

TARGETED CLARIFICATIONS OF HANDBOOK MATERIALS INSTRUMENT 2026

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”), including as applied by paragraph 3 (FCA rules) of Schedule 6 (Application and modification of the 2000 Act) to the Payment Services Regulations 2017 (SI 2017/752) and paragraph 2A (Authority rules) of Schedule 3 (Application and modification of legislation) to the Electronic Money Regulations 2011 (SI 2011/99):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137B (FCA general rules: clients’ money, right to rescind etc);
 - (c) section 137R (Financial promotion rules);
 - (d) section 137T (General supplementary powers);
 - (e) section 138C (Evidential provisions);
 - (f) section 138D (Actions for damages)
 - (g) section 139A (Power of the FCA to give guidance);
 - (h) section 247 (Trust scheme rules); and
 - (i) section 261I (Contractual scheme rules);
 - (2) regulation 120 (Guidance) of the Payment Services Regulations 2017;
 - (3) regulation 60 (Guidance) of the Electronic Money Regulations 2011;
 - (4) regulation 6 (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (5) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 26 June 2026 except as provided below:
- (1) Parts 2, 4 and 6 of Annex H come into force on 27 July 2026; and
 - (2) Annex N comes into force on 25 September 2026.

Amendments to the Handbook

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

(1)	(2)
Glossary of definitions	Annex A
Principles for Businesses sourcebook (PRIN)	Annex B
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex C
Code of Conduct sourcebook (COCON)	Annex D
General Provisions (GEN)	Annex E
Prudential sourcebook for Insurers (INSPRU)	Annex F
Conduct of Business sourcebook (COBS)	Annex G
Insurance: Conduct of Business sourcebook (ICOBS)	Annex H
Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)	Annex I
Banking: Conduct of Business sourcebook (BCOBS)	Annex J
Claims Management: Conduct of Business sourcebook (CMCOB)	Annex K
Funeral Plan: Conduct of Business sourcebook (FPCOB)	Annex L
Pensions Dashboards: Conduct of Business sourcebook (PDCOB)	Annex M
Client Assets sourcebook (CASS)	Annex N
Product Intervention and Product Governance sourcebook (PROD)	Annex O
Supervision manual (SUP)	Annex P
Dispute Resolution: Complaints sourcebook (DISP)	Annex Q
Access to Cash sourcebook (ATCS)	Annex R
Collective Investment Schemes sourcebook (COLL)	Annex S
Consumer Credit sourcebook (CONC)	Annex T

Amendments to material outside the Handbook

- E. The Perimeter Guidance manual (PERG) is amended in accordance with Annex U to this instrument.
- F. The Wind-down Planning Guide (WDPG) is amended in accordance with Annex V to this instrument.

Revocation of regulatory/registry guide

- G. The FCA revokes the Responsibilities of Providers and Distributors for the Fair Treatment of Customers (RPPD) guide in its entirety.

Notes

- H. 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

- I. This instrument may be cited as the Targeted Clarifications of Handbook Materials Instrument 2026.

By order of the Board
25 June 2026

Annex A

Amendments to the Glossary of definitions

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

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

Consumer Duty the obligations in *Principle 12* and *PRIN 2A*.

Amend the following definitions as shown.

liability to a policyholder (in relation to a firm carrying out contracts of insurance) any liability or obligation of that *firm* to, or in respect of, a *policyholder*, including any liability or obligation arising:

- (a) from the *Consumer Duty* or the requirement to treat *customers* fairly under *Principle 6*, including with respect to *policyholders*’ reasonable expectations; or
- (b) from a determination of liability by an *Ombudsman*; or
- (c) from any requirement to pay compensation under the *regulatory system*.

regulated market (1) a regulated market which is a *UK RIE*.

[Note: section 313(1) of the *Act* and article 2(1)(13A) of *MiFIR*]

(2) (in addition, in *INSPRU*, *IPRU(INS)*, *SYSC 3.4*, *COBS 2.2B* and *MAR 5-A* and for the purposes of ~~*Principle 12* and *PRIN 2A*~~ the *Consumer Duty* only) a market situated outside the *United Kingdom* which is characterised by the fact that:

- (a) it meets comparable requirements to those set out in (1); and
- (b) the *financial instruments* dealt in are of a quality comparable to those in a regulated market in the United Kingdom.

(3) (in *MAR 1*, *FUND*, *COLL* and *COBS 21*) as in (1) above or an *EU regulated market*.

Annex B

Amendments to the Principles for Businesses sourcebook (PRIN)

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

1 Introduction

1.1 Application and purpose

...

~~Responsibilities of providers and distributors under the Principles~~

- 1.1.10 G ~~RPPD contains guidance on the responsibilities of providers and distributors for the fair treatment of customers under the Principles. [deleted]~~

...

2A The Consumer Duty

2A.1 Application and purpose

Application

- 2A.1.1 R ~~References in PRIN to the obligations on firms under Principle 12 include the obligations imposed by rules in PRIN 2A. [deleted]~~
- 2A.1.2 R ~~References in PRIN to obligations imposed on firms under PRIN 2A include the obligation imposed by Principle 12. [deleted]~~
- 2A.1.3 G The application of ~~Principle 12 and PRIN 2A~~ the Consumer Duty is set out in PRIN 3, including PRIN 3.2.6R to PRIN 3.2.12G. ~~Principle 12~~ The Consumer Duty applies in relation to a firm's retail market business or where the firm communicates or approves financial promotions which are addressed to, or disseminated in such a way that they are likely to be received by, a retail customer. To the extent that ~~Principle 12~~ the Consumer Duty applies, Principles 6 and 7 do not apply.
- 2A.1.4 G The definition of a product for the purposes of ~~Principle 12 and PRIN 2A~~ the Consumer Duty includes both products and services.
- 2A.1.5 G The definition of a retail customer for the purposes of ~~Principle 12 and PRIN 2A~~ the Consumer Duty includes a prospective customer.
- 2A.1.6 G The rules in ~~Principle 12 and PRIN 2A~~ the Consumer Duty are to be interpreted in accordance with the standard that could reasonably be expected of a prudent firm carrying on the same activity in relation to the same product and taking appropriate account of the needs and characteristics of retail customers as set out in PRIN 2A.7.1R. Further guidance about what

can reasonably be expected and the needs and characteristics of *retail customers* is set out at *PRIN 2A.7.2G* to *PRIN 2A.7.5G*.

...

Purpose

2A.1.8 G ~~*Principle 12*~~ *The Consumer Duty* reflects a general expectation by the *FCA* that *firms* should conduct their business to a standard which ensures an appropriate level of protection for *retail customers*.

...

2A.1.10 G ...

(2) The main elements of *firms*' conduct obligations under ~~*Principle 12*~~ and ~~*PRIN 2A*~~ *the Consumer Duty* are set out in *PRIN 2A.3* to *PRIN 2A.11*.

...

2A.1.11 G ~~*Principle 12*~~ *The Consumer Duty* does not change the nature of a *firm*'s relationship with any given *retail customer*. In particular, it does not create a fiduciary relationship where one would not otherwise exist nor require a *firm* to provide advice or carry out any other *regulated activity* where it would not otherwise have done so.

2A.1.12 G The *FCA* has issued guidance on the ~~*Consumer Duty*~~ *Consumer Duty* in *FG22/5*, which *firms* should read alongside ~~*Principle 12*~~ and ~~*PRIN 2A*~~ as a guide to the *FCA*'s view as to how ~~*Principle 12*~~ and ~~*PRIN 2A*~~ *the Consumer Duty* might be complied with.

Guidance on responsibilities of firms in a product distribution chain

2A.1.13 G (1) ~~*Principle 12*~~ *The Consumer Duty* imposes obligations on *firms* towards *retail customers* of *products* irrespective of whether the customer is a *client* of the *firm*.

(2) This extended application aims to ensure the effectiveness of obligations under ~~*Principle 12*~~ *the Consumer Duty* which may properly relate to activities which determine or materially influence *retail customer* outcomes carried out by a *firm* with whom the *retail customer* is not in a *client relationship*.

(3) A *firm*'s role in the distribution chain may mean it is unable to determine or materially influence *retail customer* outcomes in connection with the *product*. If so, the *firm* may not be subject to any obligation under ~~*Principle 12*~~ *the Consumer Duty*.

...

2A.1.15 G The extent of a *firm's* responsibilities under ~~*Principle 12*~~ the *Consumer Duty* in any one case will turn on the substance of the *firm's* role in the arrangements relating to the *product*. A *firm* which determines or has a material influence over retail customer outcomes is accountable notwithstanding that the *retail customer* may not be its *client* due to the indirect nature of their relationship.

2A.1.15 G For example, where a *firm's* sole activity that is subject to obligations under A ~~*Principle 12*~~ the *Consumer Duty* is *communicating* or *approving* a *financial promotion*, the rules and guidance in *PRIN 2A.3* (products and services), *PRIN 2A.4* (price and value), *PRIN 2A.6* (customer support) and *PRIN 2A.11* (sale and purchase of product books) are likely to have limited relevance.

Relevance of guidance about Principles 6 and 7

...

- 2A.1.17 G (1) In general terms, ~~*Principle 12*~~ and ~~*PRIN 2A*~~ impose the *Consumer Duty* imposes a higher and more exacting standard of conduct in relation to a *firm's* activities relative to what *Principles 6* or *7* would have otherwise required. ~~*Principle 12*~~ and ~~*PRIN 2A*~~ The *Consumer Duty* also ~~have~~ has a broader application in relation to a *firm's* activities relative to *Principles 6* and *7*, with a greater focus on consumer protection outcomes for *retail customers*, including where those *retail customers* do not stand in a *client* relationship with that *firm* in the distribution chain.
- (2) While existing, formal guidance on *Principles 6* and *7* will remain relevant to *firms* in considering their obligations under ~~*Principle 12*~~ the *Consumer Duty*, *firms* should also take due account of the inherent limits of such guidance in light of the factors in (1). See also *PRIN 2A.1.3G*.
- (3) To the extent that a *firm* is not acting in accordance with existing guidance on *Principles 6* and *7* and the behaviour would amount to a breach of *Principle 6* or *7* in the event that they had continued to apply, the behaviour is likely to amount to a breach of ~~*Principle 12*~~ the *Consumer Duty*.
- (4) Where a *firm* is acting in accordance with guidance on *Principles 6* and *7* that should not be relied on alone in considering how to comply with ~~*Principle 12*~~ the *Consumer Duty*. *Firms* also need to consider all their obligations not only under the *Principles*, but under any other applicable law, including other *FCA rules* ~~such as those expanding upon *Principle 12*~~ as set out in *PRIN 2A*.
- 2A.1.18 G The effect of *PRIN 3.2.10R* is that the application of *Principles 6* and *7* is unchanged with respect to a *firm's* activities insofar as they are not subject to ~~*Principle 12*~~ the *Consumer Duty*.

