumer outcomes across both scheme types. This may include a firm deciding to apply the same standards and processes to the delivery of targeted support across its FCA-regulated business to this type of support to its trust-based members. Additionally, trustees and the sponsoring FCA-regulated firm will need to be mindful of the duties and wider legal obligations on trustees.

Other trustees providing support akin to targeted support – partnering

Other trustees, such as single employer trusts, may also look to partner with an FCA-regulated firm to provide support akin to targeted support to their members. For example, the authorised firm may provide trustees with segmentation modelling for use with their membership or be contracted to deliver support akin to targeted support directly to members. In either case, the same position set out above applies. If the product involved relates solely to in-scheme benefits, it is not targeted support for the purposes of our perimeter and the Financial Ombudsman's jurisdiction. And if the FCA-regulated firm providing the support akin to targeted support also provides the products to the trustees that deliver the benefits to members, the Consumer Duty may apply, as above, in relation to the advice it gives the trustees in connection with those products. We recognise that in some cases, the FCA-regulated firm may provide targeted support to trust-based scheme members which relate to particular FCA-regulated products. In these circumstances, the ready-made suggestion would contain a specified investment, so the FCA-regulated firm would require permission for targeted support and be subject to COBS 9B as usual.

We recognise the complex questions trustees are facing as they seek to support their members, particularly in navigating the perimeter. As the perimeter is defined by the RAO, many of these issues may ultimately fall to Government to resolve. However, we are committed to continue to work collaboratively with our regulatory partners and industry stakeholders to find practical solutions. This is especially important considering the guided retirement proposal in the Pension Schemes Bill.

Guided retirement

Proposal

- 9.8** In CP25/17, we noted the development of guided retirement policy (outlined in more detail in the workplace pensions roadmap) for both trust-based and contract-based DC workplace pension schemes. The policy aims to make sure that default pension plans are available to consumers approaching retirement.

Feedback

- 9.9** We did not specifically ask about guided retirement in our consultations, but a number of firms mentioned it in their response. It was most mentioned in the 32 responses on practical examples of trustee support and the barriers they face. Twelve respondents noted ambiguity in the relationship between guided retirement and targeted support. Four suggested that guided retirement would already provide trustees with a framework to offer a form of targeted support within trust-based schemes. Two questioned how trustees could effectively guide members toward a default pension plan where an FCA-regulated product was involved, citing concerns about the regulatory perimeter explored above.

Our response

The FCA aims to develop a framework that supports both individuals who are able and willing to engage with their pensions, and those who are unable or choose not to. Guided retirement and targeted support, working in tandem, will make sure that consumers retain the flexibility offered by pension freedoms, while also benefiting from being enrolled into default solution(s) and active support to help them make informed choices.

The Government's objective through guided retirement is for DC consumers to benefit from a simpler process and less risky decision-making as they approach retirement. Targeted support will complement this by helping individuals to be actively supported so they feel confident to make their own choices on how to access their pension benefits in a way that works for them. Detailed policy design for guided retirement is still being developed, and we are engaging with a wide range of stakeholders to gather feedback and suggestions.

Subject to Parliamentary approval of the measures in the Pension Schemes Bill, the FCA expects to publish a discussion paper on the framework for implementing guided retirement in spring/summer 2026, alongside DWP's consultation on its corresponding policy. The interaction between these two interventions will be further clarified as part of this.

Annex 1

Equality and diversity considerations

Feedback

1. Only a small number of respondents answered our question on equality and diversity considerations. We received a mix of views, with some supportive of our analysis and welcoming the focus on inclusion, and others suggesting areas we could go further.
2. A few respondents raised concerns around the risk of the proposals unintentionally excluding consumers who are not digitally engaged, such as older people or those with disabilities or limited access to technology. These respondents highlighted that whilst the proposals are channel neutral, the requirement for firms to consider additional information may limit firms to providing targeted support through digital journeys where the information flow can be controlled. This is because firms may want to avoid the need to assess whether additional information would affect the suitability of the ready-made suggestion, and concerns that acting upon the information may constitute a personalised advice journey. One respondent suggested that we should monitor take-up among digitally excluded groups to consider whether additional interventions, such as tailored communications or accessibility standards, may be necessary.
3. Suggestions were made to strengthen provisions for those with protected characteristics and those with characteristics of vulnerability within the targeted support framework, including the need for clear guidance on inclusive communication and accessibility standards. Respondents stressed the need for a clearer distinction between vulnerability and protected characteristics to improve confidence with implementing targeted support. More generally, respondents encouraged the FCA to continue engaging with a diverse range of stakeholders, including consumer groups and those with lived experience, to ensure the design and delivery of targeted support does not inadvertently exclude or disadvantage any groups.

Our response

We are required under the Equality Act 2010, in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, and to foster good relations between people who share a protected characteristic and those who do not.

We continued to work closely with relevant consumer groups throughout the development of our proposals. We held a consumer roundtable in September 2025, to discuss the risks and challenges in delivering targeted support and potential solutions. We have taken feedback from

consumer groups onboard to finalise our proposals and will continue to liaise with them as we implement targeted support. The main views expressed by consumer groups have been to make sure consumer communications are as inclusive possible. We are requiring firms to test communications and take steps to ensure consumer understanding of these.

Consumer groups have also raised concerns over how to manage the lack of engagement from disengaged consumers and the risk of exclusion. We are aware of the risk of segmentation inadvertently excluding certain consumers, including those with protected characteristics and characteristics of vulnerability. The framework includes guidance that is intended to mitigate this risk. Firms are encouraged to design consumer segments for all types of consumers. The guidance encourages firms to create distinct segments for customers whose pre-defined common characteristics may prevent them from being placed in a targeted support segment. We have highlighted that firms can refine and adapt consumer segments as new groups emerge, which may be particularly important for consumers with protected characteristics and for those with characteristics of vulnerability.

It is important consumers are not left without any support if they do not receive a ready-made suggestion, therefore firms are encouraged to signpost consumers to guidance services, such as MoneyHelper where they cannot provide appropriate targeted support. This should help mitigate the risk of consumers not receiving any support, even if they are unable to be placed in a targeted support segment. We have made clear that firms should also take into account our Guidance for firms on the fair treatment of vulnerable customers (FG21/1) when designing their targeted support services.

Whilst we are aware of the risk of digital exclusion, our proposals are channel-neutral, enabling firms to deliver targeted support through multiple channels using inclusive language and accessibility in communications. We remind firms of their existing obligations under the Consumer Duty to prevent foreseeable harm and to take appropriate steps where this is identified.

Our rules aim to increase support and engagement and lead to improved outcomes and reduced harms across the pensions and retail investments markets. We believe that our proposals have the potential to benefit those with protected characteristics or characteristics of vulnerability.

We believe our proposals can help more consumers receive the support they need to engage with investment opportunities and to make informed, responsible and timely decisions about their pensions and investments, within a framework that delivers an appropriate degree of regulatory protection. We have carefully considered the feedback we have received and the mitigations we intend to put in place and have concluded that the potential disadvantages to protected or vulnerable

groups that we have identified will be minimised to a level where we are confident it is reasonable to proceed, taking into account the objectives we are trying to achieve via targeted support.

Given targeted support is intended to be provided to large number of consumers, we have concluded that requiring firms to design consumer segments for consumers with protected characteristics or those of vulnerability, or requiring signposting to other services in all cases would not be proportionate. Similarly, mandating that firms provide targeted support by non-digital means could deter many firms from providing targeted support, limiting the overall reach of the service and the number of consumers who could benefit from it.

Annex 2

Cost benefit analysis

1. Our cost benefit analysis (CBA) in CP25/17 presented the economic rationale for intervening and estimates of the significant impacts of our proposals. In CP25/26 we consulted on Handbook changes required to ensure targeted support works with our existing rules. We published a CBA alongside this consultation too. We asked questions in these consultations to gather views on the robustness of our CBAs, including insight into what we might have failed to take into account. We have combined feedback across these two CBAs and share it below, along with our response.
2. Stakeholders were broadly supportive of the CBAs, agreeing with the case made for targeted support and the likely impact of it. We have identified some key themes that were raised frequently:
 - There was consensus supporting our assessment that targeted support will have a limited negative impact on the holistic advice market as targeted support should complement, rather than substitute, individualised holistic advice.
 - There were a number of comments on the impact of targeted support and the requirements we proposed on competition in the market. Some stakeholders raised concerns about the risk of concentration and potential for abuse of market power amongst targeted support providers, as it is expected that large vertically integrated firms may be better placed to deliver targeted support. This issue could be compounded by the £500,000 permanent minimum capital requirement. This was highlighted by stakeholders as likely to disadvantage smaller firms and lead to market concentration.
 - In our CBA, we identified inertia caused by behavioural biases as a key reason consumers are not currently engaging with the advice market, and that proactive engagement from targeted support providers could help overcome this. 75% of respondents to CP25/17 saw direct marketing regulations as a major barrier to delivering targeted support proactively as it will limit the ability of firms to proactively reach out to consumers. If firms do perceive this as a barrier and reduce the extent to which they offer targeted support proactively, we expect the benefits of our intervention to be towards the lower end of the range we provided. We do not consider that this requires any changes to our policy approach or the rules and guidance bringing in the regime for targeted support.

The market and current harms

3. Stakeholders broadly agreed with our description of the market. Several important features were highlighted that could impact the effectiveness of targeted support. There were calls to recognise the role of pension trustees and employer/workplace routes in supporting consumer engagement.

4. Stakeholders agree with our identification of an advice gap and mentioned drivers we raised in our CBA such as product complexity, commercial incentives discouraging firms from focussing on consumers with smaller pots or simpler needs, and regulatory uncertainty and fear of liability. Some raised additional reasons why consumers may not be able to access appropriate support, including:
- digital exclusion
 - opacity around the costs of advice
 - fragmentation of pension pots increasing complexity
 - fragmentation of consumer data making it difficult to understand consumer circumstances
 - negative media coverage making people wary of advice, pension and investment firms

Our response

We agree that pension trustees and workplace routes to engagement have an important role to play in helping consumers achieve the right outcome. We cover their role and interaction with targeted support in Chapter 9. The additional drivers and harm raised align with our assessment of the market and will help us with our supervision of targeted support.

Alternative options

5. Thirteen of the fourteen stakeholders who responded about alternative options agreed with our assessment of alternative options for intervention, though some agreed and provided additional feedback. For example, one respondent highlighted that the various levels of financial support that will be available once targeted support is offered, could confuse consumers.
6. Further clarifying the advice boundary was viewed as having limited benefits and one respondent noted that there must be evidence that targeted support is a success prior to considering simplified advice. Stakeholders offered a few other options that were not set out in our assessment of other options for intervention. Stakeholders suggested considering hybrid or modular advice models as a middle ground between targeted support and advice. They also emphasised the importance of employer-facilitated support and the growing role of AI in financial services.

Our response

We recognise that targeted support will not solve all the problems created by the advice gap, however we are confident it is an important intervention which will help many consumers. We agree that financial literacy will play an important role and want to ensure customer communications are

straightforward and easy to understand. We provide more detail on this in Chapter 4. Our forthcoming consultation on simplifying advice rules will aim to help firms provide support for other consumers affected by the advice gap, for whom targeted support may not be suitable.

We believe that our forthcoming efforts to simplify the advice rules will help the consumers in the middle ground requiring input between targeted support and holistic advice. This will benefit consumers with more complex or individualised needs than can be supported by targeted support, but not complex or wide-reaching enough to require holistic advice. Hybrid or modular forms of advice may do this, but we believe optimising an existing service in simplified advice is more effective than introducing another form of support, potentially complicating the market further for both firms and consumers.

Impact of targeted support

7. We asked stakeholders about the impact targeted support may have on consumers. Stakeholders generally agreed that targeted support could help bridge the gap between generic guidance and individualised advice, particularly for those consumers who are currently underserved or disengaged. Respondents highlighted that outcomes could vary due to the diversity of consumers' digital access and financial literacy (impacting how they interact with targeted support) as well as how varied firms' capabilities are (impacting how targeted support is delivered by firms). Firms viewed targeted support as a scalable solution, particularly larger firms with the necessary infrastructure and data. Some stakeholders noted that targeted support could help improve consumer engagement and financial resilience though others cautioned that the effectiveness would depend on the final rules and would need clear boundaries and consumer trust.
8. Stakeholders identified a range of potential impacts targeted support may have. Positive impacts include empowering consumers to make better financial decisions, improving financial literacy and improving trust within financial services. However, it could also lead to increasing complaint volumes and there is a potential impact on guidance providers such as MoneyHelper, including Pension Wise, who will experience increased traffic. An unintended consequence could be that consumers become overconfident in their financial decisions. Finally, it is worth recognising that the experience of targeted support for consumers will differ between those who have savings with several firms compared to consumers who hold their savings with a single firm, as each firm may choose to deliver the service in different ways.

Our response

We agree there is uncertainty in the impact of targeted support, and the size of our estimated Net Present Value (NPV) range reflects this. We are engaging with feedback to this consultation to create rules which maximise its effectiveness.

Costs and benefits

9. Our CBAs in CP25/17 and CP25/26 presented estimates of the significant costs and benefits of our proposals. We asked respondents their views on how the market might develop without an intervention (our baseline), whether we had successfully captured all the significant costs and benefits, if there were ways to improve our quantification and whether we had thoroughly considered wider impacts.
10. Most of the stakeholders agreed with our assumptions about the baseline though there were some that highlighted some caveats. It was also highlighted that future consumer behaviour may differ to what has been observed in the past.
11. Stakeholders identified a number of additional costs and benefits that were not fully captured in our CBAs or could be better quantified.

Costs

12. A majority of respondents subject to COBS 19 requirements highlighted that they will face notable costs for updating customer journeys, literature, and IT systems due to the signposting requirements and updating cash warnings in COBS 19.10 and 19.12, to reference targeted support. Implementation of signposting for targeted support from gateway launch was raised as challenging for firms as many reported they had pre-existing IT plans for Q1 2026.
13. Stakeholders stated that smaller firms are likely to face disproportionately high fixed costs and legacy IT systems for some firms could mean higher costs than estimated. Another respondent noted that for large firms, a larger portion of the costs will be marginal, rather than fixed. The £500,000 minimum prudential requirement will be high for smaller firms and this could mean some firms incur costs in increasing their capital. A respondent noted that costs relating to the Financial Ombudsman and FSCS levies (to firms) should be included. Most stakeholders agreed with our assessment that there is a risk that vertically integrated firms could use their market power to limit the entry of other firms. Concerns were also raised that capital adequacy requirements, data access and large firms steering customers to in-house products all have the ability to limit competition and innovation in the market. Mitigations proposed included lowering capital requirements, non-discriminatory access to data and regulatory monitoring. A minority of stakeholders pointed out that firms with greater market power typically faced more scrutiny.
14. Stakeholder views on the cost types and estimates presented in the CBA chapter were mixed. Although some agreed with the categories, others cautioned that the estimates, particularly for smaller or newer firms might be less accurate or could not be verified at this stage. It was acknowledged that larger firms were in a better position to absorb the compliance and technology costs that would arise. There was also an acknowledgement that depending on the data required for segmenting customers and monitoring outcomes, this could lead to higher costs than those estimated in the CBA. One stakeholder noted that if targeted support providers had access to Pensions Dashboards, this might help mitigate some (data) costs. One stakeholder highlighted that firms often pass on regulatory expenses and therefore consumers may bear these

costs in the form of higher prices. One stakeholder suggested that our approach to add targeted support within existing reporting categories will incur costs (for the FCA) as we will need to break down the data, in order to decipher the impact of targeted support.

Our response

We recognise that our estimates may under or overestimate certain aspects of the costs. They are based on best efforts using the data we had available, including a survey of and engagement with firms. Only one respondent provided us with some alternative costs which we have considered, but do not believe they contradict our estimates for typical small, medium and large firms. To help firms manage some of the costs triggered by our proposals, we are deferring commencement of certain signposting expectations in COBS 19 for 12 months. This is covered in Chapter 6.

Our CBAs reflect that larger firms may be better placed to offer targeted support, as suggested by respondents. Our upper estimate of the number of firms likely to offer targeted support draws on a survey we sent to firms, which did not include reference to the £500,000 requirement. Therefore, we expect this upper estimate to be an overestimate of the number of firms who will offer targeted support. This could mean fewer consumers receive the service than in our upper estimate, however we are confident that most consumers who could benefit from it will have an existing relationship with a large firm who is intending to offer targeted support.

In our CBA, we discuss the potential competition implications of larger firms being better placed to offer targeted support, and how we will continue to support competition in consumers' interests. Ultimately, we conclude that the capital requirement is necessary to protect consumers and the potential negative competition implications are outweighed by the significant consumer benefits of increases in lifetime wealth and wellbeing. We will monitor and take action where we believe firms are abusing a position of power or competition is not working in the interest of consumers.

Benefits

15. It was noted by stakeholders that targeted support could help reduce consumers' reliance on state support in retirement if successful in improving wealth and financial resilience, as well as reducing pension poverty. Targeted support also has the potential for increased inclusion and better outcomes for vulnerable consumers. However, as noted in Annex 1, there is a risk that segmentation may inadvertently exclude certain consumers, including those with characteristics of vulnerability. The framework includes guidance that is intended to mitigate this risk. Targeted support could also help alleviate some demand for advice, freeing up capacity for more complex cases or shorter queues.

Our response

We agree that targeted support could help vulnerable customers and improve consumers' financial resilience. This is an outcome we are seeking and have brought out in our CBA.

We have considered the impact on advice, but not the potential to free up capacity. For most consumers currently taking advice, targeted support is unlikely to be a suitable replacement, so the impact on supply is likely to be small. We expect targeted support to complement rather than replace other forms of advice.

Quantification of costs and benefits

- 16.** Stakeholders suggested a range of alternative methods for quantifying costs and benefits. This included the use of pilot programmes and real-world data collection to understand actual costs faced (by firms), consumer engagement levels and outcomes. Longitudinal studies were also suggested, to track consumer behaviour and changes in their finances over time. One stakeholder suggested an alternative approach to estimating benefits – starting with the projected number of targeted support services provided by firms, applying a click-through rate and then the actions taken by consumers.

Our response

We employed a number of these methods to understand the historic impact of advice on consumer outcomes, and the potential impact of new services like targeted support. These methodologies were tested internally through a quality assurance process, and externally by our independent CBA panel. In Chapter 8 we outline our plans to monitor and review this intervention. We will consider using some of these methodologies to do this.

Wider impact

- 17.** The majority of respondents believe targeted support will complement other forms of advice, acting as a stepping stone for those unable to access individualised advice. There were concerns about substitution away from the advice market towards targeted support in certain circumstances, for example, for consumers with simpler needs or lower wealth. It was also pointed out that there is a risk of vertically integrated firms using targeted support to retain assets and limit open-market shopping. Finally, it was highlighted that ongoing monitoring is needed to ensure targeted support does not undermine individualised advice.