2A.2 Cross-cutting obligations

Act in good faith

...

- 2A.2.4 G Acting in good faith does not mean a *firm* is prevented from pursuing legitimate commercial interests or seeking a profit, provided it does so in a manner which is compliant with ~~Principle 12 and PRIN 2A~~ the Consumer Duty. Acting in good faith does not require a *firm* to act in a fiduciary capacity where it was not already obliged to do so.

...

2A.3 Consumer Duty: retail customer outcome – products and services

General nature of product governance obligations

- 2A.3.1 G The product governance obligations on *firms* under ~~Principle 12~~ the Consumer Duty are general in nature and should be considered alongside any other legal or regulatory obligations that may apply, for example any marketing restrictions in relation to the *product*.

...

2A.5 Consumer Duty: retail customer outcome on consumer understanding

Application

- 2A.5.1 R (1) Other than *PRIN 2A.5.15R*, this section applies to:
- (a) all *firms* to whom ~~Principle 12 and PRIN 2A~~ apply the Consumer Duty applies, involved in the production, *approval* or distribution of *retail customer* communications, regardless of whether the *firm* has a direct relationship with a *retail customer*, and including where a *firm* produces, *approves* or distributes *financial promotions* or other advertisements, sales-related communications, and post-sale communications (and references to a *firm's* communications or a *firm* communicating are to be read accordingly);

...

- (2) *PRIN 2A.5.15R* applies to all *firms* to whom ~~Principle 12 and PRIN 2A~~ apply the Consumer Duty applies.

...

2A.6 Consumer Duty: retail customer outcome on consumer support

Application

- 2A.6.1 R (1) Other than in *PRIN 2A.6.6R*, this section applies:
- (a) to all *firms* to whom ~~*Principle 12*~~ and ~~*PRIN 2A*~~ apply the *Consumer Duty* applies, who are responsible for interacting directly with, and providing support to, *retail customers*, such as through its customer services functions and including where the *firm* outsources its interactions with *retail customers* to a third party (in whole or part);
- ...
- (2) *PRIN 2A.6.6R* applies to all *firms* to whom ~~*Principle 12*~~ and ~~*PRIN 2A*~~ apply the *Consumer Duty* applies.

...

2A.7 General

Expected standards under ~~*Principle 12*~~ and ~~*PRIN 2A*~~ the *Consumer Duty*

- 2A.7.1 R ~~*Principle 12*~~ and the obligations in ~~*PRIN 2A*~~ The *Consumer Duty* must be interpreted in accordance with the standard that could reasonably be expected of a prudent *firm*:

...

[*Editor's note*: the amended subheading 'Expected standards under the *Consumer Duty*' also applies to *PRIN 2A.7.2G* and *PRIN 2A.7.3G*.]

...

Protected characteristics and characteristics of vulnerability

...

- 2A.7.5 G (1) *Firms* should be aware that groups of *retail customers* with specific protected characteristics may have, or be more likely to have, characteristics of vulnerability, for example older customers. In addition, where health is a driver of vulnerability it will likely have substantial overlap with the protected characteristic of 'disability' under the Equality Act 2010. *Firms* should be mindful of this when considering whether they are compliant with ~~*Principle 12*~~ and ~~*PRIN 2A*~~ the *Consumer Duty* and their obligations under the Equality Act 2010 or equivalent legislation.
- (2) *Firms* should keep themselves appraised of any evidence that may emerge that *retail customers* with specific protected characteristics are more likely to have characteristics of vulnerability. *Firms* should take account of any such evidence when considering whether they are

compliant with ~~Principle 12 and PRIN 2A~~ the Consumer Duty and their obligations under the Equality Act 2010 or equivalent legislation.

2A.8 Governance and culture

Governance, strategy and policies

2A.8.1 R A *firm* must:

- (1) ensure that ~~Principle 12 and the obligations in this chapter~~ are the Consumer Duty is reflected in their strategies, governance, leadership and people policies, including incentives at all levels; and

...

Staff incentives

2A.8.2 G A *firm* should not use staff incentives, performance management or remuneration structures in a way that conflicts with their obligations under ~~Principle 12 and PRIN 2A~~ the Consumer Duty. *Firms* should be aware that these structures are capable of causing harm to *retail customers* and should design their structures in a way that is consistent with ensuring good outcomes for *retail customers*.

Governing body report

...

2A.8.4 R At least annually, the governing body of a *firm* must:

...

- (2) confirm whether it is satisfied that the *firm* is complying with its obligations under ~~Principle 12 and PRIN 2A~~ the Consumer Duty; and
- (3) assess whether the *firm's* future business strategy is consistent with its obligations under ~~Principle 12 and PRIN 2A~~ the Consumer Duty.

2A.8.5 R When approving the *firm's* report under PRIN 2A.8.4R(1), the governing body of the *firm* must also agree:

...

- (3) any amendments to the *firm's* business strategy to ensure that it remains consistent with meeting the *firm's* obligations under ~~Principle 12 and PRIN 2A~~ the Consumer Duty.

2A.9 Monitoring of consumer outcomes

General

2A.9.1 R This section sets out the general obligation on *firms* to monitor under ~~*Principle 12* and *PRIN 2A*~~ the *Consumer Duty* the outcomes that *retail customers* are experiencing from their *products*.

...

Record keeping

2A.9.15 G *SYSC 3* and *SYSC 9* contain high level requirements in relation to record keeping. *Firms* will need to decide, in line with these requirements, what records they need to keep in relation to their obligations under ~~*Principle 12*~~, ~~the cross-cutting obligations and the consumer outcomes~~ the *Consumer Duty*.

Obligation to notify the FCA

...

2A.9.17 R A *firm* in a distribution chain must notify the *FCA* if it becomes aware that any other *firm* in that distribution chain is not or may not be complying with ~~*Principle 12* or *PRIN 2A*~~ the *Consumer Duty*.

...

2A.11 Sale and purchase of product books

...

2A.11.2 R (1) Where the *product* book was purchased before 31 July 2023, the *firm* must comply with ~~*Principle 12* and *PRIN 2A*~~ the *Consumer Duty*.

...

2A.11.3 G ~~A *firm* that is required to apply *PRIN 2A.3* or *PRIN 2A.4* to a *product* book on a ‘best endeavours’ basis should continue to have regard to the *RPPD* and should read references in the *RPPD* to *Principles 6* and *7* as referring to *Principle 12*. [deleted]~~

2A.11.4 R (1) This *rule* applies where a *product* book is sold for the first time after 31 July 2023.

(2) The *firm* selling the *product* book must provide relevant information to the purchasing *firm* to enable the purchasing *firm* to comply with ~~*Principle 12* and *PRIN 2A*~~ the *Consumer Duty* from the date of purchase.

...

(4) The due diligence conducted by the purchasing *firm* must be sufficient to enable the purchasing *firm* to comply with ~~*Principle 12* and *PRIN 2A*~~ the *Consumer Duty* in respect of the *product* book.

...

3 Rules about application

3.1 Who?

...

3.1.1A R ~~PRIN~~ also applies: to an electronic money institution, an authorised payment institution, a small payment institution or a registered account information service provider.

(1) ~~to an electronic money institution, an authorised payment institution, a small payment institution or a registered account information service provider; and~~

(2) ~~[deleted]~~

...

3.1.8 G The *Principles* will not apply to the extent that they purport to impose an obligation which is inconsistent with requirements which implemented the *Payment Services Directive*, the *Consumer Credit Directive* or the *Electronic Money Directive*. For example, there may be circumstances in which ~~Principle 12 and PRIN 2A~~ the Consumer Duty may be limited by the conduct of business obligations derived from the *Payment Services Directive* and the *Electronic Money Directive* and applicable to *payment service providers* and *electronic money issuers* (see Parts 6 and 7 of the *Payment Services Regulations* and Part 5 of the *Electronic Money Regulations*) or derived from the *Consumer Credit Directive* (see, for example, the information requirements in the *Consumer Credit (Disclosure of Information) Regulations 2010 (SI 2010/1013)*).

...

3.1.10 R (1) Only *Principles* 1, 2, 3, 9, ~~and 11, 12~~ and ~~PRIN 2A~~ the Consumer Duty apply to a *TP UCITS qualifier*, and only with respect to the activities in *PRIN 3.2.2R* (Communication and approval of financial promotions).

(2) Where ~~Principle 12 and PRIN 2A do~~ the Consumer Duty does not apply, *Principle 7* also applies to a *TP UCITS qualifier* with respect to the activities in *PRIN 3.2.2R*.

...

3.1.12 R ~~Principle 12 and PRIN 2A~~ The Consumer Duty only ~~apply~~ applies where a *client* is a *retail customer*, or there is a distribution chain which involves a *retail customer*.

3.1.13 R ~~Principle 12 and PRIN 2A apply~~ The Consumer Duty applies to:

- (1) a *TP firm*; and
- (2) a *Gibraltar-based firm*.

3.2 What?

3.2.1A R ~~PRIN~~ (other than ~~Principle 12 and PRIN 2A~~ the Consumer Duty) applies with respect to the carrying on of:

...

...

~~Principle 12 and PRIN 2A~~ The Consumer Duty: additional application provisions

3.2.6 R (1) ~~Principle 12 and PRIN 2A apply~~ The Consumer Duty applies to a *firm's retail market business*, including in respect of *existing products* and *closed products*.

(2)

(a) Subject to (b), ~~Principle 12 and PRIN 2A apply~~ the Consumer Duty applies to a *firm* with respect to the *communication or approval* of a *financial promotion* (see *PRIN 3.2.2R*), but only if the *financial promotion* is addressed to, or disseminated in such a way that it is likely to be received by, a *retail customer*.

(b) ~~Principle 12 and PRIN 2A do~~ The Consumer Duty does not apply to the *communication or approval* of a *financial promotion* to the extent that the *financial promotion* relates to an activity that is excluded from the definition of *retail market business* by virtue of limbs (1) to (6) of that definition.

(3) If the *firm* is a *credit union*, and except insofar as ~~Principle 12 and PRIN 2A apply~~ the Consumer Duty applies by virtue of (2), then ~~Principle 12 and PRIN 2A do~~ the Consumer Duty does not apply to the following activities:

...

3.2.7 R Where ~~Principle 12 and PRIN 2A apply~~ the Consumer Duty applies to the activities of a *firm* operating in a distribution chain, ~~Principle 12 and PRIN 2A apply~~ it applies only to the extent that the *person* is responsible in the course of carrying out those activities for determining or materially influencing *retail customer* outcomes.

3.2.8 R Subject to *PRIN 3.2.7R*, ~~Principle 12 and PRIN 2A do~~ the Consumer Duty does not apply to activities to the extent that those activities are not included in a *rule* which sets out the scope of protections offered to *retail customers* by *COBS*, *ICOBS*, *MCOB*, *BCOBS*, *CMCOB*, *FPCOB*, *PROD* or *CONC*.

Interaction between ~~Principle 12~~ the Consumer Duty and Principles 6 and 7

- 3.2.10 R *Principles 6 and 7 do not apply to a firm’s activities to the extent that ~~Principle 12 and PRIN 2A~~ apply the Consumer Duty applies.*
- 3.2.11 G Activities to which *Principles 6 and 7* rather than ~~*Principle 12 and PRIN 2A*~~ the Consumer Duty may apply include, for example, services provided to *professional clients*.
- 3.2.12 G ~~*Principle 12 and PRIN 2A*~~ have The Consumer Duty has a broader application than *Principles 6 and 7*, ~~for~~ For example, they apply it applies to firms in the distribution chain for in relation to whom the retail customer may not be a client.

3.3 Where?

Territorial application of the Principles

3.3.1 R

Principle	Territorial application
...	...
<i>Principle 12 and PRIN 2A</i> <u>The Consumer Duty</u>	apply <u>applies</u> with respect to activities carried on with <i>retail customers</i> located in the <i>United Kingdom</i> unless another applicable rule or <i>onshored regulation</i> which is relevant to the activity has a different territorial scope, in which case <i>Principle 12 and PRIN 2A</i> <u>apply the Consumer Duty</u> applies with that scope in relation to the activity described in that <i>rule or onshored legislation</i> .

...

3.4 General

...

Guarantors etc

3.4.3A R ...

- (2) If the *individual* is not a *customer*, they are to be treated as if they were a *customer* for the purposes of *Principles 6 and 7* and as if they were a *retail customer* for the purposes of ~~*Principle 12 and PRIN 2A*~~ the Consumer Duty.

...

...

TP 1 Transitional provisions

TP 1.1

	Material to which the transitional provision applies		Transitional Provision	Transitional Provision: dates in force	Handbook provision: coming into force
...					
2.	Principle 1.2 and PRIN 2A <u>The Consumer Duty</u>	R	Principle 1.2 and PRIN 2A apply <u>The Consumer Duty applies</u> in relation to <i>ancillary activities</i> or other connected activities in accordance with <i>PRIN 3.2</i> where those activities are carried on after 31 July 2023 regardless of whether the underlying activities were carried on before or after 31 July 2023.	From 31 July 2023 indefinitely	31 July 2023
3.	Principle 1.2 and PRIN 2A <u>The Consumer Duty</u>	G	An example of how <i>PRIN TP 1.1</i> paragraph 2 applies is that a <i>firm</i> which has <i>accepted a deposit</i> prior to 31 July 2023 would be subject to Principle 1.2 and PRIN 2A <u>the Consumer Duty</u> in respect of customer services or other <i>ancillary activities</i> related to that deposit carried on after 31 July 2023.	From 31 July 2023 indefinitely	31 July 2023
4.	Principle 1.2 and PRIN 2A <u>The Consumer Duty</u>	R	Except to the extent specified in <i>PRIN TP 5</i> and <i>TP 6</i> , the provisions listed in column 2 only apply to a <i>closed product</i> from 31 July 2024.	From 31 July 2023 indefinitely	31 July 2023
...					

6.	PRIN 2A.11.4R	R	Where a <i>firm</i> proposes to sell a book of <i>closed products</i> between 31 July 2023 and 30 July 2024 inclusive:	From 31 July 2023 to 31 July 2024	31 July 2023
			(1) the purchasing <i>firm</i> will only be required to comply with Principle 12 and PRIN 2A the <u>Consumer Duty</u> from 31 July 2024;		
			...		
...					

Annex C

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

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

3 Systems and controls

...

3.2 Areas covered by systems and controls

...

Investment strategy and investment decision making

- 3.2.23 G (1) This *guidance* sets out the *FCA's* expectation on how a *firm* may take into account *ESG financial considerations* and *other financial considerations* and *non-financial matters* as part of its *investment strategy* and *investment decision making*, to demonstrate compliance with *Principles 2, 3, 6 ~~or~~ 8 or 12*.

...

...

4 General organisational requirements

4.1 General requirements

...

Investment strategy and investment decision making of an operator of a personal pension scheme or stakeholder pension scheme

- 4.1.15 G (1) This *guidance* sets out the *FCA's* expectation on how an operator of a *personal pension scheme* or a *stakeholder pension scheme* may take into account *ESG financial considerations* and *other financial considerations* and *non-financial matters* as part of its *investment strategy* or *investment decision making*, to demonstrate compliance with *Principles 2, 3, 6 ~~or~~ 8 or 12*.

...

Annex D

Amendments to the Code of Conduct sourcebook (COCON)

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

1 Application and purpose

1.1 Application

...

To whom does it apply?

...

1.1.5A R The conduct of a member of the *conduct rules staff* of a *firm* is not within the scope of *Rule 6* in *COCON 2.1* (You must act to deliver good outcomes for retail customers):

- (1) unless the corresponding *COCON firm activities* of the *firm* are within the scope of *PRIN 3.1* (Who?) so far as it applies to ~~*Principle 12*~~ the *Consumer Duty*; and
- (2) except to the extent that ~~*Principle 12*~~ the *Consumer Duty* applies to that *firm* under *PRIN 3.1*.

...

To what conduct does it apply?

...

1.1.7C R The conduct of a member of the *conduct rules staff* of a *firm* is not within the scope of *Rule 6* in *COCON 2.1* (You must act to deliver good outcomes for retail customers) unless the corresponding *COCON firm activities* of the *firm* are within the scope of *PRIN 3.2* (What?) so far as it applies to ~~*Principle 12*~~ the *Consumer Duty*.

[*Editor's note*: The subheading 'To what conduct does it apply' is amended on 1 September 2026 (see FCA 2025/29).]

1.1.7D G The effect of *COCON 1.1.7C* is that a *person's* conduct is not within the scope of *Rule 6* in *COCON 2.1* if the related activities of the *firm* fall outside the scope of ~~*Principle 12*~~ the *Consumer Duty*. If ~~*Principle 12*~~ the *Consumer Duty* applies, *Rule 6* in *COCON 2.1* only applies if the conduct is also within the scope of the other relevant *COCON application rules* (although one of the *COCON application rules* (*COCON 1.1.7AR*) does not apply to *Rule 6*).

...

Where does it apply?

...

1.1.11C R The conduct of a member of the *conduct rules staff* of a *firm* is not within the scope of *Rule 6* in *COCON 2.1* (You must act to deliver good outcomes for retail customers) unless the corresponding *COCON firm activities* of the *firm* are within the scope of *PRIN 3.3* (Where?) so far as it applies to ~~*Principle 12*~~ *the Consumer Duty*.

1.1.11D R The effect of *COCON 1.1.8BR* and *COCON 1.1.11CR* is that conduct of a member of a *firm's conduct rules staff* is only within the territorial scope of *Rule 6* in *COCON 2.1* if it is within the scope of *COCON 1.1.9R* to *COCON 1.1.10R* and the corresponding activity of their *firm* is within the territorial scope of ~~*Principle 12*~~ *the Consumer Duty* as set out in *PRIN 3.3*.

...

2 Individual conduct rules

...

2.4 The Consumer Duty

...

~~References to Principle 12~~

2.4.10 R ~~Any reference in *COCON* to *Principle 12* must be read in accordance with *PRIN 2A.1.1R* and *PRIN 2A.1.2R* (Application) and *PRIN 2A.2.26R* (Interaction between Principle 12 and cross-cutting obligations). [deleted]~~

Annex E

Amendments to the General Provisions (GEN)

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

2 Interpreting the Handbook

...

2.2 Interpreting the Handbook

...

References to writing

...

- 2.2.15A G ~~An example of a requirement~~ Examples of requirements relevant to whether a communication required by a provision of the *Handbook* to be “in writing” may be made by use of electronic media ~~is the requirement~~ are the requirements to treat *customers* fairly under *Principle 6* and the requirement to act to deliver good outcomes for retail customers under the Consumer Duty.

...

4 Statutory status disclosure

...

4.2 Purpose

...

- 4.2.1B G This chapter builds upon the Consumer Duty, which requires a firm to act to deliver good outcomes for retail customers. It also builds upon Principle 7 (Communications with clients), which requires a firm to pay due regard to the information needs of its clients. This assists in the achievement of the *statutory objectives*, including the *FCA’s* strategic objective of ensuring that relevant markets function well and the consumer protection and integrity objectives.

[*Editor’s note*: further changes to GEN 4.2.1B will take place on 15 July 2026 (see FCA 2026/2).]

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

...

- (9) for *regulated claims management activities*, the pre-contract information and other requirements in *CMCOB 4.2* and *CMCOB 4.3*; and
- (10) the *Consumer Duty* – in particular, *PRIN 2A.5 (Consumer Duty: retail customer outcome on consumer understanding)*.

Annex F

Amendments to the Prudential sourcebook for Insurers (INSPRU)

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

1 Capital resource requirements and technical provisions for insurance business

...

1.2 Mathematical reserves

...

Purpose

...

1.2.6 G A number of the *rules* in this section require a *firm* to take into account its regulatory ~~duty~~ duties to treat *customers* fairly and deliver good outcomes for retail customers. In this section, references to such a ~~duty~~ duties are to the duty of a *firm* regulated by the *FCA* to pay due regard to the interests of its *customers* and to treat them fairly (see the *FCA's Principle 6* in *PRIN*) and (where applicable) act to deliver good outcomes for retail customers (see the *FCA's Principle 12* in *PRIN*). ~~This duty is~~ These duties are owed to both *policyholders* and potential *policyholders*.

1.2.6A G Some of the rules made by the *FCA* contain references to, or are reliant on, *rules* that are only made by the *PRA*. *Firms* should consider *GEN 2.2.13AR* (cross-references in the *Handbook*) and *GEN 2.2.23R* to *GEN 2.2.25G* (cutover: application of provisions made by both the *FCA* and the *PRA*) when applying these *rules*. In the context of mathematical reserves, the *FCA rules* ensure a *firm* takes into account its regulatory ~~duty~~ duties to treat *customers* fairly and (where applicable) act to deliver good outcomes for retail customers under the *Consumer Duty*.

...

Methods and assumptions

1.2.10 R In the actuarial valuation under *PRA Rulebook: Non Solvency II firms: Insurance Company – Mathematical Reserves, 2.1*, a *firm* must use methods and prudent assumptions which:

...

- (6) take into account its regulatory duty to treat its *customers* fairly (see *FCA's Principle 6*) and (where applicable) act to deliver good outcomes for retail customers (see the *FCA's Principle 12*); and

...

...

1.5 Internal-contagion risk

...

Separately identify and maintain long term insurance assets

...

1.5.25 G Where the surplus arising from business is shared between *policyholders* and shareholders in different ways for different blocks of business, it may be necessary to maintain a separate fund to ensure that *policyholders* are, and will be, treated fairly and, where applicable, that obligations under the *Consumer Duty* are met. For example, if a proprietary company writes some business on a with-profits basis, this should be written in a *with-profits fund* separate from any business where the surplus arising from that business is wholly owned by shareholders.