Our response

We agree that targeted support could have an impact on the advice market, however our research suggests substitution away from individualised advice is likely to be small as a proportion of all advice customers. We will monitor and review the impact of targeted support, including its impact on individualised advice. We expect the significant potential benefits to outweigh any negative impacts on competition in the advice market.

Annex 3

List of respondents

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

A2Risk Limited
Aberdeen Adviser
Aegon
Age Partnership Wealth Management
Age UK
AJ Bell
Altus Consulting, part of Accenture
Amplified Global
Aptia UK Limited
Association of British Insurers (ABI)
Association of Financial Mutuals (AFM)
Association of Member-Directed Pension Schemes (AMPS)
Association of Member Nominated Trustees (AMNT)
Association of Pension Lawyers (APL)
Association of Professional Pension Trustees (APPT)
Aviva
Barclays
Black Equity Organisation (BEO)
BlackRock
Building Societies Association (BSA)
Canada Life UK
CFA Society of United Kingdom
Chip Financial (Investments) Limited
Citizens Advice Scotland
Consumer Scotland
Count Finance
Count Finance LTD
Dynamic Planner
Enhance Support Solutions

Eversheds Sutherland
Fidelity
FCA Financial Services Consumer Panel
Forester Life Ltd
Freetrade
Guiide
Hargreaves Lansdown
Hymans Robertson LLP
IG Group
Independent Governance Group
Innovate Finance
Interactive Brokers
Interactive Investor Services Limited
Invesco
Investment and Life Assurance Group
Isio
Just Group PLC
Lane Clark & Peacock LLP
Law Debenture
Legal & General
Life Moments
LifeSight by WTW
Lloyds Banking Group (LBG)
Lloyd's Market Association (LMA)
LVFAS
Mercer PLC
MicroFact
Money A and E UK
Money and Pensions Service (MaPS)
Money Saving Expert
Moneybox
Moneyfarm
Monzo
My Pension Expert
My Time Pension

Nationwide
Natwest Group
NEST
Netwealth
Newcastle Financial Advisers
NFU Mutual Select Investments Ltd
nudge Global
Nutmeg
Octopus Money
Oxford Risk
Penfold Pension
Penny Technology Limited
Pensions Administration Standards Association (PASA)
Pensions Management Institute
Pensions UK
People's Partnership
Personal Finance Society (PFS)
Phoenix Group
Personal Investment Management & Financial Advice Association (PIMFA)
Plain Numbers
ProShare
Quilter PLC
Retirement Line Ltd
Royal London
Sackers
Santander
Saxo
Schroders Personal Wealth
Sheffield Mutual Friendly Society Ltd
Simplybiz
Smart Pension
Startup Coalition
St James's Place
The Catt's Eye View
The City of London Law Society (CLLS)

The Financial Inclusion and Markets Centre (FIMC)

The Investment Association (IA)

The Society of Pension Professionals (SPP)

The Wisdom Council

TheCityUK

threesixty

The Investing and Saving Alliance (TISA)

TPT Group

True Potential

UK Crowdfunding Association

Vanguard

Which?

Zopa Bank Limited

Annex 4

Abbreviations used in this paper

Abbreviation	Description
AI	Artificial intelligence
AIFM	Alternative investment fund managers
ARs	Appointed Representatives
CBA	Cost benefit analysis
CCI	Consumer Composite Investment
CJ	Compulsory Jurisdiction
COBS	Conduct of Business sourcebook
COLL	Collective Investment Schemes sourcebook
COMP	Compensation sourcebook
CP	Consultation Paper
CPMs	Collective portfolio management firms
CREDS	Credit Unions sourcebook
DC	Defined Contribution
DISC	Product Disclosure sourcebook
DISP	Dispute Resolution: Complaints sourcebook
DP	Discussion Paper
DWP	Department for Work and Pensions
EEA	European Economic Area
FCA	Financial Conduct Authority
FEES	Fees manual

Abbreviation	Description
FG	Finalised Guidance
FLS	Financial Lives survey
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act 2000
FUND	Investment Funds sourcebook
GDPR	General Data Protection Regulation
ICD	Investor Compensation Directive
ICO	Information Commissioner's Office
ICOB	Insurance: Conduct of Business sourcebook
IDD	Insurance Distribution Directive
IPRU-INV	Interim Prudential Sourcebook for Investment Businesses
ISA	Individual Savings Account
LTAF	Long-Term Asset Fund
MaPS	Money and Pensions Service
MiFID	Markets in Financial Instruments Directive
MIFIDPRU	Prudential sourcebook for MiFID Investment Firms
NPV	Net Present Value
OPS	Occupational Pension Scheme
PASS	Pre-Application Support Service
PDCOB	Pensions Dashboards: Conduct of Business sourcebook
PDS	Pensions Dashboard Service
PECR	The Privacy and Electronic Communications (EC Directive) Regulations 2003
PERG	Perimeter Guidance manual
PRA	Prudential Regulation Authority

Abbreviation	Description
PRIN	Principles for Businesses
PROD	Product Intervention and Product Governance sourcebook
PROF	Professional Firms sourcebook
PS	Policy Statement
PVS	Post-view service
RAO	Regulated Activities Order
SIPP	Self-Invested Personal Pension
SM&CR	Senior Managers and Certification Regime
SUP	Supervision manual
SYSC	Senior Management Arrangements, Systems and Controls sourcebook
TPP	Third party processor
TPR	The Pensions Regulator
UCITS ManCos	Management companies for Undertakings for Collective Investment in Transferable Securities
VJ	Voluntary Jurisdiction

Appendix 1

Near-final rules (legal instrument)

ADVICE GUIDANCE BOUNDARY REVIEW (TARGETED SUPPORT)
INSTRUMENT 2026

Powers exercised by the Financial Conduct Authority

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 59 (Approval for particular arrangements);
 - (b) section 60 (Applications for approval);
 - (c) section 60A (Vetting of candidates by relevant authorised persons);
 - (d) section 61 (Determination of applications);
 - (e) section 62A (Changes in responsibilities of senior managers);
 - (f) section 63ZA (Variation of senior manager’s approval at request of authorised person);
 - (g) section 63ZD (Statement of policy relating to conditional approval and variation);
 - (h) section 63C (Statement of policy);
 - (i) section 63E (Certification of employees by authorised persons);
 - (j) section 63F (Issuing of certificates);
 - (k) section 64A (Rules of conduct);
 - (l) section 64C (Requirements for authorised persons to notify regulator of disciplinary action);
 - (m) section 69 (Statement of policy);
 - (n) section 137A (The FCA’s general rules);
 - (o) section 137R (Financial promotion rules);
 - (p) section 137T (General supplementary powers);
 - (q) section 139A (Power of the FCA to give guidance);
 - (r) section 213 (The compensation scheme);
 - (s) section 214 (General);
 - (t) section 226 (Compulsory jurisdiction);
 - (u) section 247 (Trust scheme rules);
 - (v) section 261I (Contractual scheme rules); and
 - (w) paragraph 13 (FCA’s rules) of Part III (The Compulsory Jurisdiction) of Schedule 17 (The Ombudsman Scheme);
 - (2) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (3) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

- C. The FCA approves the making of the Voluntary Jurisdiction rules and guidance and the fixing and varying of the standard terms for Voluntary Jurisdiction participants by the Financial Ombudsman Service Limited (“Financial Ombudsman”), as set out in paragraph E below.
- D. The FCA confirms and remakes in the Glossary of definitions:
- (1) the defined expression “Regulated Activities Order”; and
 - (2) to the extent that they appear in the Glossary of definitions, the defined expressions relating to any other secondary legislation referred to in [*Editor’s note*: title of legislation to be inserted].

Powers exercised by the Financial Ombudsman

- E. The Financial Ombudsman makes and amends the rules and guidance for the Voluntary Jurisdiction and fixes and varies the standard terms for Voluntary Jurisdiction participants, as set out in Annex L to this instrument, and to incorporate the changes to the Glossary of definitions as set out in Annex A to this instrument, in the exercise of the following powers and related provisions in the Act:
- (1) section 227 (Voluntary jurisdiction);
 - (2) paragraph 8 (Information, advice and guidance) of Schedule 17;
 - (3) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
 - (4) paragraph 20 (Voluntary jurisdiction rules: procedure) of Schedule 17.
- F. The making and amendment of the Voluntary Jurisdiction rules and guidance and the fixing and varying of the standard terms for Voluntary Jurisdiction participants by the Financial Ombudsman, as set out at paragraph E above, is subject to the consent and approval of the FCA.

Commencement

- G. Part 2 of Annex F of this instrument comes into force on [6 April 2027].
- H. Part 2 of Annex L of this instrument comes into force on 31 December 2026, immediately after the Complaints Reporting Instrument 2025.
- I. All other parts of this instrument come into force on [6 April 2026].

Amendments to the FCA Handbook

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

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Training and Competence sourcebook (TC)	Annex C

Prudential sourcebook for MiFID Investment Firms (MIFIDPRU)	Annex D
Interim Prudential sourcebook for Investment Businesses (IPRU-INV)	Annex E
Conduct of Business sourcebook (COBS)	Annex F
Insurance: Conduct of Business sourcebook (ICOBS)	Annex G
Funeral Plan: Conduct of Business sourcebook (FPCOB)	Annex H
Pensions Dashboards: Conduct of Business sourcebook (PDCOB)	Annex I
Product Intervention and Product Governance sourcebook (PROD)	Annex J
Supervision manual (SUP)	Annex K
Dispute Resolution: Complaints sourcebook (DISP)	Annex L
Collective Investment Schemes sourcebook (COLL)	Annex M
Credit Unions sourcebook (CREDS)	Annex N
Investment Funds sourcebook (FUND)	Annex O

Amendments to material outside the Handbook

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

Notes

- L. 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

- M. This instrument may be cited as the Advice Guidance Boundary Review (Targeted Support) Instrument 2026.

By order of the Board of the Financial Conduct Authority
[date]

By order of the Board of the Financial Ombudsman Service Limited
[date]

Annex A

Amendments to the Glossary of definitions

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

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

<i>common characteristics</i>	the <i>including characteristics</i> and <i>excluding characteristics</i> of a <i>consumer segment</i> .
<i>consumer segment</i>	has the meaning given in COBS 9B.4.4R.
<i>excluding characteristic</i>	in connection with a <i>consumer segment</i> , a characteristic specified by a <i>firm</i> by reference to which an individual, who has that characteristic, is excluded from that <i>consumer segment</i> .
<i>including characteristic</i>	in connection with a <i>consumer segment</i> , a characteristic specified by a <i>firm</i> by reference to which an individual, who has that characteristic, may be aligned with that <i>consumer segment</i> .
<i>providing targeted support</i>	the <i>regulated activity</i> , specified in article [55A] of the <i>Regulated Activities Order</i> , which is, in summary: [<i>Editor's note</i> : summary of new regulated activity to be inserted once legislation has been laid before Parliament.]
<i>ready-made suggestion</i>	a recommendation specified, and made by a <i>firm</i> to a <i>client</i> , in the course of delivering <i>targeted support</i> .
<i>targeted support service</i>	the service of designing and delivering <i>ready-made suggestions</i> to <i>clients</i> by a <i>firm</i> : (a) carrying on the <i>regulated activity</i> of <i>providing targeted support</i> ; and (b) to which the <i>rules</i> in COBS 9B (Targeted support) apply.

Amend the following definitions as shown.

[*Editor's note*: the definitions of 'corporate finance business', 'designated investment business' and 'securities and futures firm' take into account the changes introduced by the Public Offers of Relevant Securities (Operating an Electronic System) Instrument 2025 (FCA 2025/32), which come into force on 19 January 2026. The definition of 'distribute' takes into account the changes introduced by the Consumer Composite Investments Instrument 2025 (FCA 2025/52), which comes into force on 6 April 2026.]

*corporate
finance business*

- (a) *designated investment business* (other than *operating an electronic system for public offers of relevant securities and providing targeted support*) carried on by a *firm* with or for:
...
- (b) *designated investment business* carried on by a *firm* as a *principal* for its own account where such business:
...
 - (ii) does not involve transactions with or for, or *advice on investments or the provision of targeted support* to, any other *person* who is a *retail client* in respect of such business;
- (c) *designated investment business* carried on by a *firm* as *principal* for its own account if such business:
...
 - (ii) does not involve *advice on investments or the provision of targeted support* to any *person* who is a *retail client*;

*designated
investment
business*

any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business:
...

(mb) ...

(mc) *providing targeted support, but only in relation to designated investments (other than P2P agreements) (article [55A])*;

distribute

- ...
- (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*; or

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

...

funeral plan distribution

any of the following *regulated activities* carried on in relation to a *funeral plan contract*:

...

(d) *advising on investments (except P2P agreements)* (article 53(1)); ~~and~~

(da) *providing targeted support* (article [55A]); and

...

ICD claim

a *claim*:

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

(b) in relation to:

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

...

(iii) the firm's inability to repay money owed to or belonging to investors and held on their behalf or the firm's inability to return to investors any instruments belonging to them and held, administered or managed on their behalf, in each case, in connection with the *investment service* of the making of a *personal recommendation* or *providing targeted support* relating to a *financial instrument* in accordance with the legal and contractual conditions applicable.

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

insurance distribution activity

any of the following *regulated activities* carried on in relation to a *contract of insurance* or rights to or interests in a *life policy*:

...

	(e) ...
	(ea) <u>providing targeted support</u> (article [55A]);
	...
<i>intermediation of structured deposits</i>	(in <i>COMP</i> and <i>FEES</i> 6) any of the following:
	...
	(2) in relation to <i>structured deposits</i> :
	...
	(e) <u>managing investments</u> ; or
	(f) <u>providing targeted support</u> .
<i>investment advice</i>	<u>(other than in relation to the provision of a targeted support service)</u> the provision of <i>personal recommendations</i> to a <i>client</i> , either upon the <i>client's</i> request or at the initiative of the <i>firm</i> , in respect of one or more transactions relating to <i>designated investments</i> .
	[Note: article 4(1)(4) of <i>MiFID</i>]
<i>lifetime ISA charges</i>	any fee or charge made to a <i>retail client</i> in connection with the opening or operation of a <i>lifetime ISA</i> , whether levied by the <i>firm</i> or any other <i>person</i> , but excluding any fees or charges:
	(a) payable by or on behalf of a <i>retail client</i> to a <i>firm</i> in relation to the provision of a <i>personal recommendation</i> <u>or ready-made suggestion</u> by the <i>firm</i> in respect of the <i>lifetime ISA</i> ; and
	(b) relating to the qualifying investments held in the <i>lifetime ISA</i> (including in relation to the provision of a <i>personal recommendation</i> <u>or ready-made suggestion</u> in respect of those investments).
<i>marketing</i>	(1) (in <i>COLL</i>) (in relation to marketing <i>units</i> in a <i>regulated collective investment scheme</i> in a particular country or territory):
	(a) <i>communicating</i> to a <i>person</i> in that country or territory an invitation or inducement to become, or offer to become, a <i>holder</i> in that <i>regulated collective investment scheme</i> ;
	(b) <i>giving advice on investments</i> (except <i>P2P agreements</i>) <u>or providing targeted support</u> to, or arranging (bringing about) a deal in an investment for a <i>person</i> in that country or territory to become a <i>holder</i> in that <i>regulated collective investment scheme</i> .

*non-advised
client*

...
(in COBS 19 and PROD 6) a *retail client* in relation to whom a *firm* has not;

- (a) been able to determine, on reasonable grounds, that the ~~client~~ *client* has received, or will receive, a *personal recommendation* or investment management services for the purposes of COBS 19.12.5R; or
 - (b) provided a *targeted support service*, or arranged for another *firm* to provide a *targeted support service*, where:
 - (i) the *targeted support service* includes a *recommendation* to the *retail client* on how to invest their contributions to, or assets in, the *non-workplace pension*; and
 - (ii) the *retail client* has accepted and is taking steps to action the *recommendation* referred to in (i),
- for the purposes of COBS 19.12.5AR.

*personal
recommendation*

- (1) (except in CONRED and, in relation to *advising on investments (except P2P agreements)* and in relation to *providing targeted support*): a recommendation that is *advice on P2P agreements*, *advice on conversion or transfer of pension benefits*, or *advice on a home finance transaction* and is:
 - (a) presented as suitable for the person to whom it is made; or
 - (b) is based on a consideration of the circumstances of that person.

A recommendation is not a personal recommendation if it is issued exclusively to the public. For the purposes of this definition, references in the *Handbook* to making *personal recommendations* on, or in relation to, *P2P agreements* should be understood as referring to making *personal recommendations* involving *advice on P2P agreements*.

...

- (3) ...
- (4) (in relation to *providing targeted support*) the definition in (3) applies to, or includes, *providing targeted support* only:
 - (a) for the purposes of the definitions of:
 - (i) *investment service*;

(ii) investment services and/or activities; and

(iii) investment services or activities; and

(b) in relation to a type of specified investment that is not within the scope of the rules in COBS 9B.

[Note: article 2(1)(15) of the *IDD* and article 53(1C) and 53(1D) of the *Regulated Activities Order*]

...

regulated
activity

...

(B) in the *FCA Handbook*:

(1) (in accordance with section 22 of the *Act* (Regulated activities)) the activities specified in Part II (Specified activities), Part 3A (Specified activities in relation to information) and Part 3B (Claims management activities in Great Britain) of the *Regulated Activities Order*, which are, in summary:

...

(pg) *advising on conversion or transfer of pension benefits* (article 53E);

(ph) *providing targeted support* (article [55A]);

...

which is carried on by way of business and relates to a *specified investment* applicable to that activity or, in the case of (na), (nb), (nc), (nd), (ne) and (o), is carried on in relation to property of any kind. or, in the case of (tm) and (tn), is carried on in relation to information about a *person's* financial standing or, in the case of (tp), (tq), (tr), (ts), (tt), (tu) and (tv), is, or relates to, *claims management services* and is carried on in *Great Britain*.

(2) in *DISP*, except *DISP* 1.1, *DISP* 1.2, *DISP* 1.3 and *DISP* 1.9: (in accordance with the *FCA's* power under section 226 of the *Act*) all activities included as *regulated activities* in the *Regulated Activities Order* as at [6 April 2026] unless expressly excluded in *DISP* 2.3.1R.

securities and
futures firm

a firm whose permitted activities include *designated investment business* or *bidding in emissions auctions*, which is not an *authorised professional firm*, *bank*, *MIFIDPRU investment firm*, *building society*, *collective portfolio management firm*, *credit union*, *friendly society*, *ICVC*, *insurer*, *media firm* or *service company*, whose permission does

not include a *requirement* that it comply with ~~IPRU(INV)~~ IPRU-INV 5 (Investment management firms) or IPRU-INV 13 (Personal investment firms), and which is within (a), (b), (c), (d), (e), (f), (g) or (ga):

...

(c) a *firm*:

...

(ii) for which the most substantial part of its gross income (including commissions) from the *designated investment business* included in its *Part 4A permission* is derived from one or more of the following activities (based, for a *firm* given a *Part 4A permission* after *commencement*, on the business plan submitted as part of the *firm's* application for *permission* or, for a *firm* authorised under section 25 of the Financial Services Act 1986, on the *firm's financial year* preceding its *authorisation* under the *Act*):

...