1.5.26 G Where a *firm* merges separate funds for different types of business, it will need to ensure that the merger will not result in *policyholders* being treated unfairly and, where applicable, that obligations under the *Consumer Duty* are met. When considering merging the funds, the *firm* should consider the impact on its *PPFM* (see *COBS* 20.3) and on its obligations to notify the *FCA* (see *SUP* 15.3). In particular, a *firm* would need to consider how any *inherited estate* would be managed and how the fund would be run in future, such that *policyholders* are treated fairly.

...

Requirements: property-linked funds

...

1.5.36 R A *firm* must select, allocate and manage the assets to which its *property-linked liabilities* are linked taking into account:

- (1) the *firm's* contractual obligations to holders of property-linked *policies*; and
- (2) its regulatory ~~duty~~ duties to treat *customers* fairly and act in accordance with the *Consumer Duty* (as applicable), including in the way it makes discretionary decisions as to how it selects, allocates and manages assets.

...

7 Individual Capital assessment

7.1 Application

...

Consistency with a firm's practice, systems and controls

...

- 7.1.26 G The *ICA* should assume that a *firm* will continue to manage its business having regard to the *PRA*'s and *FCA*'s Principles for Businesses. In particular, a *firm* should take into account how the Principles for Businesses may constrain its prospective management actions, for example, the *FCA*'s Consumer Duty or Principle 6 (Treating Customers Fairly) (as applicable).

...

Annex G

Amendments to the Conduct of Business sourcebook (COBS)

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

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

...

Guidance on inducements

- 2.3.3 G ~~The obligation of a *firm* to act honestly, fairly and professionally in accordance with the best interests of its *clients* includes both the *client's best interests rule* and the duties under *Principles* 1 (integrity), 2 (skill, care and diligence) and 6 (customers' interests). [deleted]~~

...

2.3B Inducements and research

...

Conditions relating to the operation of the research payment account

...

- 2.3B.6 G In accordance with *Principle* 7 (communications with clients), a *firm* should inform *clients* in the annual information in COBS 2.3B.5R(2) that they are entitled to request the information set out in COBS 2.3B.20R(1). Doing so will also be relevant to *firms*' obligations under PRIN 2A.5 relating to consumer understanding.

...

6 Information about the firm, its services and remuneration

...

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

Platform service providers: platform charges

...

- 6.1E.2 G A *platform service provider* should pay due regard to its obligations under ~~*Principle 6 (Customers' interests)*~~, ~~*Principle 7 (Communications with clients)*~~ the *Consumer Duty* and the *client's best interests rule*, and ensure that it presents *retail investment products* without bias.
- 6.1E.3 G A *platform service provider* should pay due regard to its obligations under ~~*Principle 6 (Customers' interests)*~~ the *Consumer Duty* and the *client's best interests rule* and not vary its *platform charges* inappropriately according to provider or, for substitutable and competing *retail investment products*, the type of *retail investment product*.

...

Providing additional units or payment in cash to a retail client

...

- 6.1E.12 G If a *platform service provider* passes a share of an annual management charge on to a *retail client* by way of additional *units* or cash, it should pay due regard to its obligations under ~~*Principle 7 (Communications with clients)*~~ the *Consumer Duty*.

...

14 Providing product information to clients

...

14.2 Providing product information to clients

...

Providing additional information to the client

- 14.2.18 G ...
- (2) When a *firm* provides additional information it should:
- ...
- (c) have regard to the *fair, clear and not misleading rule*, the *client's best interests rule* ~~and~~, Principles 6 and 7, and the *Consumer Duty* (as applicable).

...

18 Specialist Regimes

...

18.6A Insurance Special Purpose Vehicles (ISPVs)

...

Communications with clients

...

- 18.6A.7 G For the avoidance of doubt, *COBS* 18.6A.5R and *COBS* 18.6A.6R do not exhaust or restrict the scope of *Principle 7* or the *Consumer Duty* (as applicable).

...

19 Pensions supplementary provisions

19.1 Pension transfers, conversions, and opt-outs

...

Appropriate pension transfer analysis

...

- 19.1.2D G ...
- (2) If a *firm* presents the information in (1) it should, in accordance with ~~*Principle 7*~~ and the *fair, clear and not misleading rule*, do so in a way that is balanced and objective.

...

...

19.1A Abridged advice on pension transfers and pension conversions

...

Guidance about charging for abridged advice

- 19.1A.12 G ...
- (2) A *firm* that charges a *client* twice for what is, in essence, the same service is likely to be acting inconsistently with *Principle 2*, ~~*Principle 6*~~ and ~~*Principle 8*~~ and the *Consumer Duty*. As a result, a *firm* will be expected to offset the *adviser charges* paid by a *retail client* for the provision of *abridged advice* from the amount it would have otherwise charged that *retail client* for the provision of *full pension transfer or conversion advice*.

...

19.4 Open market options

...

Communications about options to access pension savings

- 19.4.15 G A *firm* should ensure that when it makes any communication with a *retail client* concerned with the *client's* options to access their pension savings it has regard to the *fair, clear and not misleading rule*, the *client's best interests rule* and ~~Principles 6 and 7~~ the Consumer Duty. In particular a *firm* should:

...

Signposting pensions guidance

...

- 19.4.17 G An example of behaviour by or on behalf of a *firm* that is likely to contravene the *client's best interests rule* or ~~Principle 6~~ the Consumer Duty and may contravene other *Principles* is for a *firm* to actively discourage a *retail client* from using the *pensions guidance*, for example by:

...

...

19.7 Pensions nudge and retirement risk warnings

...

Purpose

...

- 19.7.5 G (1) This section ~~amplifies~~ contains rules and guidance that apply in addition to a *firm's* obligations under *Principles 6 and 7*, and the Consumer Duty (as applicable), ~~but and therefore~~ does not exhaust or restrict what they require. A *firm* will, in any event, need to ensure that its sales processes are consistent with the *Principles* and other *rules*.
- (2) An example of a behaviour by a *firm* that is likely to contravene ~~Principle 6~~ the Consumer Duty and may contravene other *Principles* is for a *firm* to actively discourage a *retail client* from receiving *pensions guidance*, for example by:

...

...

19.10 Drawdown, investment pathways and cash warnings

...

Preparing for step 3

...

19.10.27 G ...

- (2) This may be the case, for example, if the transfer is required to prevent consumer harm and avoid risking a breach of our *rules*, for example ~~Principle 6~~ the Consumer Duty. This could be the case where the *firm* has determined that the *pathway investment* is no longer an appropriate investment for the *investment pathway* option and the client is likely to suffer harm as a result.

...

...

19.12 Non-workplace pensions: default options and cash warnings

...

Preparing to offer a default option

...

19.12.22 G ...

- (2) This may be the case, for example, if the transfer is required to prevent consumer harm and avoid risking non-compliance with our *rules*, for example ~~Principle 6~~ the Consumer Duty. This could be the case where *firms* determine that the *default option* no longer meets the applicable product governance requirements in *PROD* and existing clients are likely to suffer harm as a result.

...

...

20 With-profits

...

20.1A The with-profits fund

‘Other liabilities’ in the with-profits fund

- 20.1A.1 R For the purposes of calculating any *with-profits funds surplus* and the *rules* and *guidance* in *COBS* 20, including *COBS* 20.1A.5R, *COBS* 20.1A.6R and *COBS* 20.2.17CR, a *firm* must include the following non-exhaustive list as ‘other liabilities’:

- (1) liabilities arising from its regulatory duty to treat *customers* fairly and, where applicable, to act in accordance with the Consumer Duty (where not already included in *technical provisions*); and
- (2) the value of any prospective future transfers out of the *with-profits fund* properly attributable to shareholders in accordance with COBS 20.

...

Management of the with-profits fund

20.1A.13 R A *firm*, other than a *non-directive friendly society*, which is subject to contractual terms providing for payments under a capital instrument included in that *insurer's* own funds, must:

- (1) manage any *with-profits fund* so that discretionary benefits under a *with-profits policy* are calculated and paid, disregarding, insofar as is necessary for its *customers* to be treated fairly and (where applicable) act to deliver good outcomes for *retail customers* under the Consumer Duty, any requirements in such contractual terms whether or not they are absolute, contingent or at the discretion of the *firm*; and

...

20.1A.14 G (1) A *firm*, other than a *non-directive friendly society*, is expected to manage its *with-profits fund* so that amounts (whether interest, principal, or other outgoings) payable by the *firm* under a capital instrument included in that *insurer's* own funds (as determined in accordance with the *PRA Rulebook: Solvency II Firms: Own Funds* or *Non-Solvency II firms: Insurance Company – Capital Resources*) do not impact on the *with-profits fund's* assets or on the *firm's* ability to declare and pay under a *with-profits policy* discretionary benefits that are consistent with the *firm's* obligations under *Principle 6 (Customers' interests)* and the Consumer Duty (as applicable).

...

...

20.2 Treating with-profits policyholders fairly

Introduction

...

20.2.1B G ...

- (2) For the avoidance of doubt *COBS 20.2.1AR* does not exhaust or restrict the scope of *Principle 6* or the *Consumer Duty* (as applicable). *Firms* will in any event need to ensure that their operating practices are consistent with *Principle 6* or the *Consumer Duty* (as applicable).

...

- 20.2.2 R Neither *Principle 6* (Customers' interests), the *Consumer Duty*, nor the rules on treating *with-profits policyholders* fairly (*COBS 20.2*) relieve a *firm* of its obligation to deliver each *policyholder's* contractual entitlement.

...

Conditions relevant to distributions

- 20.2.16B G References to distributions in *COBS 20* includes distributions of distributable profits arising, namely any permanent addition to *policy* benefits made at the *firm's* discretion based on the investment or other experience in the fund or more generally. Distributions include those relating to expected payments for which allowance has been made in the *technical provisions* or to a *firm's* other liabilities arising from its regulatory duty to treat *customers* fairly and (where applicable) act to deliver good outcomes for retail customers under *Consumer Duty*, and not just distributions of any *with-profits fund surplus*.

...

Requirement relating to distribution of an excess surplus

...

- 20.2.22 E (1) If a *with-profits fund* has an *excess surplus*, and to retain that surplus would be a breach of *Principle 6* (Customers' interests) or the relevant parts of the *Consumer Duty*, the *firm* should make a distribution from that *with-profits fund*.
- (2) Compliance with (1) may be relied on as tending to establish compliance with *Principle 6* (Customers' interests) or those relevant parts of the *Consumer Duty*.
- (3) Contravention of (1) may be relied on as tending to establish a contravention of *Principle 6* (Customers' interests) or those relevant parts of the *Consumer Duty*.

...

20.5 With-profits governance

...

Terms of reference of with-profits committee or advisory arrangement

- 20.5.3 R A *firm* must ensure that the *terms of reference* contain, as a minimum, terms having the following effect:
- (1) the role of the *with-profits committee* or advisory arrangement is, as relevant, to assess, report on, and provide clear advice and, where appropriate, recommendations to the *firm's governing body* on:
- ...
- (c) whether the *firm* has addressed effectively the conflicting rights and interests of *with-profits policyholders* and other *policyholders* or stakeholders including, if applicable, shareholders, in a way that is consistent with *Principle 6* (treating customers fairly) or the *Consumer Duty* (as applicable); and
- ...
- ...

...

22 Restrictions on the distribution of certain complex investment products

...

22.5 Restrictions on the retail marketing, distribution and sale of contracts for differences and similar speculative investments

...

Other products

- 22.5.22 G *Firms* that market, distribute or sell *derivatives* with similar features to *restricted speculative investments* (particularly where the *derivatives* are leveraged) to *retail clients*, should have particular regard to how they comply with applicable obligations found elsewhere in the *FCA Handbook*, including, where relevant:
- ...
- (5) *PRIN*, particularly ~~*principles*~~ *Principles* 1, 2 and 6 and the *Consumer Duty* (as applicable); and
- ...

...

TP 2 Other Transitional Provisions

TP 2

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provisions: coming into force
...					
2.11	COBS TP 2.9	G	<p>The <i>rules and guidance</i> on treating with-profits policyholders fairly (COBS 20.2.1 G – COBS 20.2.41 G;) may be contrary to, or inconsistent with, some arrangements that were formally approved by the <i>appropriate regulator</i>, a <i>previous regulator</i> or a court of competent jurisdiction, on or before 20 January 2005. The effect of TP 2.9 is that these <i>rules</i> do not apply to such arrangements if, and to the extent that, it is inconsistent with them.</p> <p>A <i>firm</i> should be mindful, however, that, even if some or all of these <i>rules</i> are disapplied, the <i>firm</i> is still subject to the <i>rules</i> in the rest of the <i>Handbook</i>, including <i>Principle 6</i> or the <i>Consumer Duty</i> (as <u>applicable</u>).</p>	From 1 November 2007 indefinitely	1 November 2007
...					

Annex H

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

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

Part 1: Comes into force on 26 June 2026

1 Application

...

1 Annex Application (see ICOBS 1.1.2 R)

1

Part 1: Who?			
Modifications to the general application rule according to type of firm			
...			
7			Gibraltar-based firms and TP firms
7.1	R	...	
		(2)	The provisions specified for the purposes of (1) are:
			...
		(c)	<i>ICOBS 5.1.3CR(1A), ICOBS 6.2.6R, ICOBS 6.2.7G, ICOBS 6.5.1R(3)(d) and ICOBS 6A.6 (Cancellation of automatic renewal);</i>
			...

Part 2: Comes into force on 27 July 2026

1 Application

...

1 Annex Application (see ICOBS 1.1.2 R)

1

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

...			
7	Gibraltar-based firms and TP firms		
7.1	R	...	
		(2)	The provisions specified for the purposes of (1) are:
			...
		(c)	ICOB <i>ICOB</i> S 5.1.3CR(1A), <i>ICOB</i> S 6.2.6R, <i>ICOB</i> S 6.5.1R(3)(d) and <i>ICOB</i> S 6A.6 (Cancellation of automatic renewal);
			...

Part 3: Comes into force on 26 June 2026

...

2 General matters

...

2.3 Inducements

2.3.1 G (1) *Principle 8* requires a *firm* to manage conflicts of interest fairly, both between itself and its *customers* and between a *customer* and another *client*. This principle extends to soliciting or accepting inducements where this would conflict with a *firm's* duties to its *customers*. A *firm* that offers such inducements should consider whether doing so conflicts with its obligations under:

- (a) *Principles 1 and 6* (to act with integrity), ~~6~~ and (to treat customers fairly) and 12 (to act to deliver good outcomes for *retail customers*); and

...

...

...

2.7 Customers in financial difficulty

Purpose

...

2.7.2 G The *guidance* complements:

- (1) *Principle 12*, which requires *firms* to act to deliver good outcomes for *retail customers*;
- (2) the obligations in *PRIN 2A* (~~the Consumer Duty~~), including in particular the *rules* in *PRIN 2A.2* (cross-cutting obligations), *PRIN 2A.5* relating to communication, interacting on a one-to-one basis and adapting communication, *PRIN 2A.6* (Consumer Duty: retail customer outcome on consumer support) and expected standards in *PRIN 2A.7*; and
- (3) the *customer's best interests rule*.

However, it is not, and does not seek to be, a complete exposition of all of a *firm's* responsibilities to *customers* experiencing financial difficulties, nor does it alter, replace or substitute applicable *rules*, *guidance* or law, including those in relation to credit agreements.

...

Outcomes firms should aim to achieve

...

- 2.7.7 G In relation to ~~*Principle 12* and *PRIN 2A* (the Consumer Duty)~~ the Consumer Duty, *firms* are reminded of their responsibilities as a *firm* in a product's distribution chain, including in *PRIN 2A.1.14G*, *PRIN 2A.1.15G* and *PRIN 3.2.7R*.

...

4 Information about the firm, its services and remuneration

4.1 General requirements for insurance intermediaries and insurers

...

Interaction with the customer's best interests rule and ~~*Principle 7*~~ the Consumer Duty

- 4.1.1A G To comply with the *customer's best interests rule* and ~~*Principle 7*~~ (~~Communications with clients~~) the Consumer Duty, a *firm* should include consideration of the information needs of the *customer* including:

...

...

5 Identifying client needs and advising

5.1 General

Eligibility to claim benefits: general insurance contracts and pure protection contracts

- 5.1.1 G (1) In line with ~~Principle 6~~ the Consumer Duty, a firm should take reasonable steps to ensure that a customer only buys a policy under which ~~he is~~ they are eligible to claim benefits.

Part 4: Comes into force on 27 July 2026

- (2) ~~If~~ For the purposes of (1), at any time while arranging a policy and in good time before its conclusion, a firm finds that parts of the cover apply, but others do not, it should inform the customer so he can take an informed decision on whether to buy the policy. should:
- (a) consider whether a customer meets any qualifying requirements to claim the benefits for the different parts of the policy, and will continue to meet those requirements throughout the term of the policy unless there is a change in circumstances; and
- (b) if not, inform the customer, including if just in relation to parts of the cover which do not apply,
- so the customer can take a properly informed decision on whether to buy the policy.
- (3) ~~This guidance does not apply to policies arranged as part of a packaged bank account.~~ Throughout the term of a policy, where a firm is informed (including by customers), or reasonably ought to know, about a change in a customer's circumstances which could affect their eligibility to claim benefits, the firm should inform the customer of the potential impact on eligibility, in good time, so the customer can make effective, timely and properly informed decisions.
- (4) An example of where a firm reasonably ought to know about a change in a customer's circumstances throughout the term of the policy is where the firm was aware of a customer's age at the time of the conclusion of the policy and therefore reasonably ought to know when the customer will reach or has reached an age limit which could affect their eligibility to claim benefits under the policy. This could be relevant to the steps a firm would be expected to take under ICOBS 5.1.1G(2) and (3).

Eligibility to claim benefits: ~~payment protection contracts~~

- 5.1.2 R (1) ~~A firm arranging a payment protection contract must: [deleted]~~

- (a) ~~take reasonable steps to ensure that the *customer* only buys a *policy* under which he is eligible to claim benefits; and~~
 - (b) ~~if, at any time while *arranging the policy*, it finds that parts of the cover do not apply, inform the *customer* so he can take an informed decision on whether to buy the *policy*.~~
- (2) ~~This *rule* does not apply to *payment protection contract arranged as part of a packaged bank account*.~~
- 5.1.3 G (1) ~~For a typical *payment protection contract* the reasonable steps required in the first part of the *eligibility rule* are likely to include checking that the *customer* meets any qualifying requirements for different parts of the *policy*. [deleted]~~
- (2) ~~This *guidance* does not apply to *payment protection contracts arranged as part of a packaged bank account*.~~

Eligibility to claim benefits: ~~policies arranged as part of a packaged bank account~~

- 5.1.3A R ~~A *firm* *arranging policies* as part of a *packaged bank account* must: [deleted]~~
- (1) ~~take reasonable steps to establish whether the *customer* is eligible to claim each of the benefits under each *policy* included in the *packaged bank account* which must include checking that the *customer* meets any qualifying requirements to claim each of the benefits under each *policy*; and~~
 - (2) ~~inform the *customer* whether or not he would be eligible to claim each of the benefits under each *policy* included in the *packaged bank account* so that the *customer* can take an informed decision about the arrangements proposed.~~
- 5.1.3B R ~~A *firm* must make a record of the eligibility assessment and, if the *customer* proceeds with the arrangements proposed, retain it for a minimum period of three years from the date on which the assessment was undertaken. [deleted]~~
- 5.1.3C R (1) ~~Throughout the term of a *policy* included in a *packaged bank account*, a *firm* must provide the *customer* with an eligibility statement, in writing, on an annual basis. This statement must set out any qualifying requirements to claim each of the benefits under the *policy* and recommend that the *customer* reviews his circumstances and whether he meets these requirements. [deleted]~~
- (1A) ~~Where any *policy* (except for private health or medical insurance, and pet insurance) included in a *packaged bank account* renews automatically, the statement must include the information the *firm* is required to provide under *ICOBS 6.2.6R* on the right to cancel the automatic *renewal* element of the *policy* at any time.~~

- (2) ~~Where a *customer* has reached an age limit on claiming benefits under a travel insurance *policy* included in a *packaged bank account* (or will reach an age limit before the next annual statement is due), a *firm* must state this clearly and prominently in the statement and on an annual basis thereafter.~~
- (3) ~~The statement (provided under *ICOBS 5.1.3C R (1)*) must not:~~
- ~~(a) include any information other than that provided in accordance with this *rule*, *ICOBS 6.1.7 AG(2)*, *ICOBS 6A.4.5R(1)* and *ICOBS 6A.4.7G*; or~~
 - ~~(b) form part of another *document* provided to the *customer* by the *firm*; or~~
 - ~~(c) be included in the same mailing as any other *document* provided to the *customer* by the *firm*.~~

...

Part 5: Comes into force on 26 June 2026

5.3 Advised sales

Suitability

5.3.1 R *A firm* must take reasonable care to ensure the suitability of its advice for any *customer* who is entitled to rely upon its judgement.

5.3.1A G Where a *firm* provides advice to a *customer* in relation to a package which may include several *policies*, the *firm* should ensure the suitability of advice in *ICOBS 5.3.1R* in relation to each *policy* on which the *firm* is advising the *customer*.