(G) activities related to *spread bets*; ~~or~~

(H) *operating an electronic system for public offers of relevant securities*; or

(I) *providing targeted support*;

...

*third party
processor*

(1) A *firm* ("Firm A") which carries on *home finance activities*, *funeral plan distribution* or *insurance distribution activities* other than *advising on life policies* and *providing targeted support*, or all of these, for another *firm* (or an *appointed representative*) ("Firm B") under a properly documented *outsourcing* agreement, the terms of which provide that when Firm A carries on any of these activities ("the outsourced activities") for Firm B:

...

(2) A *firm* ("Firm C") which carries on *home finance activities*, *funeral plan distribution* or *insurance distribution activities* other than *advising on life policies* and *providing targeted support*, or all of these, for a *third party processor* within (1) ("Firm A"), where:

...

Annex B

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

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

23 Senior managers and certification regime: Introduction and classification

...

23 Definition of SMCR firm and different types of SMCR firms
Annex 1

Part Nine: Other qualification conditions for being an enhanced scope SMCR firm					
...					
9.4	R	...			
		(2)	A <i>firm</i> is excluded for the purposes of SYSC 23 Annex 1 9.3R(2) if it meets the following conditions:		
			(a)	it is authorised to provide one or more of the following <i>investment services</i> :	
				...	
				(iii)	<i>portfolio management; and</i>
				(iv)	<i>investment advice; and</i>
				(v)	<i>providing targeted support;</i>
			...		
		...			
...					

...

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

...

25 **Examples of the business activities and functions of an SMCR firm**
Annex 1

25 G
Annex 1

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

...

27 **Senior managers and certification regime: Certification regime**

...

27.8 **Definitions of the FCA certification functions**

...

Client-dealing function

...

27.8.22B G ...

(4) ...

(5) The client-dealing FCA certification function does not apply to roles involved in the provision of targeted support services.

...

Annex C

Amendments to the Training and Competence sourcebook (TC)

In this Annex, underlining indicates new text.

2 Competence

2.1 Assessing and maintaining competence

...

Qualification requirements before starting activities

...

2.1.8A R ...

2.1.8B G There are no qualification requirements for *employees* involved in the provision of *targeted support services*.

...

4 Specified modified requirements

4.1 Specified requirements for MiFID investment firms and for third country investment firms

4.1.1 R (1) For a *firm* in relation to its *MiFID or equivalent third country business* the *rules* set out in column 1 of the table in TC 4.1.4R below are amended as set out in column 2.

(2) The amendments in (1) do not apply in relation to the provision of *targeted support services* where this would constitute *MiFID or equivalent third country business*.

...

4.2 Specified requirements for firms carrying on insurance distribution activities

4.2.1 R (1) For a *firm*, including a *TP firm*, which carries on *insurance distribution activities* the *rules* and *guidance* set out in column 1 of the table in TC 4.2.5R below are amended as set out in column 2.

(2) The amendments in (1) do not apply in relation to the provision of *targeted support services* where this would constitute *insurance distribution activity*.

...

App 1 TC Appendix 1

App 1.1 Activities and Products/Sectors to which TC applies subject to TC Appendices 2 and 3

App
1.1.1 R

Activity	Products/Sectors		Is there an appropriate qualification requirement?
Designated investment business carried on for a retail client			
Providing basic advice	1.	Stakeholder products excluding a deposit-based stakeholder product	No
<u>Providing targeted support</u>	<u>1A.</u>	<u>Providing targeted support on designated investments (other than pure protection contracts) and structured deposits</u>	<u>No</u>
...			
Notes:			
...			
2.	...		
<u>2-A.</u>	<u>The provision of targeted support services is covered by activity number 1A. References in this table to giving personal recommendations do not include providing targeted support, except to the extent that it is beyond the scope of activity number 1A.</u> <u>Activity number 1A includes employees engaged in either or both of the design and delivery of targeted support services.</u>		
2A.	...		
...			

Annex D

Amendments to the Prudential sourcebook for MiFID Investment Firms (MIFIDPRU)

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

4 Own funds requirements

...

4.4 Permanent minimum capital requirement

- 4.4.1 R (1) ~~Where a MIFIDPRU investment firm has permission to carry on any of the investment services and/or activities in (2), its permanent minimum capital requirement is £750,000, unless MIFIDPRU 4.4.6R applies. The permanent minimum capital requirement is the highest of the applicable requirements in the following table:~~

	<u>Application</u>	<u>Permanent minimum capital requirement</u>
(1)	<u>A firm appointed to act as the depositary of a UK UCITS or an authorised AIF.</u>	<u>£4 million</u>
(2)	<u>A firm with permission for the investment services and/or activities of:</u>	<u>£750,000</u>
	(a) <u>dealing on own account;</u>	
	(b) <u>underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis; or</u>	
	(c) <u>operating an organised trading facility, if the firm is not subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R.</u>	
(3)	<u>A firm appointed to act as a depositary of an unauthorised AIF in accordance with FUND 3.11.10R(2).</u>	<u>£750,000</u>
(4)	<u>A firm with permission to provide targeted support.</u>	<u>£500,000</u>
(5)	<u>A firm with permission for:</u>	<u>£150,000</u>
	(a) <u>operating a multilateral trading facility;</u>	

	(b)	<u>operating an organised trading facility, if the firm is subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R; or</u>	
	(c)	<u>holding client money or client assets in the course of MiFID business.</u>	
(6)	<u>A firm with permission for the investment services and/or activities of:</u>		<u>£75,000</u>
	(a)	<u>reception and transmission of orders in relation to one or more financial instruments;</u>	
	(b)	<u>execution of orders on behalf of clients;</u>	
	(c)	<u>portfolio management;</u>	
	(d)	<u>investment advice; or</u>	
	(e)	<u>placing of financial instruments without a firm commitment basis.</u>	

(2) The relevant ~~investment services and/or activities~~ are:

- (a) ~~dealing on own account;~~
- (b) ~~underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis; or~~
- (c) ~~operating an organised trading facility, if the firm is not subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R.~~

(3) Where a MIFIDPRU investment firm is appointed to act as a depositary of an unauthorised AIF in accordance with FUND 3.11.10R(2), its ~~permanent minimum capital requirement~~ is £750,000, unless MIFIDPRU 4.4.6R applies.

...

4.4.3 R (1) ~~Where a MIFIDPRU investment firm satisfies the conditions in (2), its permanent minimum capital requirement is £150,000.~~

(2) The relevant conditions are:

- (a) ~~the firm has permission for any of the following:~~

- (i) ~~operating a multilateral trading facility;~~
- (ii) ~~operating an organised trading facility, if the firm is subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R;~~
- (iii) ~~holding client money or client assets in the course of MiFID business;~~
- (b) ~~the firm does not have permission for any of the following:~~
 - (i) ~~dealing on own account;~~
 - (ii) ~~underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;~~
 - (iii) ~~operating an organised trading facility, if the firm is not subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R; and~~
- (c) ~~the firm is not appointed to act as a depositary in accordance with FUND 3.11.10R(2) or COLL 6.6A.8R(3)(b)(i). [deleted]~~

4.4.4 R (1) Where a MIFIDPRU investment firm satisfies the conditions in (2), its permanent minimum capital requirement is £75,000.

(2) The relevant conditions are:

- (a) ~~the only investment services and/or activities that the firm has permission to carry on are one or more of the following:~~
 - (i) ~~reception and transmission of orders in relation to one or more financial instruments;~~
 - (ii) ~~execution of orders on behalf of clients;~~
 - (iii) ~~portfolio management;~~
 - (iv) ~~investment advice; or~~
 - (v) ~~placing of financial instruments without a firm commitment basis; and~~
- (b) ~~the firm is not permitted to hold client money or client assets in the course of MiFID business; and~~
- (c) ~~the firm is not appointed to act as a depositary in accordance with FUND 3.11.10R(2) or COLL 6.6A.8R(3)(b)(i). [deleted]~~

...

4.4.6 R ~~Where a MIFIDPRU investment firm is appointed to act as the depositary of a UK UCITS or an authorised AIF, its permanent minimum capital requirement is £4 million. [deleted]~~

4.4.7 G For example, a firm with permission for portfolio management and investment advice, but which also holds client money, would have a permanent minimum capital requirement of £150,000.

...

9 Reporting

9 Annex 2 Guidance notes on data items in MIFIDPRU 9 Annex 1R

9 Annex 2 G This annex consists of guidance which can be found through the following link: [Editor's note: insert link]

Guidance notes for MIFIDPRU 9 Annex ~~2G~~ 1R

MIF001 – Adequate financial resources (Own funds)

...

8A – Permanent minimum requirement (PMR)

If completed on an individual basis, FCA investment firms should enter one of the following numbers:

- 75 if the firm has a PMR of £75,000
- 150 if the firm has a PMR of £150,000
- 500 if the firm has a PMR of £500,000
- 750 if the firm has a PMR of £750,000
- 4000 if the firm has a PMR of £4,000,000

...

...

Sch 6 List of Part 9C rules

...

Sch 6.2 G ...

(2) The following provisions are not Part 9C rules:

- (a) ~~MIFIDPRU 4.4.1R(3)~~; MIFIDPRU 4.4.1R(1), MIFIDPRU 4.4.1R(3) and MIFIDPRU 4.4.1R(4).

- (b) ~~MIFIDPRU 4.4.3R(2)(e)~~; [deleted]
- (c) ~~MIFIDPRU 4.4.4R(2)(e)~~; and [deleted]
- (d) ~~MIFIDPRU 4.4.6R~~. [deleted]

Annex E

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

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

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

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

...

Absolute minimum requirement – General rule

3-72 R A *firm's* absolute minimum requirement is the highest of the applicable requirements in the following list:

- (a) for an *arranger* ~~to which (aa) does not apply~~: £10,000
- (aa) for an ~~arranger~~ *arranger* with ~~permission~~ permission to operate an electronic system for public offers of relevant securities, in accordance with article 25DB of the *Regulated Activities Order*: £75,000
- ...
- (f) for a *broad scope firm* other than one within (b) to (eb) above: £100,000; or
- (g) for a *firm* with *permission to provide targeted support*: £500,000.

...

Appendix 1 GLOSSARY OF TERMS FOR IPRU(INV) 3

1

...

...

arranger means a *firm* -

- (a) whose sole *investment business* consists of activities within the following articles of the *Regulated Activities Order* -

...

- (iii) article 37 (managing investments); ~~and~~
- (iv) article 53 (advising on investments); and
- (v) article [55A] (providing targeted support);

...

...

...

*corporate
finance
business*

means -

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

...

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

...

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

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

...

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

...

...

*investment
business*

means any of the following regulated activities specified in Part II of the *Regulated Activities Order* and which is carried on by way of business:

...

- (l) advising on investments (article 53);

(1a) providing targeted support (article [55A]);

...

...

...

5 Financial resources

...

5.4 Financial resources requirement

...

Own funds requirement

5.4.3 R The **own funds requirement** for a *firm* subject to *IPRU-INV* 5.4.2R is the ~~higher~~ highest of:

...

(ib) for a *firm* which is a *depository* of a *UCITS* scheme, the higher of:

...

(B) £4 million; and

(ic) £500,000 for a *firm* with *permission to provide targeted support*; and

...

...

Liquid capital requirement

5.4.10 R The **liquid capital requirement** for a *firm* subject to *IPRU-INV* 5.4.1R is:

(i) for a *firm* whose **permitted business** includes *establishing, operating or winding up a personal pension scheme*, the ~~higher~~ highest of (A) £20,000, and (B) ~~the calculation from *IPRU-INV* 5.9.1R; and~~;

(A) £20,000;

(B) the calculation from *IPRU-INV* 5.9.1R; and

(C) for a *firm* with *permission to provide targeted support*, £500,000; and

- (ii) for any other *firm*, the ~~higher~~ highest of (A) ~~£5,000~~ and (B), its total capital requirement calculated in accordance with ~~IPRU-INV 5.4.12R~~;

(A) £5,000;

(B) its total capital requirement calculated in accordance with IPRU-INV 5.4.12R; and

(C) for a *firm* with permission to provide targeted support, £500,000.

...

13 Financial Resources Requirements for Personal Investment Firms

...

13.13 CAPITAL RESOURCES REQUIREMENT FOR A PERSONAL INVESTMENT FIRM

...

Requirement

- 13.13.2 R (1) A *firm* to which MIPRU does not apply must calculate its capital resources requirement as in (2).
- (2) The *firm* must calculate its capital resources requirement as the ~~higher~~ highest of:
- (a) ~~£20,000; and~~
- (b) the amount equivalent to the applicable percentage of its *annual income* specified in table 13.13.2(b), depending on the type of *firm*; and
- (c) for a *firm* with permission to provide targeted support, £500,000.
- ...
- 13.13.3 R (1) A *firm* to which MIPRU also applies must calculate its capital resources requirement as in (2).
- (2) The *firm* must calculate its capital resources requirement as the ~~higher~~ highest of:
- (a) ~~£20,000; and~~
- (b) the sum of:

...

- (ii) the capital resources requirement in *MIPRU* 4.2- (Capital resources requirements), after excluding the fixed amounts specified in table 13.13.3(2)(b)(ii); and

- (c) for a firm with permission to provide targeted support, £500,000.

...

- 13.13.4 G (1) *IPRU-INV* 13.13.4G(2) illustrates how a firm that is subject to this section and *MIPRU*, but does not provide targeted support, calculates its capital resources requirement under *IPRU-INV* 13.13.3R.

...

- 13.13.5 R A firm whose permission includes *establishing, operating or winding up a personal pension scheme* must calculate its capital resources requirement as the sum of:

- (1) the capital resources requirement that is applied under *IPRU-INV* 13.13.2R(2) or *IPRU-INV* 13.13.3R(2); and
- (2) the financial resources requirement calculated in accordance with *IPRU-INV* 5 (Investment Management Firms), disregarding *IPRU-INV* 5.4.10R(i)(C) and *IPRU-INV* 5.4.10R(ii)(C).

Annex F

Amendments to the Conduct of Business sourcebook (COBS)

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]

1 Application

1.1 General application

...

Deposits (including structured deposits)

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

	Section / chapter	Application in relation to deposits
...		
(4)
(4A)	<u>COBS 9B (Targeted support)</u>	<u>Providing targeted support in relation to structured deposits.</u>
...		

Structured deposits: further provisions

...

- 1.1.1AF G ~~The~~ Except as otherwise provided by COBS 1.1.1AR, the effect of COBS 1.1.1AER is that a *rule* in this sourcebook only applies to a *firm* when selling, or advising a *client* in relation to, a *structured deposit* if that *rule*:
- (1) would apply to the firm in relation to *MiFID*, *equivalent third country* or *optional exemption business*; and
 - (2) derives from *MiFID* or its implementing measures.
- 1.1.1AG G Unless the context otherwise requires, reference to ‘advising’ (as that word is afforded its natural meaning) a *client* in relation to a *structured deposit* includes *providing targeted support* in relation to a *structured deposit*.

...

1 Annex 1 Application (see COBS 1.1.2R)

Part 1: What?

Modifications to the general application of COBS according to activities

...			
6.			Use of third party processors in life insurance distribution activities
6.1	R		If a <i>firm</i> (or its <i>appointed representative</i> or, where applicable, its <i>tied agent</i>) outsources <i>insurance distribution activities</i> to a <i>third party processor</i> :
		(1)	the <i>firm</i> must accept responsibility for the acts and omissions of that <i>third party processor</i> conducting those outsourced activities; and
		(2)	any <i>COBS rule</i> requiring the <i>third party processor's</i> identity to be disclosed to <i>clients</i> must be applied as a requirement to disclose the <i>firm's</i> identity;
			unless the <i>third party processor</i> is giving <i>personal recommendations</i> in relation to <i>advising on investments (except P2P agreements)</i> <u>or</u> <u>providing targeted support</u> .
...			

...

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

...

Part 2: Gibraltar-based firms

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

		(2)	(to the extent that the <i>rule</i> does not already apply to such a <i>Gibraltar-based firm</i> as a result of <i>GEN 2.3.1R</i>) the provisions in:	
			...	
			(g)	...
			(ga)	<u>COBS 9B (Targeted support)</u> ;
			...	

2 Conduct of business obligations

...

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

...

Rule on inducements

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

...

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

...

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

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

(A) giving a *personal recommendation* in relation to a *retail investment product*, *pension transfer*,

pension conversion, pension opt-out or P2P agreement; or

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

(C) providing targeted support;

...

...

...

...

Guidance on inducements

...

2.3.6A G ...

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

(1) a firm to receive commissions, fees or other benefits from third parties (or a person acting on behalf of a third party) in relation to the firm's business of providing a targeted support service; and

(2) a firm which is an issuer or product provider to offer or pay commissions, fees or benefits to another firm, or to any other third party for the benefit of that firm, in connection with that firm's business of providing a targeted support service.

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

...

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

...

2.3A.4 G ...

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

- 2.3A.4A G A firm which provides a *targeted support service*:
- (1) in the course of carrying on *MiFID*, *equivalent third country* or *optional exemption business*; or
- (2) in relation to an *insurance-based investment product*,
- is also required to comply with the *rules* in COBS 9B.8 (Charging and remuneration).
- 2.3A.4B G A firm is required to comply with the *rules* in this section and in COBS 9B.9 (Issuer and product provider requirements relating to charging and remuneration) where:
- (1) the *firm*:
- (a) is an *issuer* or product provider; and
- (b) carries on *MiFID*, *equivalent third country* or *optional exemption business*, or carries on *insurance distribution activities*, in relation to those activities; and
- (2) the *firm* is considering offering or paying any monetary or non-monetary benefits to, or for the benefit of, another *firm* in connection with that *firm*'s business of providing a *targeted support service* (or any related services).
- 2.3A.4C G Notwithstanding the restrictions in COBS 9B.8 and COBS 9B.9, the requirements in this section remain potentially relevant where a *firm* pays or accepts, or provides or receives, monetary or non-monetary benefits which are not prohibited by those sections. This might include where a *firm* providing a *targeted support service* receives a payment from an *affiliated company* in relation to that provision of a *targeted support service*.

...

2.4 Agent as client and reliance on others

...

Reliance on other investment firms: MiFID and equivalent business

- 2.4.4 R (1) This *rule* applies if a *firm* (F1), in the course of performing *MiFID* or *equivalent third country business*, receives an instruction to provide an *investment* or *ancillary service* on behalf of a *client* (C) through another *firm* (F2), if F2 is:

...

(2) F1 may rely upon:

...

- (b) any recommendations (other than ready-made suggestions) in respect of the service or transaction that have been provided to C by F2.

...

...

3 Client categorisation

3.1 Application

Scope

...

3.1.2 G (1) This chapter relates to parts of the *Handbook* whose application depends on whether a *person* is a *client*, a *retail client*, a *professional client* or an *eligible counterparty*.