Suitability guidance for pure protection policies contracts

5.3.2 G (1) In taking reasonable care to ensure the suitability of advice on a ~~*payment protection contract*~~ or a *pure protection contract* a *firm* should:

- (a) establish the *customer's* demands and needs by using information readily available to the *firm* and by obtaining further relevant information from the *customer*, including details of existing insurance cover; it need not consider alternatives to *policies* nor *customer* needs that are not relevant to the type of *policy* or *policies* in which the *customer* is interested;

...

- (2) ~~This guidance does not apply to payment protection contracts or pure protection contracts included in a packaged bank account. [deleted]~~

~~Suitability of advice on policies included in a packaged bank account~~

- 5.3.2A R ~~In taking reasonable care to ensure the suitability of advice on a policy included in a packaged bank account, a firm must: [deleted]~~
- (1) ~~establish the customer's demands and needs by using information readily available to the firm and by obtaining further relevant information from the customer, including details of existing insurance cover; it need not consider alternatives to policies nor customer needs that are not relevant to the type of policy in which the customer is interested;~~
- (2) ~~take reasonable steps to establish whether each policy included in the packaged bank account is suitable for the customer's demands and needs, taking into account its level of cover and cost, and relevant exclusions, excesses, limitations, and conditions;~~
- (3) ~~inform the customer of any demands and needs that are not met; and~~
- (4) ~~explain to the customer its recommendation and the reasons for the recommendation.~~
- 5.3.2B R ~~A firm must make a record of the suitability assessment, the recommendation given and the reasons for the recommendation and, if the customer proceeds with the recommendation, retain it for a minimum period of three years from the date on which the recommendation was made. [deleted]~~

...

6 Product information

...

6.1 Providing product information to customers: general

...

Part 6: Comes into force on 27 July 2026

Appropriate information regarding medical condition exclusions in travel insurance policies

- 6.1.7-A G (1) This guidance is relevant to a firm when it provides a consumer with:

- (a) a quotation for a *travel insurance policy*; or
- (b) ~~a statement (provided under *ICOBS 5.1.3CR(1)*)~~ information regarding a *consumer's* eligibility to claim benefits in *ICOBS 5.1.1G* in respect of a *travel insurance policy* included in a *packaged bank account*.

...

...

Part 7: Comes into force on 26 June 2026

Interaction between information provision requirements and the customer's best interests rule and ~~Principle 7~~ the Consumer Duty

- 6.1.11 G To comply with the customer's best interest rule and ~~Principle 7 (communication with clients)~~ the Consumer Duty, a firm should:
- (1) include consideration of the information needs of the *customers* including:
 - (a) what they need to understand the relevance of any information provided by the *firm*; and
 - (b) at which point in the sales process will the information be most useful to the *customer* to enable them to make an informed decision;
 - (2) provide evidence of cover promptly after inception of a *policy*, taking into account the type of *customer* and the effect of other information requirements, for example, those under the distance communication rules (*ICOBS 3.1*); and
 - (3) in relation to a *group policy*, provide appropriate information to the customer, telling the *customer* to pass it on to each *policyholder*.

Under ~~Principle 7~~ the Consumer Duty, a firm should provide evidence of cover promptly after inception of a *policy*. Firms will need to take into account the type of *customer* and the effect of other information requirements, for example those under the distance communication rules (*ICOBS 3.1*).

...

6.2 Pre-contract information: general insurance contracts

...

~~Solvency II Directive derived disclosure~~ Disclosure requirements in relation to applicable law, complaints handling, head office and branch

- 6.2.2 R Before a *general insurance contract* is concluded, a *firm* must inform a *customer* who is a natural *person* of:
- (1) the law applicable to the contract where the parties do not have a free choice, or the fact that the parties are free to choose the law applicable and, in the latter case, the law the *firm* proposes to choose; and
 - (2) the arrangements for handling *policyholders'* complaints concerning contracts including, where appropriate, the existence of a complaints body (usually the *Financial Ombudsman Service*), without prejudice to the *policyholders'* right to take legal proceedings.

[**Note:** article 183(1) to (2) of the *Solvency II Directive*]

- 6.2.2A R For the avoidance of doubt, *ICOBS 6.2.2R* applies to a *payment protection contract* with elements of a *general insurance contract*.

[*Editor's note:* the amended subheading 'Disclosure requirements in relation to applicable law, complaints handling, head office and branch' also applies to *ICOBS 6.2.3R* and *ICOBS 6.2.4R*.]

...

Auto-renewal

...

- 6.2.7 G ~~In the case of a *packaged bank account* *ICOBS 5.1.3CR(1A)* provides that the information required by *ICOBS 6.2.6R* should be provided in the eligibility statement. [deleted]~~

...

6.4 Pre- and post-contract information: protection policies

Application: what?

- 6.4.1 R This section applies in relation to a ~~*payment protection contract* or a *pure protection contract*~~ except as otherwise stated.

...

~~Complaints and compensation information~~

- 6.4.4A R ~~In relation to a *payment protection contract*, a *firm* must provide a *consumer* with information about: [deleted]~~

- (1) ~~how the *consumer* can complain to the *insurance undertaking* and that complaints may subsequently be referred to the *Financial Ombudsman Service* (or other applicable named complaints scheme); and~~
- (2) ~~the *consumer's* entitlement to compensation from the *compensation scheme* (or other applicable compensation scheme), or that there is no compensation scheme, in the event where the *insurance undertaking* is unable to meet its liabilities;~~

~~in good time before the conclusion of the *policy*.~~

~~Payment protection contracts: importance of reading documentation~~

- 6.4.5 R
- (1) ~~A *firm* must draw a *consumer's* attention to the importance of reading *payment protection contract* documentation before the end of the cancellation period to check that the *policy* is suitable for the *consumer*. [deleted]~~
 - (2) ~~This must be done orally if a *firm* provides information orally on any main characteristic of a *policy*.~~

...

Price information: policies sold in connection with revolving credit arrangements

- 6.4.10 G ...
- (2) Price information should be given in a way calculated to enable a typical *customer* to understand the typical cumulative cost of taking out the *policy*. This does not require oral disclosure where there is a sales dialogue with a *customer*. However, consistent with *Principle 7 the Consumer Duty*, a *firm* should ensure that this element of price information is not undermined by any information given orally.

...

6 Annex 2 Policy summary (pure protection contracts and / or commercial customers)

This annex belongs to *ICOBS* 6.1.7AG and *ICOBS* 6.4.4R

...		
2	Content	
...		

2.2	G	A <i>policy summary</i> should properly describe the <i>policy</i> but, in line with <i>Principle 7</i> and the <i>Consumer Duty</i> (as applicable), should not overload the <i>consumer</i> with detail.
...		

...

6A Product specific rules

...

6A.4 Travel insurance and medical conditions

...

Content of communication

6A.4.7 G (1) When describing the purpose and potential benefits of accessing the *medical cover firm directory*, the communication provided to consumers pursuant to *ICOBS 6A.4.5R* should:

...

- (c) otherwise be the result of careful consideration by the *firm* of *consumer* needs and expectations in light of the requirements of relevant *principles* and *rules*, ~~including *Principles 6, 7 and 8*~~.

...

...

Exception: consumer has already accessed the medical cover firm directory

...

6A.4.12 G (1) Whether a *firm* has responsibility for communicating with the *consumer* under this section will depend on the *rules* in this sourcebook applicable to the relevant circumstances, and the language of relevant provisions in this section should be construed accordingly. See, for example, ~~*ICOBS 5.1.3CR (Packaged bank accounts)*~~, ~~*ICOBS 6.1R*~~ *ICOBS 6.-1* (Producing and providing product information), *ICOBS 6.1* (Providing product information to customers: general) and *ICOBS 6.5* (Renewals).

...

Assessment of medical condition risk

- 6A.4.13 G (1) *Firms* should assess the risk associated with medical conditions and calculate *medical condition premiums* by reference to reliable information that is relevant to the assessment of the risk. *Firms* which do not do this may communicate unclear, unfair or misleading price information to *consumers* and so risk breaching ~~*Principles Principle 2, 6 and/or 7*~~ the *Consumer Duty*, and *ICOBS 2.2.2R* and/or ~~*ICOBS 2.5-1R*~~ *ICOBS 2.5-1R*. *Firms* also need to consider their obligations under the Equality Act 2010 and anti-discrimination legislation in Northern Ireland.

...

6A.5 Retail premium finance: disclosure and remuneration

...

Premium finance related remuneration

...

- 6A.5.6 G (1) *Firms* are reminded of their obligations elsewhere in the *FCA Handbook* including:
- (a) *Principles 1 and 6* and the *Consumer Duty* to act with integrity, ~~and~~ treat customers fairly and act to deliver good outcomes for retail customers;

...

...

...

6A.6 Cancellation of automatic renewal

...

Purpose

- 6A.6.2 G The purpose of this section is to support ~~Treating Customers Fairly outcome 6~~ “Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint” the *Consumer Duty*, including the requirement to avoid causing foreseeable harm (*PRIN 2A.2.8R*) and the expectation that consumers do not face unreasonable barriers when they want to switch (*PRIN 2A.2.10G(5)(iii)*), by making it easier for *consumers* who wish to prevent their *policy* from automatically *renewing* to cancel this feature of their *policy*.

...

6B Home insurance and motor insurance pricing

...

6B.2 Setting renewal prices

...

Incentives

...

6B.2.15 G *Firms* are reminded that ~~Principle 7~~ the Consumer Duty and *ICOBS* 2.2.2R apply to the communication of incentives in the same way as they apply to all communications with their *customers*. *Firms* should present incentives in a way that makes clear both the overall price of the product, not including the incentive, and (if different) the price the *customer* will actually pay.

...

Records

...

6B.2.57 R ~~The records compiled by the firm in accordance with *ICOBS* 6B.2.51R to *ICOBS* 6B.2.53R must be provided as soon as reasonably practicable after the record is prepared or updated to the *person* responsible for the attestation in *ICOBS* 6B.2.60R, and to the *FCA* on request. [deleted]~~

...

Sch 1 Record keeping requirements

...

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
<i>ICOBS</i> 5.1.3BR	Eligibility [deleted]	Details of whether the <i>customer</i> is eligible to claim each of the benefits under each <i>policy</i> included in the	Date of eligibility assessment	3 years

		<i>packaged bank account</i>		
<i>ICOBS</i> 5.3.2BR	Suitability and recommendation given [deleted]	Details of whether each <i>policy</i> included in the <i>packaged bank account</i> is suitable for the <i>customer's</i> demand and needs, the recommendation given and the reasons for the recommendation	Date of recommendation	3 years
...				

Annex I

Amendments to the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)

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

2 Conduct of business standards: general

...

2.3 Inducements: regulated mortgage contracts, home reversion plans and regulated sale and rent back agreements

Purpose

- 2.3.1 G The purpose of *MCOB 2.3* is to ensure, in accordance with *Principles 1, 6 and 8* and the *Consumer Duty* (as applicable), that a *firm* does not conduct business under arrangements that might give rise to a conflict with its duty to *customers*, or to unfair treatment of them or to the delivery of outcomes that are not good for them.

...

2.4 High pressure sales: regulated mortgage contracts, home reversion plans and regulated sale and rent back agreements

...

~~Fair treatment~~ Customers' interests

- 2.4.2 G (1) *Principle 6* (Customers' interests) ~~requires that a *firm* must pay due regard to the interests of its *customers* and treat them fairly. This means~~ and the *Consumer Duty* (as applicable) in this context mean, for example, that a *firm* should avoid selling practices that commit *customers* (or lead *customers* to believe that they are committed) to any *regulated mortgage contract* or *home reversion plan* before they have been able to consider the *illustration* and *offer document*. One such practice might be to present a new *customer* with an *illustration*, *offer document* and mortgage deed at one time and to require the mortgage deed to be signed on the same occasion (when there is no urgent need to do so).

...

Information

- 2.4.3 G *Principle 7* (Communications with clients) ~~and the *Consumer Duty* (as applicable)~~ requires ~~require~~ that a *firm* must pay due regard to the information needs of its *clients*, and communicate information to them in a way which is clear, fair and not misleading. This means, for example, that

a *firm* should avoid giving any *customer* a false impression about the availability of a *regulated mortgage contract*, *home reversion plan* or *regulated sale and rent back agreement*, such as describing it as a ‘special offer’ not available after a certain date unless this is really the case.

...

2.6 Exclusion of liability

Purpose

- 2.6.1 G In accordance with Principle 6 (Customers’ interests) and the Consumer Duty (as applicable), ~~requires a firm to pay due regard to the interests of its customers and treat them fairly. A firm~~ may not exclude the duties it owes or the liabilities it has to a *customer* under the *regulatory system*. It may exclude other duties and liabilities only if it is reasonable for it to do so.

...

2.6A Protecting customer’s interests: regulated mortgage contracts, home purchase plans, home reversion plans and regulated sale and rent back agreements

...

Protecting customers’ interests under regulated sale and rent back agreements: security of tenure

...

- 2.6A.5C G In the light of *MCOB 2.6A.5BR(1)(c)*, and in accordance with *Principle 6* and the *Consumer Duty (as applicable)*, a *firm* should not seek to prevent a tenant in Northern Ireland from ending the tenancy on less than the agreed notice period (not exceeding three months in accordance with *MCOB 2.6A.5BR(1)(c)*), where the notice is given in the first six months of the tenancy.

...

3A Financial promotions and communications with customers

3A.1 Application and purpose

...

Other relevant provisions

- 3A.1.11 G *Firms* are reminded that *financial promotions* (including those which are exempt) may be subject to more general *rules*, including *Principle 7 (Communications with clients)* and the *Consumer Duty (as*

applicable), SYSC 3 to SYSC 10 (Systems and controls), and MCOB 3A.2.4R (Fair, clear and not misleading communications).

...

Principles 6 and 7 and the Consumer Duty

- 3A.1.17 G This chapter ~~amplifies~~, for activities within its scope, contains rules and guidance that apply in addition to firms' obligations under Principle 6 (Customers' interests), ~~and~~ Principle 7 (Communications with clients) and the Consumer Duty (as applicable).

3A.2 The fair, clear and not misleading rules

Fair, clear and not misleading communications

...

- 3A.2.2 G The purpose of MCOB 3A.2.1R is to restate, in a slightly amended form and as a separate *rule*, the part of *Principle 7 (Communications with clients)* and the Consumer Duty (as applicable) that ~~relates~~ relate to communication of information.

...

4 Advising and selling standards

...

4.2 Purpose

- 4.2.1 G (1) This chapter ~~amplifies~~ contains rules and guidance that apply in addition to firms' obligations under Principle 6 (Customers' interests), Principle 7 (Communications with clients) and, Principle 9 (Customers: relationships of trust) and the Consumer Duty (as applicable).

...

4.4A Initial disclosure requirements

...

Range of products

...

- 4.4A.7 G ...
- (2) *Firms* are also reminded that *Principle 7 (Communications with clients)*, the Consumer Duty (as applicable) and MCOB 3A.2.1R (Fair, clear and not misleading communications) are also relevant to how they describe their services, including in any business name

they adopt. For example, a *firm* should not call itself an “independent mortgage adviser” unless its product range across the relevant market is unlimited.

...

...

Timing of initial disclosure in all cases

...

- 4.4A.14 G *Principle 7, the Consumer Duty (as applicable)* and *MCOB 3A.2.1R* also mean that, if initial disclosure has been given but any of the information in it (for example the basis on which the *firm* will be remunerated) subsequently changes, the *firm* should bring this clearly to the *customer’s* attention.

...

4.8A Execution-only sales

...

Exception: rate switches and other variations

...

- 4.8A.11 G ...

- (5) ~~*Firms* are reminded of *Principles 6 and 7: that is, that they must pay due regard to the best interests of their customers and treat them fairly; and that they must pay due regard to the information needs of their clients, and communicate information to them in a way which is clear, fair and not misleading* and the *Consumer Duty (as applicable)*. Where features of a product have changed in such a way that the product is in effect no longer recognisable as the same product, *firms* should re-present the new list of products. Similarly, *firms* should re-present the new list of products where there is any change to interest rates, fees or other charges which is likely to be material to the *customer’s* decision as to whether or how to vary a *regulated mortgage contract*.~~

...

5 Pre-application disclosure

...

5.2 Purpose

- 5.2.1 G (1) *MCOB 5 amplifies contains rules and guidance that apply in addition to firms' obligations under Principle 6 and, Principle 7 and the Consumer Duty (as applicable).*

...

...

5.9 Pre-sale disclosure for regulated sale and rent back agreements

...

Initial disclosure information to unauthorised SRB agreement providers

...

- 5.9.5 G *A person may enter into a regulated sale and rent back agreement as agreement provider without being regulated by the FCA (or an exempt person) if the person does not do so by way of business. However, a SRB intermediary should at all times be conscious of its obligations under ~~Principle 6 (Customers' interests)~~ the Consumer Duty. Should the firm have any reason to believe or entertain any suspicions that the SRB agreement seller may be proposing to enter into a regulated sale and rent back agreement with an unauthorised SRB agreement provider notwithstanding that the provider appears to be doing so by way of business and therefore appears to require authorisation under the Act, the firm should warn the seller that he they should not be proceeding with the transaction.*

...

5A MCD Pre-application disclosure

5A.1 Application and purpose

...

- 5A.1.2 G (1) *MCOB 5A amplifies contains rules and guidance that apply in addition to firms' obligations under Principle 6 and, Principle 7 and the Consumer Duty (as applicable).*

...

...

6 Disclosure at the offer stage

...

6.2 Purpose

- 6.2.1 G (1) *MCOB 6 ~~amplifies~~ contains rules and guidance that apply in addition to firms' obligations under Principle 6 and, Principle 7 and the Consumer Duty (as applicable). The purpose of MCOB 6 is to ensure that a customer receives a clear offer document to enable ~~him~~ them to check the features and price of the home finance transaction before ~~he enters~~ they enter into it. The offer document should include an updated and suitably adapted illustration (for a regulated mortgage contract) or financial information statement (for a home purchase plan) so that the customer can compare it with the one ~~he~~ they received before ~~he~~ they applied for the home finance transaction.*

...

...

6.8 Home purchase plans

Offer document

...

- 6.8.3 G *A firm should bear in mind its obligations under Principle 6 and the Consumer Duty (as applicable). For example, if a firm knows that its interest in a home purchase plan will be assigned and the firm will no longer be responsible for setting rental payments and charges, the offer document should state this fact and who will become responsible after the assignment (if this is not known at the offer stage the customer should be notified as soon as it becomes known).*

...

6A MCD disclosure at the offer stage

6A.1 Application and purpose

...

- 6A.1.3 G *MCOB 6A ~~amplifies~~ contains rules and guidance that apply in addition to firms' obligations under Principle 6 and, Principle 7 and the Consumer Duty (as applicable). The purpose of MCOB 6A is to ensure that a customer receives a clear offer document to enable them to check the features and price of the MCD regulated mortgage contract before they enter into it.*

...

7 Disclosure at start of contract and after sale

...

7.2 Purpose

- 7.2.1 G (1) This chapter ~~amplifies~~ contains rules and guidance that apply in addition to firms' obligations under Principle 6 and, Principle 7 and the Consumer Duty (as applicable).

...

...

7.8 Home purchase plans

...

Event-driven information

- 7.8.7 G When a post-sale variation of the *home purchase plan* is proposed or takes place, a *firm* should have regard to the *Principles* (in particular, *Principles 6 and 7 and the Consumer Duty (as applicable)*) in determining the action it should take and what information to provide to the *customer*.

...

8 Equity release: advising and selling standard

...

8.2 Purpose

...

- 8.2.2 G (1) This chapter ~~amplifies~~ contains rules and guidance that apply in addition to firms' obligations under Principle 6 (Customers' interests), Principle 7 (Communications with clients) and, Principle 9 (Customers: relationships of trust) and the Consumer Duty (as applicable).

...

...

11 Responsible lending, and responsible financing of home purchase plans

...

11.5 Purpose

- 11.5.1 G (1) This chapter requires a *firm* to treat *customers* fairly and act in accordance with the Consumer Duty (as applicable) by assessing, before deciding to:

(a) *enter into a regulated mortgage contract or home purchase plan; or*

(b) *vary a regulated mortgage contract or home purchase plan;*

whether the *customer* will be able to repay the sums borrowed and interest (in the case of a *regulated mortgage contract*) or pay the sums due (in the case of a *home purchase plan*).

...

11.6 Responsible lending and financing

...

The assessment of affordability

...

11.6.3 R ...

(6) *MCOB 11.6.2R does not apply to a variation to the terms of a regulated mortgage contract or home purchase plan which reduces its term. A firm must consider affordability in line with ~~Principle 12 (Consumer Duty)~~ and ~~PRIN 2A~~ the Consumer Duty and its responsible lending policy.*

...

Entering into interest-only mortgages

...

11.6.44 G *Firms are reminded that whether it is appropriate to take the action contemplated by MCOB 11.6.43R will depend on all the circumstances of the particular case and must be considered having regard to, among other things, Principle 6, the Consumer Duty (as applicable) and the rules in MCOB 13.*

...

Interest-only policy

...

11.6.51 G ...

(2) *The policy and procedures for safeguarding the interests of a customer under an interest-only mortgage should not permit the mortgage lender to change the interest-only mortgage to a repayment mortgage, extend the term or otherwise change the features of the interest-only mortgage unless to do so is compatible*

with the duties of the *mortgage lender* under *Principle 6*, (where applicable) the *Consumer Duty* and any other applicable rules and regulations, including those relating to *arrears* or *payment shortfall*. A *mortgage lender* should also have regard to the *CRA* when drafting the provisions of *regulated mortgage contracts* in relation to changes to their features.