- (2) However, it does not apply to the extent that another part of the *Handbook* provides for a different approach to *client* categorisation. For example, a separate approach to *client* categorisation is set out in the definition of a *retail client* for a *firm* that gives *basic advice* (*COBS 9.6*).

- (3) The rules on the provision of *targeted support services* do not differentiate between different categories of *client* (*COBS 9B.3.4R*).

...

3.4 Retail clients

...

3.4.2 R ...

3.4.3 G A *firm* that provides a *targeted support service* is required to treat its *client* as a *retail client* in relation to the provision of that service, even if it would otherwise be categorised as a *professional client* or an *eligible counterparty* for other purposes (*COBS 9B.3.4R*). This chapter is not therefore relevant to a *firm* in relation to the provision of a *targeted support service*.

...

4 Communicating with clients, including financial promotions

...

4.7 Direct offer financial promotions

...

Warrants and derivatives

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

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

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

(2) The condition is that the *person* who will *arrange* or *deal* in relation to the *derivative* or *warrant* will comply with the *rules* on appropriateness or equivalent requirements for any application or order that the *person* is aware, or ought reasonably to be aware, is in response to the *direct offer financial promotion*.

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

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

...

6 Information about the firm, its services and remuneration

...

6.1A Adviser charging and remuneration

Application - Who? What?

...

6.1A.2A R ...

6.1A.2B G This section does not apply to a *firm* in relation to the provision of a *targeted support service* (save as specified in *COBS* 9B.8).

...

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

Application - Who? What?

...

6.1B.3 G ...

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

...

6.1C Consultancy charging and remuneration

Application - Who? What?

6.1C.1 R (1) (a) *COBS 6.1C.20AR* applies to a *firm* which makes a *personal recommendation* or provides a *ready-made suggestion* to an employee on their employer's *group personal pension scheme* or *group stakeholder pension scheme*.

(b) ~~This~~ The remainder of this section applies to a *firm* that gives advice, or provides services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*.

(2) Without prejudice to (1), this section does not apply to a *firm* that makes a *personal recommendation* to a *retail client* in relation to a *retail investment product*.

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

...

Disclosure to employees

6.1C.20 R A *firm* must take reasonable steps to ensure that its *representatives*, when making contact with an employee with a view to giving a *personal recommendation* or *ready-made suggestion* on ~~his or her~~ their employer's *group personal pension scheme* and/or *group stakeholder pension scheme*, inform the employee:

- (1) that the *firm* will be providing a *personal recommendation* or targeted support service on a *group personal pension scheme* and/or *group stakeholder pension scheme* provided by the employer;
- (2) whether the employee will be provided with a *personal recommendation* or targeted support service that is restricted to the *group personal pension scheme* or *group stakeholder pension scheme* provided by the employer or the recommendation will also cover other products; and
- (3) that the employee will have to pay an *adviser charge* or charge for the provision of the targeted support service (if applicable) unless the *representative* is making contact pursuant to an agreement made between the *firm* and the employer under which the *firm* is remunerated by *consultancy charging* or a fee payable by the employer.

...

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

...

Exceptions

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

...

Using a platform service when advising

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

...

6.1F Using a platform service for arranging and advising

Client's best interests rule and using a platform service

...

6.1F.1 R ~~A firm which:~~

(1) This rule applies to a firm which:

(a) *arranges for retail clients to buy retail investment products;*
or

(b) *makes personal recommendations or ready-made suggestions to retail clients in relation to retail investment products; and.*

(2) A firm which uses a platform service for that a purpose in (1) must take reasonable steps to ensure that it uses a platform service which presents its retail investment products without bias.

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

...

6.2B Describing advice services

Application

...

6.2B.3 G (1) *P2P agreements are neither financial instruments nor retail investment products. This section does not apply to a firm when it is advising on P2P agreements.*

(2) The provision of a targeted support service is not included within the scope of the Handbook definition of investment advice. This section does not apply to a firm in relation to the provision of a targeted support service.

...

6.4 Disclosure of charges, remuneration and commission

Application

6.4.1 R This section applies to a firm when it sells or *arranges* the sale of a *packaged product* to a *retail client* and the *firm's* services to sell or *arrange* are not in connection with the provision of a *personal recommendation or ready-made suggestion*.

...

7 Insurance distribution

...

7.3 Additional insurance distribution obligations

Demands and needs

...

7.3.5 R ...

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

(1) comply with *COBS 9B*; and

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

...

8 Client agreements (non-MiFID provisions)

8.1 Client agreements: non-MiFID designated investment business

...

Providing a client agreement

8.1.2 R (1) ~~If a *firm* carries on *designated investment business*, other than *advising on investments* or *advising on conversion or transfer of pension benefits*, with or for a new *retail client*, the *firm* must enter into a written basic agreement, on paper or other *durable medium*, with the *client* setting out the essential rights and obligations of the *firm* and the *client*.~~

(2) The requirement in (1) does not apply to a *firm*:

(a) *advising on investments* or *advising on conversion or transfer of pension benefits*; or

(b) *providing targeted support*.

...

8A Client agreements (MiFID provisions)

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

...

Providing a client agreement: retail and professional clients

- 8A.1.4 R (1) This *rule* applies to a *firm* that provides to a *client*:
- (a) an *investment service*; or
 - (b) the *ancillary service* in paragraph 1 of Part 3A of Schedule 2 to the *Regulated Activities Order* (safekeeping and administration of financial instruments).
- (2) A *firm* must enter into a written basic agreement with the *client*, on paper or in another *durable medium*.
- (3) The requirement in (2):
- (a) only applies to a *firm* that provides *investment advice* where the *firm* will undertake a periodic assessment of the suitability of the *financial instruments* or services recommended;
 - (b) does not apply to a *firm* in relation to *providing targeted support*.

...

...

9 Suitability (including basic advice) (other than MiFID and insurance-based investment products)

9.1 Application and purpose provisions

Application

...

9.1.1A G ...

9.1.1B G The *rules* in this chapter do not apply to a *firm* in relation to the provision of a *targeted support service* within the scope of the *rules* in COBS 9B.

...

9A Suitability (MiFID and insurance-based investment products provisions)

9A.1 Application and purpose

Application

9A.1.1 R ...

9A.1.1A G The rules in this chapter do not apply to a *firm* in relation to the provision of a *targeted support service* within the scope of the rules in COBS 9B.

...

Insert the following new chapter, COBS 9B, after COBS 9A (Suitability (MiFID and insurance-based investment products provisions)). All the text is new and is not underlined.

9B Targeted support

9B.1 Purpose

- 9B.1.1 G (1) This chapter sets out the framework for the provision of *targeted support services*.
- (2) The purpose of the framework for *targeted support services* is to enable *firms* to provide support to *clients*:
- (a) in relation to decisions about investments and pensions;
 - (b) at scale;
 - (c) on the basis of limited information and not a comprehensive consideration of a *client's* characteristics or circumstances;
 - (d) in situations involving a shared financial support need or objective;
 - (e) through the delivery of a *ready-made suggestion* by reference to the *client's* alignment with a pre-defined *consumer segment*; and
 - (f) that is designed to put them in a better position than if they had not received a *targeted support service* from the *firm*.
- (2) A *firm*:
- (a) should design its *targeted support service* to be provided only where the *firm* has reasonable grounds to consider that the provision of such *targeted support service* would put individuals for whom that *targeted support service* is designed in a better position than if that support were not provided; and
 - (b) is required to ensure that any *ready-made suggestion* developed to deliver on that purpose is suitable for an individual in the *consumer segment* for which is it developed (COBS 9B.4.20R).

- 9B.1.2 G The cross-cutting obligations under *Principle 12* (Consumer Duty) do not require a *firm* to provide a *targeted support service* (whether reactively or proactively).
- 9B.1.3 G Notwithstanding the more limited nature of a *targeted support service*, as compared with other types of advice, *firms* are reminded of their obligation not to seek to exclude or restrict any duty or liability they may have to a *client* under the *regulatory system* (COBS 2.1.2R).

9B.2 Application

Who? What?

- 9B.2.1 R (1) This chapter (other than COBS 9B.9) applies to a *firm providing targeted support* in relation to:
- (a) a *designated investment* other than a *pure protection contract*; or
 - (b) a *structured deposit*.
- (2) COBS 9B.9 applies to a *firm* that is an *issuer* or product provider.
- 9B.2.2 G Notwithstanding COBS 9B.2.1R, COBS 9B.4 includes restrictions on certain types of *ready-made suggestion*. The effect of these restrictions is that certain types of recommendation may not be made by a *firm providing targeted support*.
- 9B.2.3 R A *firm* must not *provide targeted support* in relation to *safeguarded benefits*.
- 9B.2.4 G *Providing targeted support* is not permitted business of *appointed representatives*.
- 9B.2.5 R (1) This *rule* applies to a *firm providing targeted support* in relation to a type of *specified investment* that is beyond the scope of application of this chapter.
- (2) In *providing targeted support*, a *firm* in (1) must comply with the *rules* which would apply to that *firm* if it were *advising on investments*.
- 9B.2.6 G (1) The *regulated activity* of *providing targeted support* applies to recommendations relating to *securities*, *structured deposits* and *relevant investments*. It therefore applies to a broader range of *specified investments* than those to which the *rules* in this chapter apply (COBS 9B.2.1R).
- (2) For this reason, the *Handbook* distinguishes between:

- (a) *providing targeted support*, which definition refers to the *regulated activity* in article [55A] of the *Regulated Activities Order*; and
 - (b) the provision of a *targeted support service*, to refer to the provision of a service to which the *rules* in this chapter apply.
- (3) The definition of *personal recommendation* does not include a recommendation made by a *firm* carrying on the *regulated activity* of *providing targeted support* other than:
- (a) in relation to a type of *specified investment* to which the *rules* in this chapter do not apply; and
 - (b) for the purpose of the definition of *investment service* (and related definitions).
- (4) The effect of (3), COBS 9B.2.5R and similar provisions in ICOBS 1 Annex 1 Part 2 6.1R and FPCOB 1 Annex 1 3.1R is that a *firm* carrying on the *regulated activity* of *providing targeted support* in relation to a type of *specified investment* to which the *rules* in this chapter do not apply must comply with the relevant *rules* applicable to *advice on investments* and the provision of *personal recommendations*.
- (5) For example, a *firm* carrying on the *regulated activity* of *providing targeted support* in relation to a *general insurance contract* would need to comply with the *rules* applicable to a *firm advising on investments* in relation to such contracts in ICOBS.

Where?

- 9B.2.7 G This chapter applies in accordance with the general territorial scope of this sourcebook.

Guidance

- 9B.2.8 G (1) A *firm* may provide support to a *consumer* in accordance with the framework set out in this chapter but that does not amount to the *firm* providing a *targeted support service*. This may be because, for example, the *ready-made suggestion* does not involve a recommendation in relation to a particular investment.
- (2) A *firm* delivering support in the manner described in (1) should ensure that the *consumer* understands the nature of the support they are receiving (and see COBS 9B.6.1R(2)).
- (3)

- (a) Alternatively, in providing a *targeted support service*, a *firm* may specify a *ready-made suggestion* incorporating elements which:
 - (i) provided in isolation, would not involve the *firm* providing a *targeted support service*; and
 - (ii) are sufficiently closely connected to the *targeted support service* as to be integral to the recommendation as a whole.
 - (b) Where this is the case, the *firm* should consider whether it would be appropriate to treat the elements of the recommendation that do not amount to a *targeted support service* as forming part of the *ready-made suggestion* and design and deliver the full *ready-made suggestion* in accordance with the *rules* in this chapter.
- (4) *Firms* should consider COBS 9B.4.38R when giving information in relation to pension consolidation in the course of providing a *targeted support service*. *Firms* are able to provide *targeted support services* where a *client* has multiple pension pots to support that *client* with a decision, or decisions, that do not rely on those pension pots being consolidated. For example, to support that *client* with a decision in relation to their options at retirement. The effect of COBS 9B.4.38R is that a *firm* must not provide information or support in relation to pension consolidation which is sufficiently closely connected to the *targeted support service* as to be integral to the recommendation as a whole such as to amount to an express or implied recommendation to consolidate pension pots.

9B.3 General provisions

Overview of targeted support

- 9B.3.1 G A *targeted support service* involves the delivery of *ready-made suggestions* to *clients* in situations involving a shared financial support need or objective, by reference to the *client's* alignment with a pre-defined *consumer segment*.
- 9B.3.2 G The nature of a *targeted support service* means that it may involve:
 - (1) the provision of an *investment service* within the scope of MiFID (for example, where the *ready-made suggestion* is in respect of one or more transactions relating to *financial instruments*); or
 - (2) *insurance distribution activity* (for example, where the *ready-made suggestion* is in relation to a *life policy*).
- 9B.3.3 G (1) The provision of a *targeted support service* to which the *rules* in this chapter apply is not subject to the suitability requirements in COBS 9 or COBS 9A.

- (2) *Principle 9* applies to a *firm* providing *targeted support* and requires that a *firm* takes reasonable care to ensure the suitability of its advice for any *customer* who is entitled to rely on its judgement.

Client categorisation

- 9B.3.4 R A *firm* must treat a *client* to whom it provides a *targeted support service* as a *retail client* in relation to the provision of that service even if it would otherwise be categorised as a *professional client* or *eligible counterparty* for other purposes.
- 9B.3.5 G (1) The effect of *COBS 9B.3.4R* is that, in relation to its provision of a *targeted support service*, a *firm* must apply other parts of the *Handbook* on the basis that the *client* is a *retail client*.
- (2) *COBS 9B.3.4R* does not prevent a *firm* from categorising a *client* differently for other purposes (*COBS 3.7.7G*).

Interpretation

- 9B.3.6 R Unless the context otherwise requires, in this chapter:
- (1) ‘individual’ is used in relation to the design of *consumer segments* to refer to a notional natural *person* by reference to whom a *consumer segment* is defined; and
- (2) ‘*client*’ is used in relation to the delivery of *ready-made suggestions* to refer to a natural *person* to whom a *firm* provides, intends to provide or has provided, a *ready-made suggestion*.

General requirements

- 9B.3.7 R A *firm* must:
- (1) in its design of its *targeted support service*, act with due skill, care and diligence in:
- (a) identifying those situations, involving shared financial support needs or objectives, for which to specify *ready-made suggestions*;
- (b) defining *consumer segments*; and
- (c) specifying suitable *ready-made suggestions* that meet the shared financial support need or objective of the *consumer segment* for which they are designed;
- (2) in its delivery of its *targeted support service*, act with due skill, care and diligence in:

- (a) establishing whether a *client* aligns with a *consumer segment*; and
- (b) communicating with *clients*, including in relation to the nature and limitations of the *targeted support service*; and
- (3) always conduct itself in a manner that is consistent with its obligation to act in good faith towards *retail customers* (PRIN 2A.2.1R).

Customers with characteristics of vulnerability

- 9B.3.8 G (1) FG21/1 (Guidance for firms on the fair treatment of vulnerable customers: <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>) is relevant to *firms*’ relationships with their *clients*, including in the design and delivery of *targeted support services*.
- (2) *Firms* also need to consider their obligations under the Equality Act 2010 (or equivalent legislation in Northern Ireland). *Principle 12* and *PRIN 2A* support existing legal requirements, such as those in the Equality Act 2010, by requiring *firms* to monitor whether any group of *retail customers* is experiencing different outcomes than other *customers* and take appropriate action where they do.

9B.4 Design of targeted support service

Introduction

- 9B.4.1 G (1) *Targeted support services* involve the delivery of *ready-made suggestions* to *clients* by reference to the *client*’s alignment with a pre-defined *consumer segment*.
- (2) This section contains *rules* and *guidance* relating to the design of a *firm*’s *targeted support service* by reference to the definition of *consumer segments* and allocation to those *consumer segments* of *ready-made suggestions*.
- 9B.4.2 G (1) A *firm* designing its *targeted support service* will be a *manufacturer* of that service (and, when providing it, will be a *distributor* of that service). Beyond the requirements in this section, a *firm* will also be subject to *rules* elsewhere in the *Handbook*.
- (2) For *manufacturers* of services, relevant *rules* include *PRIN 2A.3* (Consumer Duty: retail customer outcome – products and services) and *PRIN 2A.4* (Consumer Duty: retail customer outcome on price and value).
- (3) Where a *firm* recommends a product as part of a *targeted support service*, the *firm* will be a *distributor* in relation to that product and the relevant requirements on *distributors* in *PRIN 2A.3*, *PRIN 2A.4*, *PROD 3* and/or *PROD 4* will also apply. The arrangements the *firm*

has in place should enable the *firm* to obtain all necessary information from the product *manufacturer* to understand the product throughout its life cycle.

- 9B.4.3 G In the *FCA*'s view, the following are particularly relevant considerations for a *firm* in the design of its *targeted support service*:
- (1) in identifying the situations for which to develop *ready-made suggestions*, the prevalence of the situation among its *clients* (including potential *clients*);
 - (2) in defining *common characteristics*, the ease with which a *firm* would be able to identify a particular *client* as aligning with a *consumer segment*; and
 - (3) in specifying *ready-made suggestions*, the ease with which such a suggestion may be communicated to the *firm's clients*.

Consumer segments

- 9B.4.4 R For the purposes of this chapter, a *consumer segment* is a group of individuals defined by reference to:
- (1) a situation involving a shared financial support need or objective; and
 - (2) where relevant, *common characteristics*.
- 9B.4.5 R Before a *firm* provides a *ready-made suggestion* to a *client*, it must have:
- (1) defined 1 or more *consumer segments*; and
 - (2) specified a single *ready-made suggestion* for each *consumer segment*.
- 9B.4.6 G
- (1) The *rules* in this section afford *firms* a degree of flexibility in the way that they define their *consumer segments*.
 - (2) In defining its *consumer segments*, a *firm* may choose to:
 - (a) identify the situation (involving a shared financial support need or objective) with which to support *clients* before, where relevant, defining groups of individuals with *common characteristics* for the purposes of specifying *ready-made suggestions* to meet that need or objective; or
 - (b) undertake that exercise concurrently.
 - (3) A *firm* might reasonably conclude that it is sufficient to define a *consumer segment* by reference only to a situation involving a shared financial support need or objective. For example, a *firm* might identify a situation in which *clients* are invested in a product where an equivalent product charging lower fees is available and the shared financial support need of those *clients* would be to invest in that

equivalent product. In this case, a *firm* may determine that a *ready-made suggestion* could be defined without the need to consider any *common characteristics* of *clients*. This explains the reference to a *consumer segment* being defined by reference to *common characteristics*, where relevant, in COBS 9B.4.4R.

- (4) Where it identifies changes in the shared needs or objectives or characteristics of its *clients*, COBS 9B.4.5R does not preclude a *firm*, at any time, from:
 - (a) defining additional *consumer segments*;
 - (b) modifying existing *consumer segments*; or
 - (c) retiring existing *consumer segments* (provided always that the *firm* maintains at least 1 *consumer segment* before providing a *ready-made suggestion*).

9B.4.7 R A *firm* must ensure that, in a particular situation, it is only possible for an individual to align with 1 *consumer segment*.

Granularity of consumer segments

9B.4.8 G COBS 9B.1.1G explains that the framework for *targeted support services* is designed to enable *firms* to provide support to *clients* on the basis of limited information and not a comprehensive consideration of a *client's* characteristics or circumstances. COBS 9B.4.9R requires *firms* to design *consumer segments* at a level of detail that is both:

- (1) sufficient to ensure that *clients* receive suitable recommendations; and
- (2) appropriate to the nature of a *targeted support service* and supports *clients'* understanding of the service they are receiving.

9B.4.9 R A *firm* must:

- (1) define a *consumer segment* at a level of detail that is sufficiently granular as to enable the *firm* to assess whether a *ready-made suggestion* would be suitable for an individual within that *consumer segment*; and
- (2) not define a *consumer segment* at a level of detail that a *firm* in the business of providing investment advice would reasonably associate with a comprehensive consideration of a person's characteristics or circumstances.

9B.4.10 G (1) An example of when a *consumer segment* would not be at a sufficiently granular level is if the *common characteristics* used to define the *consumer segment* did not enable the *firm* to determine whether a *ready-made suggestion* was suitable for an individual in

that *consumer segment*. This could be because the *consumer segment* was defined by reference to:

- (a) an insufficient number of *common characteristics*; or
 - (b) *common characteristics* which were not relevant to determining the suitability of a *ready-made suggestion* to address the shared financial support need or objective of individuals for whom the *consumer segment* was designed.
- (2) COBS 9B.4.11R enables *firms* to apply reasonable assumptions to *consumer segments* with a view to limiting, where appropriate, the level of detail in the specification of *consumer segments* and supporting compliance with COBS 9B.4.9R.

Assumptions about consumer segments

- 9B.4.11 R (1) This *rule* applies to a *firm* that makes assumptions about individuals in a *consumer segment*.
- (2) A *firm* must ensure that any assumptions are reasonable and referable to evidence about the type of individuals covered by the *consumer segment*.

General data protection regulation

- 9B.4.12 G *Firms* are reminded of their obligation to comply with the principles of data minimisation and data accuracy in Article 5(c) and (d) of the *General data protection regulation* respectively.

Application of client's best interests rule and the Consumer Duty

- 9B.4.13 G Beyond COBS 9B.4.9R, the *client's best interests rule*, *Principle 12* and the *rules* in *PRIN 2A* mean it is unlikely to be appropriate to provide a *targeted support service* in situations which would require the *firm* to obtain a level of information about a *client* that would be likely to lead that *client* to consider that they were receiving advice based on a comprehensive consideration of their characteristics or circumstances (for example, because the complexity of the shared financial support need or objective necessitated more complex advice).

Situations

- 9B.4.14 G (1) In identifying the situations to be met through the provision of a *targeted support service*, *firms* should have regard to:
- (a) the circumstances commonly encountered by their *clients* (including potential *clients*) and whether these can reasonably be expected to be met through the provision of a *targeted support service* in compliance with the *rules* in this chapter; and

- (b) the purpose of a *targeted support service* (COBS 9B.1.1G).
- (2) A *firm* may define multiple *consumer segments* which reference the same situation.
- (3) A *firm* is able to determine the range of situations in which it will provide a *targeted support service*. In specifying that a *firm* must define at least one *consumer segment*, the *FCA* recognises that a *firm* could provide a *targeted support service* for only one particular group of individuals in one situation.

Common characteristics

- 9B.4.15 G (1) Where relevant, the *common characteristics* by reference to which a *consumer segment* is defined refer to those characteristics which a *client* must either have (in the case of *including characteristics*) or not have (in the case of *excluding characteristics*) in order to be aligned with a *consumer segment*.
- (2) COBS 9B.4.6G(3) explains why *common characteristics* will not always be relevant in defining a *consumer segment*.
- 9B.4.16 R To the extent that *common characteristics* are relevant to the definition of a *consumer segment*, they must:
- (1) include both:
 - (a) *including characteristics*; and
 - (b) *excluding characteristics*; and
 - (2) be relevant to:
 - (a) the common financial support need or objective that the *consumer segment* is designed to meet (COBS 9B.4.4R(1)); and
 - (b) the *firm's* specification of a suitable *ready-made suggestion* for an individual within that *consumer segment*.
- 9B.4.17 R (1) A *firm* must specify, in respect of each *consumer segment*, the information which it requires about a *client* in order to identify whether that *client* aligns with the *consumer segment*.
- (2) The information in (1) must enable the *firm* to determine whether the *client* has:
- (a) all of the *including characteristics*; and
 - (b) none of the *excluding characteristics*.

9B.4.18 G When defining any *common characteristics* for a *consumer segment*, a *firm* should have regard to the factors that:

- (1) (in the case of *including characteristics*) would make a suggestion suitable; and
- (2) (in the case of *excluding characteristics*) could or would make a suggestion unsuitable,

for an individual within the *consumer segment*.

Excluding characteristics

- 9B.4.19 G (1) *Excluding characteristics* are those characteristics which are attributed to a *consumer segment* and which, if identified in a *client*, would prevent that *client* from being aligned with the *consumer segment*.
- (2) *Excluding characteristics* refer to those characteristics of an individual that would be likely to render a *ready-made suggestion* unsuitable for an individual in the situation which the *ready-made suggestion* is designed to address – for example, because that *ready-made suggestion* would be ineffective, inappropriate or unduly risky.
- (3) The effect of COBS 9B.5.5R(2)(c) is that if a *client* is identified as having any *excluding characteristic* of a *consumer segment*, they cannot be aligned with that *consumer segment* and provided with the associated *ready-made suggestion*.
- (4) Where a *firm* has identified the *excluding characteristics* for a *consumer segment*, it should:
- (a) consider whether to define a *consumer segment* for individuals with that *excluding characteristic*; or
 - (b) where it considers that (a) is not reasonably practicable and where appropriate, identify ways to direct the individuals with the relevant *excluding characteristic* to other forms of support. For example, a *firm* should consider signposting individuals to guidance services (such as *MoneyHelper*).

Ready-made suggestions

9B.4.20 R A *firm* must be satisfied on reasonable grounds that the *ready-made suggestion* that it specifies for a *consumer segment* is suitable for an individual in that *consumer segment*.

9B.4.21 G In specifying a *ready-made suggestion* for the purposes of COBS 9B.4.20R, a *firm* will need to identify a recommendation that addresses the shared financial support need, or meets the shared objective, of an individual who

aligns (where relevant) with the *common characteristics* of the *consumer segment*.

- 9B.4.22 G (1) The *rules* in this chapter are designed so that *firms* can provide *clients* with *ready-made suggestions* without the need to undertake individual suitability assessments in the manner required by *COBS 9* and *COBS 9A*.
- (2) The effect of *COBS 9B.4.20R* is that a *firm* must assess the suitability of a *ready-made suggestion* by reference to:
- (a) the shared financial support need or objective of the relevant *consumer segment*; and
 - (b) where relevant, the *common characteristics* of the relevant *consumer segment*.
- 9B.4.23 G In their design of *ready-made suggestions*, *firms* are reminded of their obligation under *Principle 12* (Consumer Duty) to act to deliver good outcomes for *retail customers*.
- 9B.4.24 G When designing a *ready-made suggestion*, a *firm* should be able to demonstrate how, for any product it intends to recommend, it has considered, at least, the following:
- (1) the costs and charges of the product;
 - (2) whether the target market of the product is consistent with the shared financial support need or objective of the relevant *consumer segment* and the nature of the *ready-made suggestion*; and
 - (3) the financial strength of the product provider.
- 9B.4.25 G While a *firm* must specify a single *ready-made suggestion* in relation to a *consumer segment*, that *ready-made suggestion* may include reference to different suitable products and options which the *client* might consider.

Annuities

- 9B.4.26 R For the purposes of *COBS 9B.4.28R* to *COBS 9B.4.37G*, ‘annuity’ means all annuities that are *designated investments* and includes:
- (1) *pension annuities*;
 - (2) *short-term annuities*; and
 - (3) fixed-term annuities, unless the fixed term annuity can be surrendered for value.
- 9B.4.27 G For the purposes of *COBS 9B.4.26R(3)*, a fixed term annuity can be surrendered for value where the value is a reasonable amount and is not outweighed by the costs to the *client* to surrender the annuity. When

designing surrender options for fixed-term annuities, including the circumstances in which an option can be exercised and the cost to *clients* of exercising it, *firms* are reminded of their obligations under *Principle 12* (Consumer Duty) to act to deliver good outcomes for *retail customers*, and the cross-cutting obligations under *PRIN 2A.2*.

- 9B.4.28 R A *firm* may only recommend an annuity as, or as part of, a *ready-made suggestion* where the following conditions are met:
- (1) the recommendation:
 - (a) does not expressly refer to a particular annuity; and
 - (b) goes no further than a recommendation relating to the features of an annuity;
 - (2) the *ready-made suggestion* does not include, or is not accompanied by, any quote for an annuity (including a guaranteed quote or market-leading *pension annuity* quote, as defined in *COBS 19.9.1R(2)* and *COBS 19.9.1R(3)*, or an illustrative quote); and
 - (3) the *ready-made suggestion* includes a direction to the *client* to visit the comparison facility provided by the *MoneyHelper* website [<https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/compare-annuities>] before taking any further step toward the purchase of an annuity.
- 9B.4.29 G A *firm* may provide information or guidance about annuities generally to a *client* when not *providing targeted support* and *firms* are reminded of the *guidance* in *PERG 8.28*. Where information or guidance takes on the nature of advice in the circumstances in which it is provided (see *PERG 8.28.4G* to *PERG 8.28.9G* in particular), *firms* are reminded of their obligations under *COBS 4.2.1R* and *Principle 9*, in particular.
- 9B.4.30 G *Firms* are reminded of the *guidance* in *PERG 8.26* as to the meaning of a particular annuity for the purposes of *COBS 9B.4.28R(1)(a)*. For example, a particular annuity will include a clearly identified, available product.
- 9B.4.31 G For the purposes of *COBS 9B.4.28R(1)(b)*:
- (1) a *firm* can go no further than providing a recommendation relating to the features of an annuity. Subject to that limitation (and the requirement to not expressly refer to a particular annuity) a *firm* is able to provide a recommendation in relation to annuities more generally, including a recommendation to consider buying an annuity; and
 - (2) a recommendation to a *client* relating to the features of an annuity should ensure the *client* aligns with a particular *consumer segment* in relation to which the features have been assessed as suitable, in accordance with *COBS 9B.4.20R* and *COBS 9B.5.5R*.

Ending the targeted support interaction

- 9B.4.32 R When a *firm* has provided a *ready-made suggestion* which includes a recommendation relating to an annuity in accordance with *COBS* 9B.4.28R(1) and (2) to a *client* and the *firm* has complied with *COBS* 9B.4.28R(3), it must:
- (1) ensure that the *targeted support service* interaction with the *client* is brought to an end; and
 - (2) communicate to the *client* that:
 - (a) the *targeted support service* interaction has ended; and
 - (b) any further steps taken between the *firm* and the *client* towards the purchase of an annuity would form part of a separate sales journey after the *client* had been provided with the opportunity to visit the *MoneyHelper* website as set out in *COBS* 9B.4.28R(3).

Referrals to annuity brokerage services following the provision of targeted support

- 9B.4.33 R A *firm* may refer a *client* to an annuity brokerage service, but only where the following conditions are met:
- (1) the *firm* has complied with *COBS* 9B.4.32R;
 - (2) the *client* has been given a reasonable opportunity to act on the direction given by the *firm* to visit the comparison facility provided by the *MoneyHelper* website in accordance with *COBS* 9B.4.28R(3);
 - (3) the particular annuity brokerage service will provide the *client* with access to a sufficient range of annuities available on the market in accordance with *COBS* 9B.4.35R; and
 - (4) the referral is not accompanied by any quote for an annuity (including a guaranteed quote or market-leading *pension annuity* quote, as defined in *COBS* 19.9.1R(2) and (3) or an illustrative quote).
- 9B.4.34 G The effect of *COBS* 9B.4.33R(1) and (2) is that a *firm* is unable to put the *client* in touch with an annuity broker as part of the *targeted support service* interaction, for example by connecting the *client* to the broker directly during the same interaction with the *client*.
- 9B.4.35 R For the purposes of *COBS* 9B.4.33R(3), an annuity brokerage service will provide a *client* with access to a sufficient range of annuities where:
- (1) the number and variety of annuities accessible through the brokerage service is adequately representative of annuities available on the market; and

- (2) the brokerage service can provide access to annuities which reflect the *firm's* design of the underlying *consumer segment* and associated *ready-made suggestion*.

- 9B.4.36 G *COBS* 9B.4.33R(3) and *COBS* 9B.4.35R do not require an annuity brokerage service to provide access to every annuity available on the market before a *firm* can refer a *client* to that brokerage service.
- 9B.4.37 G When referring *clients* to an annuity brokerage service, *firms* may provide a *client* with marketing material, *financial promotions* or other communications relating to such brokerage services.

Pension consolidation

- 9B.4.38 R A *ready-made suggestion* must not include an express or implied recommendation to consolidate any of the pension arrangements that a *client* holds.
- 9B.4.39 G A recommendation to consolidate pension arrangements would require a more individualised assessment of a *client's* circumstances than *firms* are permitted to provide through a *targeted support service*. Pension consolidation includes:
- (1) transferring at least one pension arrangement into an existing pension arrangement that a *client* holds; and
 - (2) transferring multiple pension arrangements held by the *client* into a new arrangement.
- 9B.4.40 G Pension consolidation does not include transferring a *client's* single pension arrangement to a new pension arrangement with a different provider.
- 9B.4.41 G *Firms* are able to provide a *targeted support service* where a *client* has multiple pension pots to support that *client* with a decision, or decisions, that do not rely on those pension pots being consolidated. For example, to support that *client* with a decision in relation to their options at retirement. The effect of *COBS* 9B.4.38R is that a *firm* must not provide such support which would amount to an express or implied recommendation to consolidate pension pots.

Investments subject to restrictions on retail distribution

- 9B.4.42 R A *ready-made suggestion* must not include a recommendation to buy or subscribe for (including for the purpose of holding in a pension scheme) or become a lender under:
- (1) a *restricted mass market investment*;
 - (2) a *non-mass market investment*;

- (3) an *investment* subject to a restriction on distribution or promotion in *COBS 22*; or
 - (4) *deferred shares* issued by a *credit union* or *credit union subordinated debt* subject to the requirements in *CREDS 3A.5*.
- 9B.4.43 G (1) *COBS 9B.4.42R* does not prevent a *firm* from recommending a suitable *investment* which has a component part that provides exposure to an *investment* of a type referred to in that *rule*, such as a *packaged product* or a *default arrangement* in a *qualifying scheme*.
- (2) The fact that a type of *investment* is not subject to the restriction in *COBS 9B.4.42R* does not mean that it will be appropriate for it to be the subject of a *ready-made suggestion* that is provided on the basis of limited information. For example, it is unlikely to be appropriate for a *targeted support service* to be used to recommend *investments* which:
- (a) are, or may become:
 - (i) leveraged or structured in such a way that an investor could lose more than their invested capital;
 - (ii) particularly illiquid or for which market prices are not readily and regularly available; or
 - (iii) particularly volatile; or
 - (b) are otherwise designed for a narrow *target market*.
- (3) *COBS 9B.4.42R* does not prevent a *firm* from specifying a *ready-made suggestion* that recommends that a *client* sells an *investment* of a type referenced in that *rule*.
- 9B.4.44 G A *ready-made suggestion* may recommend an *investment* of which the *firm* providing the *targeted support service* is the manufacturer or an *investment* that is manufactured by another *person*. In either case, the *firm* providing the *targeted support service* will be a distributor for the purposes of the requirements in *PROD*.

9B.5 Delivery of targeted support

General

- 9B.5.1 G This section contains *rules* and *guidance* relating to the delivery of *targeted support services* to *clients*.
- 9B.5.2 G A *firm* may provide a *targeted support service* to a *client*:
- (1) at the request of that *client*; or

- (2) at the initiative of the *firm* (but see COBS 9B.5.3R).

Delivery at the initiative of the firm

- 9B.5.3 R A *firm* must not initiate the provision of a *targeted support service* other than:
- (1) in response to an express request from the *client* for the provision of:
 - (a) a *targeted support service* of the type provided by the *firm*; or
 - (b) other support relating to *investments* of a type which could be met by the *firm's targeted support service*; or
 - (2) where the *firm* has reasonable grounds to consider that the *client* is in a situation which may be met by the *firm's targeted support service*.
- 9B.5.4 G (1) A *firm* that approaches a *client* other than in compliance with COBS 9B.5.3R may be in breach of its obligations to the *client* under PRIN 2A.2.1R (Act in good faith), PRIN 2A.2.8R (Avoid causing foreseeable harm) and PRIN 2A.2.14R (Enable and support retail customers).
- (2) COBS 9B.5.3R does not prevent a *firm* contacting *clients* to inform them of the availability of a *targeted support service*.

Alignment with a consumer segment

- 9B.5.5 R (1) A *firm* must only deliver a *ready-made suggestion* to a *client* where it identifies, using reasonable skill and care, that the *client* aligns with a *consumer segment*.
- (2) For the purposes of (1), a *client* aligns with a *consumer segment* where the *firm* confirms that the *client*:
- (a) is in the situation covered by the *consumer segment*;
 - (b) (where relevant) has all of the *including characteristics* of the *consumer segment*; and
 - (c) (where relevant) has none of the *excluding characteristics* of the *consumer segment*.
- 9B.5.6 G (1) A *firm* may identify such alignment by reference either to information which it holds about that *client* or which it collects about that *client* (or a combination of both).
- (2) The *rules* in this section recognise that not every *targeted support service* journey will be the same. The *rules* afford *firms* flexibility in the way that they engage with *clients*, save that certain information

must be disclosed to a *client* in connection with a *ready-made suggestion* (COBS 9B.6.3R and COBS 9B.6.5R).

- 9B.5.7 R (1) A *firm* must take reasonable steps to ensure that the information about a *client* by reference to which the *firm* aligns that *client* with a *consumer segment* is accurate and up to date.
- (2) Where a *firm* holds sufficient information about a *client* to indicate a possible alignment with a *consumer segment* but considers that the relevant information may not be accurate or up to date, the *firm* must verify that information with the *client* before the *firm* is able to confirm the alignment of that *client* with a *consumer segment*.
- 9B.5.8 G Where a *firm* cannot align a *client* with a *consumer segment* because the *firm* does not have enough information about the *client*, the *firm* may request from that *client* such information as it requires to enable the *firm* to attempt to align the *client* with a *consumer segment*.
- 9B.5.9 G (1) The *rules* in this chapter are designed so that *firms* can provide *clients* with *ready-made suggestions* without the need to undertake individual suitability assessments in the manner required by COBS 9 and COBS 9A.
- (2) The effect of the requirements in this chapter is that a *client* should receive a suitable *ready-made suggestion* where:
- (a) the *firm* has aligned that *client* with a *consumer segment* in accordance with the *rules* in this section; and
- (b) the relevant *consumer segment* and associated *ready-made suggestion* were specified in compliance with the *rules* in COBS 9B.4.
- (3) Notwithstanding (2), it is possible that there are considerations specific to a particular *client* which are not addressed by the *common characteristics* of a *consumer segment* with which that *client* is aligned. COBS 9B.5.11R requires a *firm* to have regard to information, beyond that required to align a *client* with a *consumer segment*, which may affect the suitability of a *ready-made suggestion* for a *client*.

Consideration of additional information

- 9B.5.10 G (1) The effect of COBS 9B.5.5R is that a *firm* must not provide a *client* with a *ready-made suggestion* specified for a *consumer segment* where:
- (a) the *client* is not in the situation covered by the relevant *consumer segment*;

- (b) (where relevant) the *client* does not align with all of the *including characteristics* of the relevant *consumer segment*; or
 - (c) (where relevant) any of the *excluding characteristics* of the relevant *consumer segment* apply to the *client*.
 - (2) COBS 9B.5.11R specifies further circumstances in which a *ready-made suggestion* must not be provided to a *client*.
- 9B.5.11 R A *firm* must not provide a *client* with a *ready-made suggestion* when the *firm* is, or ought reasonably to be, aware of information about that *client* that indicates that a *ready-made suggestion* may not be suitable for that *client*.
- 9B.5.12 G (1) A *firm* ought reasonably to be aware of information which:
- (a) is held by the *firm*;
 - (b) is relevant to the suitability of the *ready-made suggestion*; and
 - (c) is, or ought reasonably to be, readily accessible to the business area of the *firm* engaged in the provision of the *targeted support service*.
- (2) The information of which it would be reasonable to expect a *firm* to be aware and have regard in providing its *targeted support service* is likely to depend on the particular circumstances of that *targeted support service*. For example:
- (a) the context in which the *targeted support service* is provided; and
 - (b) the nature of the situation which the *targeted support service* is designed to address.
- (3) For example, if a *client* gave the *firm* information when taking out a mortgage several years prior to receiving the *targeted support service*, it would not necessarily be reasonable to expect that such information would be readily accessible to the area of the *firm* providing the *targeted support service* to the *client*.
- 9B.5.13 G (1) *Firms* are not expected to request information from a *client* during the *targeted support service* journey other than that required for the provision of the *targeted support service*.
- (2) Where a *client* volunteers information beyond that which is requested by the *firm* during a *targeted support service* journey:
- (a) the *firm* may terminate the *targeted support service* journey for the *client*;

- (b) the *firm* may continue to provide a *ready-made suggestion* with which the *client* otherwise aligns if the *firm* is reasonably satisfied that the additional information does not indicate that the *ready-made suggestion* may be unsuitable for the *client*; or
- (c) where the additional information suggests that the suitability of a *ready-made suggestion* with which the *client* otherwise aligns could be affected:
 - (i) the *firm* should consider whether to ask for any further information necessary to enable it to decide how to proceed; and
 - (ii) if the *firm* determines that the additional information would make the *ready-made suggestion* unsuitable, the *firm* may:
 - (A) seek to align the *client* with a different *consumer segment*; or
 - (B) terminate the *targeted support service* journey for the *client*.
- (3) The situation in (2)(c) might arise because the *client* volunteers:
 - (a) new information; or
 - (b) information which appears to conflict with other information by reference to which the *client* is aligned with a *consumer segment*.
- (4) The *guidance* in COBS 9B.7 is relevant to the situation in which a *client's* volunteering of additional information results in the termination of a *targeted support service* journey.
- (5) The *firm* need not consider the additional information for a purpose other than satisfying itself as to the suitability of a *ready-made suggestion* for the *client*, unless that information is relevant to a *firm's* satisfaction of other requirements (for example, when reviewing its processes for the provision of its *targeted support service* under COBS 9B.10.9R).

Clients opting out of targeted support

- 9B.5.14 R A *firm* must provide the means by which a *client* can, at any time, elect not to receive a *targeted support service* (or information about *targeted support services*) from the *firm*.

Client instruction inconsistent with ready-made suggestion

- 9B.5.15 G In determining what steps to take where a *client* requests that a *firm* executes a transaction which is inconsistent with a *ready-made suggestion* provided by the *firm*, the *firm* should have particular regard to:
- (1) the *client's best interests rule*; and
 - (2) its obligations to support *retail customer* understanding (*PRIN* 2A.5.3R) and to design and deliver support including by giving *retail customers* sufficient opportunity to understand and assess their options (*PRIN* 2A.6.2R(3)).

9B.6 Disclosure

Describing the service

- 9B.6.1 R (1) When a *firm* provides a *ready-made suggestion* to a *client*, it must clearly refer to the service by which the *ready-made suggestion* is provided as 'Targeted Support'.
- (2) A *firm* must only refer to a service as being a *targeted support service* when the service is one that has been designed and delivered in compliance with the *rules* in this chapter.

- 9B.6.2 G *COBS* 9B.6.1R(1) does not prevent a *firm* from:
- (1) using another name for the service it provides, provided that at the point a *ready-made suggestion* is provided to a *client*, the service is clearly described as being 'Targeted Support' (such that the *client* can identify the service as such); or
 - (2) referring to the service as 'Targeted Support' in communications other than when providing a *ready-made suggestion*.

- 9B.6.3 R In connection with the provision of a *targeted support service* to a *client*, a *firm* must disclose to the *client* the nature and limitations of the *targeted support service* (and, therefore, any *ready-made suggestion*), including that this is not a type of investment advice that involves more comprehensive, individualised advice (for example, following a holistic review by an independent financial adviser).

Providing the ready-made suggestion

- 9B.6.4 R A *firm* must ensure that any *ready-made suggestion* is communicated in a way that is likely to be understood by an individual in the relevant *consumer segment*.
- 9B.6.5 R When a *firm* provides a *ready-made suggestion* to a *client*, the *firm* must clearly disclose to the *client*:

- (1) the *common characteristics* (both including *characteristics* and *excluding characteristics*) of the *consumer segment* with which the *firm* has aligned the *client*;
- (2) that the *ready-made suggestion* was designed for the *consumer segment* with which the *firm* has aligned the *client*; and
- (3) the nature of any limitations on the scope of products considered by the *firm* in developing its *ready-made suggestions* including, where applicable, that the *firm* has only considered products issued or provided by the *firm* or its *associates*.

9B.6.6 G [Editor's note: reference to requirements of new regulated activity to be inserted once legislation has been laid before Parliament.]

[Note: article 55A of the *Regulated Activities Order*]

9B.6.7 G [Editor's note: intentionally blank. To be inserted once legislation has been laid before Parliament.]

Additional disclosures

- 9B.6.8 G In connection with providing a *client* with a *ready-made suggestion*, a *firm* should, where appropriate:
- (1) signpost the *client* to tools or modellers that could assist the *client* in understanding the implications of the *ready-made suggestion*;
 - (2) inform the *client* about the availability of guidance services (such as *MoneyHelper*) and other types of advice, including more comprehensive, individualised advice;
 - (3) to support *consumer* understanding, inform the *client* about any assumptions that the *firm* has made about the individuals in the *consumer segment*;
 - (4) consider encouraging the *client* to consider other products which might be available in the market before making a decision; and
 - (5) consider explaining to the *client* that the *firm* only considers the *ready-made suggestion* to be suitable for the individuals in the *consumer segment* at the point in time it has been suggested, where this is the case.

Client understanding

9B.6.9 R A *firm* must test its disclosures around the provision of its *targeted support service* and take reasonable steps to ensure consumer understanding of those disclosures.

- 9B.6.10 G (1) *Firms* are reminded of their obligations under *Principle 12* (Consumer Duty) and *PRIN 2A.5.3R* (Communications to retail customers) in relation to supporting *retail customer* understanding.
- (2) *PRIN 2A.5.3R* requires a *firm* to equip *retail customers* to make decisions that are effective, timely and properly informed.
- (3) In complying with *PRIN 2A.5.3R*, a *firm* should consider whether to disclose:
- (a) any other relevant information (beyond that required by *COBS 9B.6.3R* and *COBS 9B.6.5R*) that would support consumer understanding of the *targeted support service* or a *ready-made suggestion*; and
 - (b) information separately or to consolidate information.

- 9B.6.11 G A *firm* should ensure that the information required by *COBS 9B.6.3R* and *COBS 9B.6.5R* is given due prominence and presented in plain and intelligible language (*PRIN 2A.5.7G*).

Timing of disclosures

- 9B.6.12 G (1) *PRIN 2A.5.5R* requires a *firm* to communicate in good time for *retail customers* to make effective decisions, including before the purchase of a *product*.
- (2) In complying with *PRIN 2A.5.5R*, a *firm* should consider when it is appropriate to make disclosures to a *client* in connection with the provision of a *targeted support service*. It is likely to be appropriate to disclose relevant information to a *client*:
- (a) when the *firm* has initial contact with the *client* in relation to the provision of a *targeted support service*;
 - (b) where applicable, at any point at which the *firm* contacts the *client* to request, or verify the accuracy of, information for the purpose of aligning the *client* with a *consumer segment*; and
 - (c) where applicable, when the *firm* provides the *client* with a *ready-made suggestion*.
- (3) The information in *COBS 9B.6.5R* and *COBS 9B.6.6G* must necessarily be disclosed to the *client* when a *ready-made suggestion* is provided.
- 9B.6.13 R (1) This *rule* applies where another *rule* in this sourcebook (the ‘relevant rule’) requires a *firm* to provide information to a *client* about a

targeted support service at a time that is incompatible with the nature of that *targeted support service*.

- (2) A *firm* must provide the information required by the relevant rule at a time that is consistent with *PRIN 2A.5.5R*.

Guidance

- 9B.6.14 G (1) *Firms* are reminded of their obligations under *COBS 6.1* and *COBS 6.1ZA* (Information about the firm and compensation information).
- (2) To the extent applicable, *firms* are reminded of their obligations under *COBS 2.2* (Information disclosure before providing services (other than MiFID and insurance distribution)) and under *COBS 2.2A* (Information disclosure before providing services (MiFID and insurance distribution provisions)).
- (3) If a *ready-made suggestion* involves a recommendation of a particular *investment*, a *firm* may be subject to requirements in:
- (a) *COBS 13* and *COBS 14* relating to product information; and
- (b) for *consumer composite investments*, a requirement under *DISC* to provide *retail investors* with a *product summary*.
- (4) When providing information to a *client*, a *firm* should have regard to its obligation under *PRIN 2A.5.3R(2)* and *COBS 4.2.1R* to communicate information to *clients* in a way which is fair, clear and not misleading.
- (5) *COBS 9B.6.13R* recognises that *targeted support services* may be provided differently to other types of service and that it may not, for example, be possible to provide information about the service ‘in good time’ before the service is provided. The *rule* allows information about a *targeted support service* to be provided at a time that is consistent with the way in which the service is provided in compliance with *PRIN 2A.5.5R*.

Financial promotions

- 9B.6.15 G (1) A *ready-made suggestion* will generally incorporate a *financial promotion*.
- (2) *Firms* are reminded of their obligations under *COBS 4* in relation to the *communication* and *approval* of *financial promotions*, including the *fair, clear and not misleading rule*.

Advised clients

- 9B.6.16 G (1) It is important that *clients* understand the nature of the support they are receiving. It is particularly important that *clients* who have recently received, or are receiving, *investment advice* (as defined in

the *Handbook*) understand the ways in which a *targeted support service* differs from that service.

- (2) *Firms* are reminded of their obligation to support *retail customer* understanding so that *firms'* communications equip *retail customers* to make decisions that are effective, timely and properly informed (*PRIN* 2A.5.3R).
- (3) *Firms* should pay particular regard to the information needs of any *client*:
 - (a) to whom the *firm*:
 - (i) has recently provided *investment advice*; or
 - (ii) is providing *investment advice of an ongoing nature*; or
 - (b) whom the *firm* is aware, or ought reasonably to be aware, is receiving, or has recently received, *investment advice* from another *person*.
- (4) Before providing a *ready-made suggestion* to a *client* in (3), a *firm* should take reasonable steps to ensure that the *client* understands the difference between a *targeted support service* and the *investment advice* already received by the *client*.

Medium of disclosures

- | | | |
|---------|---|--|
| 9B.6.17 | R | <ol style="list-style-type: none"> (1) Unless (2) or (3) apply, a <i>firm</i> must provide the information in <i>COBS</i> 9B.6.3R and <i>COBS</i> 9B.6.5R to a <i>client</i> in a <i>durable medium</i> when it provides the <i>client</i> with a <i>ready-made suggestion</i>. (2) In relation to the information in <i>COBS</i> 9B.6.3R, (1) applies unless the <i>firm</i> has provided that information in a <i>durable medium</i> within a reasonable period prior to the provision of the <i>ready-made suggestion</i>. (3) Where it is not possible for a <i>firm</i> to provide the information in (1) in a <i>durable medium</i> when it provides the <i>client</i> with a <i>ready-made suggestion</i>, the <i>firm</i> must provide that information to the <i>client</i> in a <i>durable medium</i> as soon as reasonably practicable after it provides the <i>ready-made suggestion</i>. |
| 9B.6.18 | G | <ol style="list-style-type: none"> (1) The information in <i>COBS</i> 9B.6.3R and <i>COBS</i> 9B.6.5R must be communicated no later than the point at which a <i>ready-made suggestion</i> is provided, even if it cannot be provided in a <i>durable medium</i> at that point. (2) In complying with <i>PRIN</i> 2A.5.5R (to provide information on a timely basis), a <i>firm</i> may provide the information in <i>COBS</i> 9B.6.3R before it provides a <i>ready-made suggestion</i>. It may do so in a medium that is |

not a *durable medium* provided that it communicates the information in a *durable medium* when it provides a *ready-made suggestion* (or as soon as reasonably practicable thereafter).

Record-keeping

- 9B.6.19 G In complying with its record-keeping obligations, a *firm* should keep a record of the disclosures it makes to *clients*.

[*Editor's note*: reference to requirements of new regulated activity to be inserted once legislation has been laid before Parliament.]

9B.7 When a ready-made suggestion cannot be provided

- 9B.7.1 G (1) A *firm* may only deliver a *ready-made suggestion* to a *client* where it has identified that the *client* aligns with a *consumer segment* (COBS 9B.5.5R).
- (2) This section sets out the steps which a *firm* should take where it is unable to provide a *client* with a *ready-made suggestion*.

Guidance

- 9B.7.2 G Examples of reasons why a *firm* might be unable to provide a *client* with a *ready-made suggestion* include because the *firm* has:
- (1) been unable to identify the *client* as being in a situation covered by a *consumer segment*;
 - (2) (where relevant) been unable to identify the *client* as having all of the *including characteristics* necessary to align the *client* with a *consumer segment*;
 - (3) (where relevant) identified that the *client* has an *excluding characteristic* which means that they cannot be aligned with a *consumer segment*;
 - (4) been unable to confirm that a *client* lacks all of the *excluding characteristics* necessary to align the *client* with a particular *consumer segment*; or
 - (5) identified or received additional information which means, or has led it to conclude, that it cannot provide a *ready-made suggestion*.
- 9B.7.3 G (1) In considering the appropriate course of action in relation to a *client* whom a *firm* has been unable to align with a *consumer segment*, a *firm* should have regard to its obligation to design and deliver support to *retail customers* (PRIN 2A.6.2R).
- (2) Where a *firm* has been unable to provide a *client* with a *ready-made suggestion*, the *firm* should consider what alternative support, if any, it could usefully provide to that *client*. This may include directing the

client to support (including *investment advice*) provided by other *persons*.

- (3) *Firms* are reminded of their obligations under *Principle 12* (Consumer Duty) and *PRIN 2A* – in particular, to act in good faith towards *retail customers* (*PRIN 2A.2.1R*) in a manner that is consistent with the reasonable expectations of those *retail customers* (*PRIN 2A.2.2R*).

Customers with characteristics of vulnerability

- 9B.7.4 G FG21/1 (Guidance for firms on the fair treatment of vulnerable customers: <https://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf>) is relevant to *firms*' treatment of vulnerable *clients*, including whether to provide a *targeted support service* to a *client*.

9B.8 Charging and remuneration

- 9B.8.1 G (1) A *firm* may elect whether to charge a *client* for the provision of a *targeted support service*. *Targeted support services* may be provided without explicit charge to the *client*.
- (2) The costs of providing a *targeted support service* may be met through other business lines of the *firm* or by other legal entities within the *firm's group*.
- (3) The *rules* in this section:
- (a) prohibit, except in certain circumstances, *firms* from receiving commissions and other benefits in connection with their business of providing a *targeted support service*;
 - (b) require *firms* to ensure that *clients* understand what they will pay for a *targeted support service*; and
 - (c) require all *firms* to ensure that the arrangements by which they are remunerated for their provision of a *targeted support service* are consistent with the obligation to ensure that their *products* provide fair value (*PRIN 2A.4.2R*).
- (4) Save as specified in this section, the *rules* on adviser charging and remuneration (*COBS 6.1A*) do not apply to *firms* in relation to the provision of a *targeted support service*.

Rule against commissions

- 9B.8.2 R (1) Subject to *COBS 9B.8.3R* and *COBS 9B.8.4R*, a *firm* must not solicit or accept (and ensure that none of its *associates* solicits or accepts) any fees, commissions, monetary or non-monetary benefits in connection with its business of providing a *targeted support service* or any other related services which are paid or provided by:

- (a) any third party; or
 - (b) a *person* acting on behalf of a third party.
- (2) Reference in (1) to a *firm's* business of providing a *targeted support service* refers to its activities of designing and delivering a *targeted support service*.
- (3) Paragraph (1) applies regardless of whether the *firm* intends to refund the payments or pass the benefits on to the *client*.
- (4) 'Related service(s)' for the purposes of (1) includes:
- (a) *arranging* or *executing* a transaction which has been the subject of a *ready-made suggestion* provided by the *firm* or an *associate* or conducting administrative tasks associated with that transaction;
 - (b) managing a relationship between a *client* (to whom the *firm* provides a *targeted support service*) and a *discretionary investment manager* or providing a service to such a *client* in relation to the investments managed by such a manager; or
 - (c) recommending a *discretionary investment manager* or *person* providing *investment advice* to a *client* (to whom the *firm* provides a *targeted support service*).

Exceptions

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

- (1) a *firm* from accepting any payment made:
 - (a) by or on behalf of a *client* (including those that facilitate the payment of a charge for the provision of a *targeted support service* from a *client's* investment); or
 - (b) by an *affiliated company* which is no more than is reasonably representative of the cost of providing the *targeted support service*; or
- (2) a *firm* or its *associates* from accepting any minor non-monetary benefits which meet the requirements of COBS 6.1A.5AR.

9B.8.4 R COBS 9B.8.2R does not apply to the solicitation or acceptance of any fees, commissions, monetary or non-monetary benefits in connection with a *firm's* (or its *associate's*) business of providing a *targeted support service* or any other related services where the following conditions are met:

- (1) such business or related service relates exclusively to annuities (as defined in COBS 9B.4.26R);

- (2) the business or related service is conducted in accordance with *COBS* 9B.4.28R to *COBS* 9B.4.37G; and
- (3) the fee, commission, monetary or non-monetary benefit is received by the *firm* as a result of a referral to a whole of market annuity brokerage service made in accordance with *COBS* 9B.4.33R and *COBS* 9B.4.35R.

9B.8.5 G *Firms* are reminded that the payment or acceptance of any fee, commission, monetary or non-monetary benefits permitted by the *rules* in this section is subject to the rules on inducements in *COBS* 2.3 and *COBS* 2.3A (as applicable).

9B.8.6 G In relation to the acceptance of minor non-monetary benefits, a *firm* should have regard to the *guidance* at *COBS* 6.1A.5BG.

Firms which do not charge for targeted support

- 9B.8.7 R (1) This *rule* applies to a *firm* that does not charge the *client* a fee for the provision of a *targeted support service*.
- (2) A *firm* must ensure that the arrangements by which it is remunerated for the provision of its *targeted support service* are consistent with its obligation to ensure that its *products* provide fair value (*PRIN* 2A.4.2R).

Disclosing any difference in charges as a result of targeted support

- 9B.8.8 R (1) This *rule* applies where the costs and charges associated with an investment that is the subject of a *ready-made suggestion* differ as between:
- (a) a *client* who buys or subscribes for that investment having received a *targeted support service*; and
 - (b) a *client* who buys or subscribes for that investment not having received a *targeted support service*.
- (2) In complying with its obligation to ensure that its *client* is equipped to make properly informed decisions, a *firm* providing the *ready-made suggestion* must clearly disclose to the *client* the nature and extent of the difference in (1).
- (3) The *firm* must make the disclosure in (2):
- (b) when it communicates the *ready-made suggestion* to the *client*; or
 - (b) if earlier, when it provides relevant information about costs and charges to the *client* in compliance with requirements in this sourcebook.

Charging for targeted support

- 9B.8.9 R (1) This *rule* applies to a *firm* that charges a *client* in relation to the provision of a *targeted support service*.
- (2) A *firm* must ensure that:
- (a) any charges which it applies to the provision of a *targeted support service* are consistent with its obligation under *PRIN* 2A.4.2R to ensure that a *product* provides fair value; and
 - (b) it provides *clients* with sufficient information about those charges as to meet its obligation under *PRIN* 2A.5.3R to meet the information needs of *clients*.
- (3) As early as practicable before the *firm* provides a chargeable *targeted support service*, any charge(s) relating to the provision of that service must be disclosed to, and agreed with, the *client*.
- (4) The disclosure required by (3) must be in:
- (a) *cash terms* (or otherwise convert non-cash terms into illustrative cash equivalents); and
 - (b) a *durable medium*, or through a website (if it does not constitute a *durable medium*) if the *website conditions* are satisfied.
- 9B.8.10 G (1) In determining and disclosing its charges for the provision of a *targeted support service*, a *firm* should also have regard to its duties under the *client's best interests rule* and the *fair, clear and not misleading rule*.
- (2) In particular, a *firm* should not vary its charges for the provision of a *targeted support service* inappropriately according to provider or, for substitutable and competing products, the type of product.
- 9B.8.11 G In determining its approach to charging for a *targeted support service*, a *firm* may find it helpful to consider the *rules* and related *guidance* around using an appropriate charging structure for calculating *adviser charges* (*COBS* 6.1A.11R to *COBS* 6.1A.15G).
- 9B.8.12 G *COBS* 9B.8.8R and *COBS* 9B.8.9R are without prejudice to any other obligation of a *firm* to provide a *client* with information about the costs and charges of products and services.

Other relevant requirements

- 9B.8.13 G *Firms* are reminded of their obligations:

- (1) relating to the identification and management of conflicts of interest under *SYSC* 3.3 (for insurers) and *SYSC* 10 (for other firms);
- (2) to act honestly, fairly and professionally in accordance with the best interests of their *clients* (*COBS* 2.1.1R);
- (3) under the rules on inducements in *COBS* 2.3 and *COBS* 2.3A, in so far as they relate to the payment or provision of monetary and non-monetary benefits;
- (4) in *COBS* 6.1 and *COBS* 6.1ZA in relation to the disclosure of information, including concerning a *firm's* costs and charges; and
- (5) for *life policies*, the *rules* in *COBS* 7.3 in relation to demands and needs.

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

- 9B.9.1 G *COBS* 9B.2.1R(2) specifies that this section applies to a *firm* which is an *issuer* or product provider.
- 9B.9.2 G The *rules* applicable to *retail investment product* providers relating to adviser charging and remuneration (*COBS* 6.1B) do not apply in circumstances where a *retail client* receives a *targeted support service*.
- 9B.9.3 R (1) A *firm* must not offer or pay (and must ensure that none of its *associates* offers or pays) any fees, commissions, or monetary or non-monetary benefits to another *firm*, or to any other third party for the benefit of that *firm*, in connection with that *firm's* business of providing a *targeted support service* (or any related services).
- (2) Paragraph (1) does not apply to:
- (a) payments made on behalf of a *client* (including those that facilitate the payment of a charge for the provision of a *targeted support service* from a *client's* investment);
 - (b) payments to an *affiliated company* which are no more than is reasonably representative of the cost of that *affiliated company* providing its *targeted support service*; or
 - (c) minor non-monetary benefits which meet the requirements of *COBS* 6.1A.5AR.
- 9B.9.4 R *COBS* 9B.8.2R(2) and (4) also apply for the purpose of *COBS* 9B.9.3R.

9B.10 Systems and controls

Policies and procedures

- 9B.10.1 R A *firm* must establish and maintain systems and controls to ensure compliance with the requirements in this chapter relating to the design and delivery of a *targeted support service*.
- 9B.10.2 G In addition, *firms* are reminded:
- (1) of their obligations in *SYSC* to implement and maintain relevant systems, controls, policies and procedures. *Firms* should ensure that these are sufficient to enable them to ensure compliance with the *rules* in this chapter; and
 - (2) that in considering the competence and capabilities of relevant individuals involved in the design and delivery of a *targeted support service*, they should consider relevant provisions, including *SYSC* 3.1 (Systems and controls), *SYSC* 5.1 (Skills, knowledge and expertise) and *TC*.
- 9B.10.3 G In complying with its obligations under *SYSC* and *TC*, a *firm* should ensure that *employees* involved in the design or delivery of a *targeted support service* are appropriately trained, supervised and supported, in particular so as to be able to:
- (1) identify when a *client* can be aligned with a *consumer segment*; and
 - (2) appropriately consider, and respond to, any information provided by a *client* which is beyond that necessary to determine whether the *client* aligns with a *consumer segment*.

Ongoing monitoring and review (general)

- 9B.10.4 G As part of a *firm's* general obligation to monitor the outcomes that *retail customers* experience from its products (*PRIN* 2A.9.1R and *PRIN* 2A.9.8R), a *firm* should particularly monitor the outcomes which are generated by its *targeted support service*. In particular, a *firm* should use this monitoring to:
- (1) identify whether the *targeted support service* is consistent with delivering good outcomes including that, at the point at which the service is delivered to *clients*, the *firm* has properly addressed the risk of *ready-made suggestions* leading to harm as a result of:
 - (a) the *firm's* design of its *consumer segments*;
 - (b) the specification of the *firm's* *ready-made suggestions*;
 - (c) the *firm's* processes to align *clients* with *consumer segments*; or
 - (d) the *firm's* *ready-made suggestions* no longer being suitable for individuals in the relevant *consumer segment*;
 - (2) understand whether *clients* in particular situations or with particular characteristics are routinely unable to be aligned with a *consumer*

segment to inform the potential development of new *consumer segments*; and

- (3) consider whether any product being used for a *ready-made suggestion* remains aligned with the relevant *consumer segment* including, for example, where the product *manufacturer* has made a significant adaptation to that product.

9B.10.5 G The requirements to monitor outcomes in this chapter:

- (1) do not require a *firm* that provides a *targeted support service* to undertake ongoing suitability assessments (including the periodic reviews of product suitability set out in *COBS 9* and *COBS 9A*) for *clients* who have previously received a *targeted support service* (unless the *firm's* service to the *client* includes periodic assessment of suitability);
- (2) take account of how *firms* should be acting in relation to their *targeted support service* in light of what is required of these *firms* under *PROD 3*, *PROD 4*, and *PRIN 2A* (as applicable) where they are also *manufacturers* or *distributors* of *designated investments* that are included in *ready-made suggestions*.

Ongoing monitoring and review (products recommended in ready-made suggestions)

9B.10.6 R A *firm* must, in relation to a product that has been or may be recommended in a *ready-made suggestion*, have appropriate arrangements in place to:

- (1) review information made available to it by the *manufacturer* of the product in relation to:
 - (a) any significant adaptation to the product; or
 - (b) mitigating actions a product *manufacturer* has taken or proposes to take in relation to the product; and
- (2) consider whether any circumstances in (1) mean the product should no longer be recommended in that *ready-made suggestion*.

9B.10.7 G (1) Where a *distributor* recommends a product as part of a *targeted support service*, it will need to ensure the arrangements it has to meet requirements in *PRIN 2A.3*, *PRIN 2A.4*, *PROD 3* and/or *PROD 4* enable it to obtain all necessary information from the product *manufacturer* to understand the product, including its features, risks and costs.

(2) For the purposes of *COBS 9B.10.6R(1)*, *firms* should have in place arrangements with the product *manufacturer* to obtain information about any significant adaptation to the product within the meaning of *PRIN 2A.3*, *PROD 3* or *PROD 4* (as appropriate).

- (3) When considering whether a significant adaptation (or other change) to a product means that it should no longer be recommended in a *ready-made suggestion*, *firms* should take into account the potential impact it could have on individuals in the *consumer segment* – for example, the effect of features being added to, or removed from, the product or changes to the target market.
- 9B.10.8 G (1) *Firms* should consider whether any information they receive from product *manufacturers* is relevant to their monitoring obligations under *PRIN 2A* (or, where relevant, under *PROD*) and indicates any circumstances that would require the *firm* to be taking appropriate action for example under *PRIN 2A.9.12R*.
- (2) *Firms* should consider what action is appropriate in light of the situation identified. For example, in certain circumstances the specific information may mean the *firm* should consider, where it is appropriate, to notify the *client* of any changes to the product, and prompt them to consider taking further action including potentially a further *targeted support service* (including from the *firm*) or other advice, to enable the *client* to take appropriate steps.

Regular review

- 9B.10.9 R A *firm* must review its processes for the provision of its *targeted support service*, including the *ready-made suggestions*:
- (1) regularly; and
- (2) with appropriate frequency.
- 9B.10.10 G When undertaking the review in *COBS 9B.10.9R*, a *firm* should at least consider whether to update its *consumer segments* to reflect any gaps that have been identified. For example, when a *firm* has been unable to provide a *ready-made suggestion* to a *client* because it was not able to align that *client* with a *consumer segment*.
- 9B.10.11 G The frequency with which the review in *COBS 9B.10.9R* is undertaken should be determined having regard to such matters as:
- (1) the *consumer segments* the *firm* has created including the complexity of those *consumer segments*;
- (2) the complexity of the *ready-made suggestions* provided as part of the *targeted support service*;
- (3) the number of *clients* to whom the *firm* has offered its *targeted support service*;
- (4) the nature of the *products* distributed in connection with the *ready-made suggestions*; and

- (5) any other relevant external factors such as:
 - (a) changes to the relevant regulatory requirements, including to the *FCA Handbook*;
 - (b) relevant technological developments; and
 - (c) relevant changes to the market.

Record-keeping

- 9B.10.12 G (1) *SYSC 3 and SYSC 9 (as applicable) contain high level requirements in relation to record keeping.*
- (2) *Firms should ensure that the records which they retain are sufficient to enable the FCA to monitor the firm's compliance with the requirements in this chapter relating both to the design and delivery of their targeted support services.*

Amend the following text as shown.

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

10.1 Application

...

- 10.1.2 R ...
- (3) ...
- (4) This chapter does not apply to a firm that makes a *personal recommendation* or *provides targeted support* in relation to the relevant investment.

...

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

10A.1 Application

~~Application~~

- 10A.1.1 R This chapter applies to a *firm* which:
- (1) provides *investment services* in the course of *MiFID* or *equivalent third country business*; or

- (2) carries on *insurance distribution* in relation to *insurance-based investment product*,

other than when the firm makes a *personal recommendation*, is providing targeted support or carries out *portfolio management*.

...

10A.6 Assessing appropriateness: when a firm need not assess appropriateness due to suitability assessment

- 10A.6.1 G A *firm* need not assess appropriateness if it is receiving or transmitting an order or carrying on *insurance distribution* in relation to an *insurance-based investment product*, for which it has assessed suitability under COBS 9A (Suitability (MiFID and insurance-based investment products provisions)) or it has assessed suitability under COBS 9B (Targeted support).

...

14 Providing product information to clients

...

14.2 Providing product information to clients

[*Editor's note*: the amendments to COBS 14.2 take into account the changes introduced by the Consumer Composite Investments Instrument 2025 (FCA 2025/52), which come into force on 6 April 2026.]

...

The provision rules for products other than consumer composite investments

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

...

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

...

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

...

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

...

...

...

...

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

...

- 14.2.8 R A *firm* is not required to provide a *key features document* or a *key features illustration*, if:
- (1) the *client* is buying or investing in response to a *direct offer financial promotion* without receiving a *personal recommendation* or a ready-made suggestion to buy or invest; and
 - (2) the *firm* provides materially the same information in some other way.

...

14.3 Information about designated investments (non-MiFID provisions)

[*Editor's note:* the amendments to COBS 14.3.1 take into account the changes introduced by the Public Offers of Relevant Securities (Operating an Electronic System) Instrument 2025 (FCA 2025/32), which come into force on 19 January 2026.]

Application

- 14.3.1 R This section applies to a *firm* in relation to:

...

- (2) any of the following *regulated activities* when carried on for a *retail client*:

...

(f) *operating a POP; or*

(g) *providing targeted support,*

except to the extent that the carrying on of such a *regulated activity* constitutes *MiFID, equivalent third country or optional exemption business*.

...

...

14 Lifetime ISA information

Annex 1

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

15 Cancellation

...

15.2 The right to cancel

Cancellable contracts

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

Cancellable contract	Cancellation period	Supplementary provisions
...		
Lifetime ISAs (advised but not at a distance):		
• a non-distance contract to open or transfer a <i>lifetime ISA</i>	30 calendar days	These rights arise only following a <i>personal recommendation or ready-</i>

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

...

...

15 Exemptions from the right to cancel

Annex 1

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

		...	
...			

16 Reporting information to clients (non-MiFID provisions)

...

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

References to ‘advice’ or ‘regulated advice’

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

Income withdrawals – annual statements

...

- 16.6.9 G ...

- 16.6.9A G (1) The *firm* may inform the *client* about the availability of a *targeted support service* in addition to providing the information in the annual statement.

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

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

- 16.6.10 R ...

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

...

...

19 Pensions supplementary provisions

...

19.4 Open market options

Definitions

19.4.1 R ...

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

...

Signposting pensions guidance

19.4.16 R ...

(2) A *firm* is not required to provide the *client* with the statement required in (1) where:

...

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

...

19.4.17 G ...

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

19.4.17B G (1) A *firm* may inform the *client* about the availability of a *targeted support service* in addition to the information in COBS 19.4.16R(1).

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

...

19.7 Pensions nudge and retirement risk warnings

...

Application

...

- 19.7.3 R This section does not apply:
- (1) to a *firm* giving regulated advice, other than a *targeted support service*, to a *retail client* on options to access their pension savings;
 - (2) if the *firm* (other than when providing a *targeted support service*) has already provided the retirement risk warnings to the *retail client* in relation to their decision to access their pension savings and the *firm* has reasonable grounds to believe that the retirement risk warnings are still appropriate for the *client*; or
 - (3) if, as part of the provision of a *targeted support service*, the *firm* has already provided the retirement risk warnings to a *retail client* in relation to their decision to access their pension savings and the *firm*:
 - (a) has reasonable grounds to believe that the retirement risk warnings are still appropriate for the *client*; and
 - (b) has complied with steps 1 and 2 in accordance with COBS 19.7.8AR to COBS 19.7.10R.

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

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

...

Step 2: identify risk factors

...

19.7.12 G ...

- 19.7.12A G (1) A *firm* may use the information provided during step 2 for the purpose of aligning a *client* with a pre-defined *consumer segment* in accordance with COBS 9B.
- (2) When using information provided during step 2, *firms* will need to ensure they comply with all relevant *data protection legislation* and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR).

...

19.10 Drawdown, investment pathways and cash warnings

Definitions

19.10.1 R In COBS 19.10:

...

- (4) a *retail client* is a “non-advised *retail client*” if a *firm* has:
- (a) not determined, on reasonable grounds, that the client has received a *personal recommendation* in relation to how to invest the sums or assets in ~~their~~ the *client’s* drawdown fund, in accordance with COBS 19.10.10R(4); and
 - (b) not provided, or arranged the provision of, a *targeted support service* to that *client* in accordance with COBS 19.10.10R(5);

...

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

...

When?

...

19.10.8 R ...

19.10.8A G After a *retail client* has made a request to a *firm* in accordance with COBS 19.10.8R, the *firm* may inform them of the availability of a *targeted support service* before taking the steps in this section.

...

19.10.10 R The requirements in this section do not apply to a *firm*:

...

- (3) when the *retail client* has been taken through the *investment pathways* by another *firm* (F1) and has been referred to the *firm’s* (F2’s) drawdown fund to invest in one of the *pathway investments* that the *firm* (F2) offers (see COBS 19.10.1R(7)); ~~or~~
- (4) when the *firm* has determined, on reasonable grounds, that the *retail client* has received a *personal recommendation* in relation to the action referred to in COBS 19.10.8R(1) or (2); or
- (5) when the *firm* has provided a *targeted support service* to the *retail client*, or the *firm* arranged for another *firm* to provide that *targeted support service*, where:

- (a) the targeted support service includes a recommendation to the client on how they should invest their drawdown funds;
- (b) the retail client has accepted and is taking steps to action the recommendation referred to in (a); and
- (c) as part of the design and delivery of that targeted support service the firm providing the targeted support service considered the factors that a firm would need to take into account in following the requirements in this section.

...

19.10.45 G ...

Availability of the firm's own targeted support service

- 19.10.45 A G (1) A firm may inform the client about the availability of a targeted support service in addition to providing the information in COBS 19.10.20G, COBS 19.10.22G, COBS 19.10.39G and COBS 19.10.44G.
- (2) When doing so, firms will need to ensure they comply with all relevant data protection legislation and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR).

...

19.12 Non-workplace pensions: default options and cash warnings

Definitions

19.12.1 R ...

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

...

Exclusion from default option rules in relation to advised clients

19.12.5 R ...

- 19.12.5A R COBS 19.12.10R to COBS 19.12.22G do not apply in relation to a non-workplace pension where the firm has provided a targeted support service to the retail client, or the firm arranged for another firm to provide that targeted support service, and:

- (1) the targeted support service includes a recommendation to the retail client on how to invest their contributions to, or assets in, the non-workplace pension; and

- (2) the *retail client* has accepted and is taking steps to action the recommendation referred to in (1).

...

Part 2: Comes into force on [6 April 2027]

16 Reporting information to clients (non-MiFID provisions)

...

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

...

Income withdrawals - annual statements

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

...

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

...

- (c) take regulated advice to understand their options at retirement, including informing them that information about the types of support that may be available can be accessed on the *MoneyHelper* website at [Editor's note: insert link]; and

...

...

19 Pensions supplementary provisions

...

19.4 Open market options

...

Single page summary document

...

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

...

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

...

(d) a recommendation that the *client* seeks appropriate guidance or advice to understand their options at retirement, including informing them that information about the types of support that may be available can be accessed on the *MoneyHelper* website at [Editor's note: insert link]; and

...

...

Reminder

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

...

(4) recommend that the *client* seeks appropriate guidance or advice to understand their options at retirement, including informing them that information about the types of support that may be available can be accessed on the *MoneyHelper* website at [Editor's note: insert link].

...

Signposting pensions guidance

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

...

(c) include a recommendation that the *client* seeks appropriate guidance or advice to understand their options at retirement, including informing them that information about the types of support that may be available can be accessed on the *MoneyHelper* website at [Editor's note: insert link].

...

...

19.10 Drawdown, investment pathways and cash warnings

...

Step 2: present investment pathway options

...

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

...

- (2) provide a clear and prominent statement about the availability of advice and *pensions guidance*, including that information about the types of support that may be available can be accessed on the *MoneyHelper* website at [Editor's note: insert link]; and

...

Step 3: offer pathway investments

...

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

...

- (3) provide a clear and prominent statement about the availability of advice and *pensions guidance*, including that information about the types of support that may be available can be accessed on the *MoneyHelper* website at [Editor's note: insert link]; and

...

...

Information, including cash warnings, for clients who have not decided to invest at least 50% of their drawdown fund in pathway investments

...

- 19.10.30 R Before carrying out the *retail client's* request referred to in COBS 19.10.8R, the *firm* must:

...

- (4) provide a clear and prominent statement about the availability of advice and *pensions guidance*, including that information about the types of support that may be available can be accessed on the MoneyHelper website at [Editor's note: insert link].

...

Cash warnings

...

19.10.39 G The *firm* should also:

...

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

...

- (c) review information on the *MoneyHelper* website, available on <https://www.moneyhelper.org.uk> and, in particular, review information about the types of support that may be available at [Editor's note: insert link].

...

Warning on expiry of a fixed-term product

...

19.10.44 G The *firm* should also:

...

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

...

- (c) review information on the *MoneyHelper* website available on <https://www.moneyhelper.org.uk> and, in particular, review information about the types of support that may be available at [Editor's note: insert link].

...

Annex G

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

In this Annex, underlining indicates new text.

1 Application

...

1 Annex Application (see ICOBS 1.1.2R)

1

...

Part 2: What?			
Modifications to the general application rule according to type of firm			
...			
3	Pure protection contracts: election to apply COBS rules		
3.1	R	...	
<u>3.2</u>	<u>G</u>	(1)	<u>The effect of COBS 9B.2.5R is that a <i>firm</i> is required to comply with the rules in COBS which would apply to it if it were <i>advising on investments</i> where that <i>firm</i>:</u>
		(a)	<u>has made the election to comply with COBS in ICOBS 1 Annex 1 Part 2 3.1R(1); and</u>
		(b)	<u>provides targeted support in relation to a pure protection contract.</u>
		(2)	<u>This is because <i>non-investment insurance contracts</i> are beyond the scope of the rules which apply to providing <i>targeted support services</i> (see COBS 9B.2.1R).</u>
...			
5	Travel insurance contracts		
...			
<u>6</u>	<u>Providing targeted support</u>		
<u>6.1</u>	<u>R</u>	<u>A <i>firm</i> providing targeted support in relation to a <i>non-investment insurance contract</i> must comply with the rules which would apply to it if it were <i>advising on a non-investment insurance contract</i>.</u>	

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

...

4 Information about the firm, its services and remuneration

4.1 General requirements for insurance intermediaries and insurers

...

Scope of service: insurance intermediaries

...

4.1.7 R ...

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

...

Annex H

Amendments to the Funeral Plan: Conduct of Business sourcebook (FPCOB)

In this Annex, underlining indicates new text.

1 Application and purpose

...

1 Annex Application (see FPCOB 1.2.11G)

1

...

Application to different types of firm			
...			
2	...		
<u>3</u>	<u>Providing targeted support</u>		
<u>3.1</u>	<u>R</u>	<u>A firm providing targeted support in relation to a funeral plan contract must comply with the rules which would apply to it if it were advising on a funeral plan contract.</u>	
<u>3.2</u>	<u>G</u>	(1)	<u>The provision of targeted support services is subject to specific requirements in COBS 9B. Funeral plan contracts are beyond the scope of those rules.</u>
		(2)	<u>A firm that provides targeted support in relation to a type of specified investment which is beyond the scope of application of the rules in COBS 9B is subject to the rules which would apply to that firm if it were advising on investments.</u>

Annex I

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

In this Annex, underlining indicates new text.

12 Post-view services

...

12.3 Permitted post-view services

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

...

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

...

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

...

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

...

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

...

Annex J

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

Insert the following new section, PROD 1.8, after PROD 1.7 (Application of PROD 7). All of the text is new and is not underlined.

1.8 Application of PROD 8

- 1.8.1 R *PROD 8 applies to a firm that manufactures a product that is subject to the rules in:*
- (1) (in relation to insurance products) *PROD 4* (Product governance: IDD and pathway investments);
 - (2) (in relation to *financial instruments*) *PROD 3* (Product governance: MiFID); and
 - (3) (for any other product) *PRIN 2A.3* (Consumer Duty: retail customer outcome – products and services).
- 1.8.2 G *PROD 8 supplements product manufacturer rules elsewhere in the FCA Handbook setting additional expectations where the product is available for distribution to recipients of targeted support services.*

Insert the following new chapter, PROD 8, after PROD 7 (Product governance: funeral plans). All of the text is new and is not underlined.

8 Product governance: additional provisions for products available for targeted support recipients

8.1 Manufacture of products

- 8.1.1 G Where a *firm manufactures* a product that:
- (1) it will use as part of its own *ready-made suggestion*; or
 - (2) will be available for other *firms* that provide *targeted support services* to recommend as part of a *ready-made suggestion*,
- it should ensure its arrangements under *PRIN 2A*, *PROD 3* or *PROD 4* appropriately take account of that purpose, including in relation to the product approval process, target market requirements, product testing, distribution arrangements and the monitoring and review of the product.
- 8.1.2 G The arrangements that a product *manufacturer* has in place to provide, or make available, information to *distributors* should, where the product is part of a *ready-made suggestion* of that *distributor*, ensure the information includes at least adequate detail of:

- (1) any significant adaptation to the product; and
- (2) any mitigating action taken by the *manufacturer* in relation to the product and the circumstances that led to the action being taken.

8.1.3 G Where a *manufacturer* is contacted by a *distributor* that is a *targeted support service* provider, the *manufacturer* should:

- (1) respond promptly; and
- (2) provide appropriate support and information given the nature of any query.

Annex K

Amendments to the Supervision manual (SUP)

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

16 Reporting requirements

16.1 Application

...

[*Editor's note:* the subheading above SUP 16.1.3 takes into account the changes introduced by the Payments and Electronic Money (Safeguarding) Instrument 2025 (FCA 2025/38), which comes into force on 7 May 2026.]

Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.14A, SUP 16.15, SUP 16.22 and SUP 16.26)

16.1.3 R

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

...

16.8 Persistency reports from insurers and data reports on stakeholder pensions

...

Records

...

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

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

...

...

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

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

...

16.12 Integrated Regulatory Reporting

...

Reporting requirement

...

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

(1)		(2)	(3)	(4)
RAG number	Regulated Activities	Provisions containing:		
		applicable data items	reporting frequency/ period	due date
...				

RAG 8	<ul style="list-style-type: none"> • making arrangements with a view to transactions in investments • operating a multilateral trading facility • operating an organised trading facility • <u>providing targeted support</u>
...				

...

16.23 Annual Financial Crime Report

Application

...

[*Editor's note:* SUP 16.23.2R will be amended by the Public Offers of Relevant Securities (Operating an Electronic System) Instrument 2025 (FCA 2025/32), which comes into force on 19 January 2026.]

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

...	
a <i>firm</i> that has permission to carry on one or more of the following activities:	
	<i>advising on investments or providing targeted support</i> , provided that during the relevant financial year the <i>firm</i> :
(i)	held <i>client money</i> under CASS 5 (Client money: insurance distribution activity) and/or CASS 7 (Client money rules); and/or
(ii)	held <i>safe custody assets</i> under CASS 6 (Custody rules);
...	

a <i>firm</i> that has reported total revenue of £5 million or more as at its last <i>accounting reference date</i> and has permission to carry on one or more of the following activities:	
	<i>advising on investments;</i>
	<i>providing targeted support;</i>
	<i>arranging (bringing about deals) in investments;</i>
	...

...

16.30 Baseline Financial Resilience Report

Application

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

...

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

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

...

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

...

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

16 Annex 18B G Introduction: General notes on the RMAR

...

Defined terms

...

4. ...

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

...

Scope

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

...

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

...

NOTES FOR COMPLETION OF THE RMAR

Section B: Profit & loss account

...

Guide for completion of individual fields

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

...

...

- 16 Annex 21 R This annex sets out the mandatory data reporting fields and *data elements* that a data report must include. This is the annex referred to in SUP 16.11.7R.

1 GENERAL REPORTING FIELDS

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

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

...

...

16 Annex 25 Guidance notes for data items in SUP 16 Annex 24R

- 16 Annex 25 G This annex consists only of one or more forms. Forms are to be found through the following address:

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

...

FSA030 – Income Statement

...

Description	Data element	Guidance
...		
Revenue	A firm should complete only the sections relevant to the business it undertakes	

...		
Investment Advisory Fees	8A	Include all fees arising from investment advice (see <i>PERG 2.7.15G</i>), <u>other than targeted support</u> .
...		
Other revenue	12A	<p>You should record here any income that has derived from its business in the financial year, which has not been recorded under commissions or fees. <u>Any income derived from providing targeted support should only be recorded here.</u></p> <p>Such income may include interest on client money, where the firm is permitted to retain this, or payments made by product providers on a basis other than fees or commissions.</p>
...		

...

16 Annex Forms REP015 and REP016 43A

16 Annex R [Editor's note: insert links to forms]
43A

REP015 - Retirement income flow data

...

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

...

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

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

24 Number that were advised (not including targeted support)

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

...

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

40 Number that were advised (not including targeted support)

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

...

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

...

Number of plans where plan holders accessed their plan for the first time
by taking partial UFPLS payments by use of advice and pot size:

59 Number that were advised (not including targeted support)

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

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

...

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

67 Number that were advised (not including targeted support)

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

...

REP016 - Retirement income stock and withdrawals flow data

...

Part 2 - Withdrawals flow data

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

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

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

...

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

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

--	--	--	--	--

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

--	--	--	--	--

...

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

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

...

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

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

--	--	--	--	--

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

--	--	--	--	--

...

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

16 G This annex consists only of guidance notes for form REP015 and form
Annex REP016.
43B

...

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

Section A Notes for completion of REP015

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

...

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

...

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

...

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

Q25: Number of plans by use of advice and crystallised pot size: number that were not advised but took up <i>pensions guidance</i> (e.g. Pension Wise)	<p>Of the plans reported as entering drawdown in question 14, report how many of the plan holders who were not advised at the point of entering drawdown stated that they used Pension Wise.</p> <p>COBS 19.7.8R and COBS 19.7.19R require <u>requires firms to ask record</u> whether the <i>retail client</i> has received <i>pensions guidance</i> when they contact the <i>firm</i> about accessing their pension, and for firms to keep a record of the response. <i>Firms</i> should report plan holders who informed the <i>firm</i> they received guidance (but not advice) at this point.</p> <p><u>References to ‘advised’ or ‘advice’ do not include <i>targeted support services</i>.</u></p>
...	

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

...

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

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

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

...

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

	holders who informed the <i>firm</i> they received guidance (but not advice) at this point. <u>References to ‘advised’ or ‘advice’ do not include <i>targeted support services</i>.</u>
--	--

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

...

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

Section B Notes for completion of REP016

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

...

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

...

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

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

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

...

Annex L

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

Part 1: Comes into force on [6 April 2026]

1 Treating complainants fairly

...

1 Annex Complaints return form

1

1 Annex R Complaints return form

1

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

[*Editor's note:* insert link to form]

Complaints Return (DISP 1 Ann 1R)

...

Part A-1, DISP 1 Annex 1R

For firms receiving less than 500 complaints in the reporting period

Table 1

Complaints opened when fewer than 500 total opened

...		...
78	Decumulation & pensions	
...		
...		
89		
...		
...	Investments	
...		
...		
...		
...		

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

Part A-2, DISP Annex 1R

For firms receiving more than 500 complaints in the reporting period

Table 4

Complaints opened when greater than or equal to 500 opened complaints

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

Part 2: Comes into force on 31 December 2026, immediately after the Complaints Reporting Instrument 2025 (FCA 2025/53)

[*Editor's note:* DISP 1 Annex 1 is deleted and replaced in its entirety on 31 December 2026 by FCA 2025/53. The changes set out in Part 2 below make the changes set out in Part 1 above in the version of DISP 1 Annex 1 that comes into force on 31 December 2026.]

1 Annex 1 Complaints return form

...

General return information as referred to at DISP 1.10.1FR

- | | | |
|----------------|---|--|
| 1 Annex
1.2 | R | <p>‘Focus of complaint’ means any of the following, broken by sectoral unit:</p> <p>...</p> <p>(4) retirement savings and decumulation:</p> <p style="padding-left: 20px;">(a) <u>provision of targeted support and/or unsuitable advice</u>;</p> <p style="padding-left: 40px;">...</p> <p>(5) investments:</p> <p style="padding-left: 20px;">(a) <u>provision of targeted support and/or unsuitable advice</u>;</p> <p style="padding-left: 40px;">...</p> <p>...</p> |
|----------------|---|--|

Part 3: Comes into force on [6 April 2026]

2 Jurisdiction of the Financial Ombudsman Service

[*Editor's note:* The amendments to DISP 2 take into account the changes made by the Public Offers of Relevant Securities (Operating an Electronic System) Instrument 2025 (FCA 2025/32) which come into force on 19 January 2026.]

...

2.5 To which activities does the Voluntary Jurisdiction apply?

- | | | |
|-------|---|--|
| 2.5.1 | R | <p>The <i>Ombudsman</i> can consider a <i>complaint</i> under the <i>Voluntary Jurisdiction</i> if:</p> <p>...</p> |
|-------|---|--|

- (2) it relates to an act or omission by a *VJ participant* in carrying on one or more of the following activities:
- (a) an activity (other than *auction regulation bidding, administering a benchmark, meeting of repayment claims, managing dormant asset funds (including the investment of such funds), regulated pensions dashboard activity* ~~and~~, *operating an electronic system for public offers of relevant securities and providing targeted support*) carried on after 28 April 1998 which:
...
 - ...
 - (c) activities, other than *regulated claims management activities, activities ancillary to regulated claims management activities, meeting of repayment claims, managing dormant asset funds (including the investment of such funds), regulated pensions dashboard activity* ~~and~~, *operating an electronic system for public offers of relevant securities and providing targeted support*, which (at ~~19 January 2026~~ [6 April 2026]) would be covered by the *Compulsory Jurisdiction*, if they were carried on from an establishment in the *United Kingdom* (these activities are listed in *DISP 2 Annex 1G*);
...
- or any ancillary activities, including advice, carried on by the *VJ participant* in connection with them.

...

2 Annex 1 Regulated Activities for the Voluntary Jurisdiction at ~~19 January 2026~~ [6 April 2026]

This table belongs to *DISP 2.5.1R*

- G The activities which were covered by the *Compulsory Jurisdiction* (at ~~19 January 2026~~ [6 April 2026]) were:

...

The activities which (at ~~19 January 2026~~ [6 April 2026]) were *regulated activities* were, in accordance with section 22 of the *Act* (Regulated Activities), any of the following activities specified in Part II and Parts 3A and 3B of the *Regulated Activities Order* (with the addition of *auction regulation bidding, administering a benchmark and dealing with unwanted asset money*):

...

(29B) *advising on conversion or transfer of pension benefits* (article 53E);

(29C) *providing targeted support* (article [55A]);

...

...

Annex M

Amendments to the Collective Investment Schemes sourcebook (COLL)

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

6 Operating duties and responsibilities

...

6.6B UCITS depositaries

...

Depositaries appointed under COLL 6.6A.8R(3) (non-bank depositaries): Capital requirements

...

6.6B.8 R [deleted]

[*Editor's note*: this requirement has been moved to ~~MIFIDPRU 4.4.6R~~.
MIFIDPRU 4.4.1R.]

...

6.9 Independence, names and UCITS business restrictions

...

Restrictions of business for UCITS management companies

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

...

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

...

Connected activities: guidance

6.9.10 G ...

(2) ...

(3) The reference to 'investment advice' in COLL 6.9.9R(5) includes providing targeted support.

...

Annex N

Amendments to the Credit Unions sourcebook (CREDS)

In this Annex, underlining indicates new text.

3A Shares, deposits and borrowing

...

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

Application

...

3A.5.2 G ...

3A.5.2A G References in this section to a *relevant credit union client* receiving ‘advice that constitutes a *regulated activity*’ do not include such a client receiving a *targeted support service*. A *firm* is not permitted to *provide targeted support* in relation to *deferred shares* or *credit union subordinated debt* (COBS 9B.4.42R).

...

Annex O

Amendments to the Investment Funds sourcebook (FUND)

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

1 Introduction

...

1.4 AIFM business restrictions

...

External AIFMs

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

...

- (4) investment advice;

...

...

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

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

...

3 Requirements for alternative investment fund managers

...

3.11 Depositaries

...

Additional requirements for depositaries of authorised AIFs

3.11.16 R [deleted]

[*Editor's note:* this requirement has been moved to ~~MIFIDPRU 4.4.6R~~
MIFIDPRU 4.4.1R.]

...

Annex P

Amendments to the Perimeter Guidance manual (PERG)

In this Annex, underlining indicates new text.

1 Introduction to the Perimeter Guidance manual

...

1.2 Introduction

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

1.2.1 G ...

...

2 Authorisation and regulated activities

2.1 Application and purpose

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

Application

2.1.1 G ...

...

8 Financial promotion and related activities

...

8.24 Advising on investments

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

8.24.-1 G ...

...

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