...

11.7 Transitional arrangements

...

- 11.7.4 G In accordance with its ~~obligation~~ obligations under *Principle 6* ~~to treat its customers fairly~~ and the Consumer Duty (as applicable), a *firm* should not treat a *customer* with whom it *enters into* or varies a *regulated mortgage contract* or *home purchase plan* pursuant to this section 11.7 less favourably than it would treat other *customers* with similar characteristics, for example by offering less favourable interest rates or other terms.

...

11.8 Customers unable to change regulated mortgage contract, home purchase plan or provider

- 11.8.1 E Where a *customer* is unable to:
- (1) enter into a new *regulated mortgage contract* or home purchase plan or vary the terms of an existing *regulated mortgage contract* or *home purchase plan* with the existing *mortgage lender* or *home purchase provider*; or
 - (2) enter into a new *regulated mortgage contract* or *home purchase plan* with a new *mortgage lender* or *home purchase provider*;

the existing *mortgage lender* or *home purchase provider* should not (for example, by offering less favourable interest rates or other terms) take advantage of the *customer's* situation or treat the *customer* any less favourably than it would treat other *customers* with similar characteristics. To do so may be relied on as tending to show contravention of *Principle 6* (Customers' interests) or the Consumer Duty (as applicable).

11.9 Remortgaging with the same or a different lender with no additional borrowing

Application and purpose

...

- 11.9.3 G ...

- (2) This section permits *firms* to choose to modify certain provisions when assessing a *customer's* ability to afford a mortgage. The provisions capable of modification are grouped (such as the provisions linked to the assessment of income and expenditure). *Firms* can choose whether to adopt all, some, or none of the modifications in this section, on a case-by-case basis (though they cannot modify some provisions in a group and not others). We expect *firms* to have regard to ~~*Principle 12* and *PRIN 2A (The Consumer Duty)*~~ *the Consumer Duty* and not unfairly apply *rules* in one case but not another where the *customers'* circumstances are otherwise the same.

...

...

Internal switching policy

...

- 11.9.13 E If a *firm* has an internal switching policy but does not, without good reason:
- (1) permit an eligible *customer* to enter into a more affordable *regulated mortgage contract*; or
 - (2) apply *MCOB 11.6.3R* or *MCOB 11.7* (if relevant) or such of the *rules* in this section as may be necessary to enable that *customer* to enter into the more affordable *regulated mortgage contract*;

this may be relied on as tending to show contravention of ~~*Principle 12* and *PRIN 2A (the Consumer Duty)*~~ *the Consumer Duty*.

...

12 Charges

...

12.2 Purpose

- 12.2.1 G (1) ~~*Principle 6* requires a *firm* to pay due regard to the interests of its *customers* and treat them fairly~~ *Firms* are reminded of their obligations under *Principle 6* and the *Consumer Duty* (as applicable). A *firm* is also under an obligation, as a consequence of this sourcebook's disclosure requirements, to make charges transparent to *customers*. This chapter reinforces these requirements by preventing a *firm* from imposing unfair and excessive charges.

...

...

12.7 Home purchase plans

Who?

- 12.7.1 G The *FCA* believes that *Principle 7* and the *Consumer Duty* (as applicable) ~~requires~~ require charges imposed by a *firm* on customers to be transparent and that imposing unfair or excessive charges is inconsistent with *Principle 6* and the *Consumer Duty* (as applicable).

...

...

13 Payment difficulties and repossessions: regulated mortgage contracts and home purchase plans

...

13.3 Dealing fairly with customers: policy and procedures

...

Expired term customers

...

- 13.3.8B G In complying with *MCOB* 13.3.8AR, a *firm* should consider, given the individual circumstances of a *customer*, what actions, if any, it is appropriate to take in respect of the *customer* and the *regulated mortgage contract*. This includes having regard to its obligations under *Principle 12* and ~~*PRIN 2A* (the *Consumer Duty*)~~ the *Consumer Duty*.

...

Annex J

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

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

2 Communications and financial promotions

2.1 Purpose and Application: Who and what?

- 2.1.1 G ~~*Principle 6* requires a *firm* to pay due regard to the interests of its *customers* and treat them fairly. *Principle 7* requires a *firm* to pay due regard to the information needs of its *clients* and communicate information to them in a way which is clear, fair and not misleading. The *Consumer Duty* requires a *firm* to act to deliver good outcomes for *retail customers*, in accordance with the relevant obligations in *PRIN 2A*. *PRIN 2A.5.3R(1)(c)* also requires *firms*' communications to equip *retail customers* to make decisions that are effective. ~~*Principles 6 and 7*~~ The *Consumer Duty* also ~~apply~~ applies to an *electronic money institution*, a *payment institution* and a *registered account information service provider* with respect to provision of *payment services* and the issuance of *electronic money*. This chapter reinforces these requirements by requiring a *firm* and these other providers to pay regard to the information needs of *banking customers*, *payment service customers* and *electronic money customers* when communicating with, or making a *financial promotion* or a *payment service* or *electronic money promotion* to, them and to communicate information in a way that is clear, fair and not misleading.~~

...

5 Post sale

5.1 Post sale requirements

Service

...

- 5.1.2 G In determining the order in which to process payment instructions in relation to the *retail banking service*, a *firm* must have regard to its ~~obligation to treat *banking customers* fairly~~ obligations under the *Consumer Duty*.

...

Set-off

- 5.1.3A G To ensure compliance with its obligations under *BCOBS 5.1.1R* and ~~*Principle 6*~~, the *Consumer Duty* on any occasion where it proposes to exercise a *right of set-off*, a *firm* (other than a *credit union*) should, with respect to its dealings with *consumers*:

...

- 5.1.3B G (1) If it becomes apparent to a *firm* after it has exercised a *right of set-off* that it has set off or combined a debt due from, or a debit balance on an account held by, a *consumer* against or with:

...

- (2) If, in the circumstances referred to in (1), the *firm* does not provide a refund of the sum debited from the account in exercise of the *right of set-off*, the *firm* should be able to justify that it is fair not to do so and should consider taking other remedial action having regard to its obligations under *BCOBS 5.1.1R* and ~~*Principle 6*~~ *the Consumer Duty*.

Dealings with customers in financial difficulty

- 5.1.4 G ~~*Principle 6*~~ *The Consumer Duty* requires a *firm* to ~~pay due regard to the interests of its customers and to treat them fairly~~ act to deliver good outcomes for retail customers. In particular, a *firm* should ~~deal fairly with~~ act to deliver good outcomes for a *banking customer* whom it has reason to believe is in financial difficulty.

...

Annex K

Amendments to the Claims Management: Conduct of Business sourcebook (CMCOB)

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

2 Conduct of business

...

2.2 Generating, obtaining and passing on leads

- 2.2.1 G (1) The *Principles* (in particular ~~*Principle 6*~~ and ~~*Principle 7*~~ the *Consumer Duty*) apply to actions of a *firm* dealing with a *claim* or a *customer* whose details the *firm* has obtained from a *lead generator*. For example, where there is a possibility that the *lead generator* is using misleading information, advice or actions to obtain a *customer's* personal data, acting on those sales leads could amount to a breach by the *firm* of ~~*Principle 6*~~ and ~~*Principle 7*~~ the *Consumer Duty*.

...

...

3 Financial promotions and communications with customers

3.1 Application

...

- 3.1.2 G (1) In accordance with ~~*Principle 7*~~ the *Consumer Duty*, a *firm's financial promotions* and communications with its *customers* should be fair, clear and not misleading.

...

...

5 Fee caps for regulated claims management activities

...

5.2 Fee restrictions for financial services and financial product claims other than payment protection insurance claims

...

Statutory context and purpose

- 5.2.3 G ...

- (4) *Firms* are reminded of their obligations ~~to treat customers fairly under *PRIN 2.1.1R(6) (Customers' interests)*~~ under the *Consumer Duty* to act to deliver good outcomes for *retail customers* and under *CMCOB 2.1.1R (client's best interests rule)* which also apply where this section applies. Accordingly, as well as complying with the *rules* in this section, *firms* should ensure that their fees comply with ~~*PRIN 2.1.1R(6)*~~ the *Consumer Duty* and the *client's best interests rule*.

...

...

Guidance on the application of the FS claims management fee cap: activities which are not covered by the cap

5.2.7 G ...

- (3) *Firms* are reminded of their obligations under:

...

- (d) ~~*PRIN 2.1.1R(6) (Customers' interests)*~~ the *Consumer Duty* and *CMCOB 2.1.1R (client's best interests rule)*.

...

...

Annex L

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

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

1 Application and purpose

...

1.2 General application: who? what? where?

...

Customers and covered individuals

...

1.2.13 G Where the *rules* in this sourcebook require a *firm* to disclose information to a *customer*, the *firm* should also consider:

- (1) whether it should disclose the same information to the *covered individual* (where different from the *customer*) in accordance with its obligations under ~~Principle 7~~ the Consumer Duty; and

...

...

2 General matters

...

2.2 Inducements

2.2.1 G (1) *Principle 8* requires a *firm* to manage conflicts of interest fairly, both between itself and its *customers* and between a *customer* and another *client*. This principle extends to soliciting or accepting inducements where this would conflict with a *firm's* duties to its *customers*. A *firm* that offers such inducements should consider whether doing so conflicts with its obligations under:

- (a) ~~Principles 1 and 6~~ (to act with integrity) and 6 (to treat *customers* fairly) and 12 (to act to deliver good outcomes for retail customers); and

...

...

2.3 Customers with a payment shortfall

...

Purpose

- 2.3.3 G This section ~~amplifies *Principle 6 (Customers' interests)*~~ contains *rules and guidance* that apply in addition to *firms' Consumer Duty* obligations in respect of the information and service that *firms* should provide to *customers* who have payment difficulties or shortfalls.

...

6 Information about the firm and its services

6.1 General requirements for firms

...

Interaction with the customer's best interests rule and ~~Principle 7~~ the Consumer Duty

- 6.1.2 G To comply with the *customer's best interests rule* and ~~*Principle 7 (Communications with clients)*~~ the *Consumer Duty*, a *firm* should consider the information needs of the *customer* and, if different, the *covered individual*, including:

...

...

11 Fees

11.1 Application and purpose

...

Purpose

- 11.1.2 G ~~*Principle 6*~~ The *Consumer Duty* requires a *firm* to ~~pay due regard to the interests of its *customers* and treat them fairly~~ act to deliver good outcomes for *retail customers*. A *firm* is also under an obligation to comply with the *customer's best interests rule* and, as a consequence of this sourcebook's *customer* communication requirements, to communicate information to *customers* in a clear, fair and not misleading way. This chapter reinforces these requirements by preventing a *firm* from imposing *fees* which amount to profit.

...

Annex M

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

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

2 General principles

...

2.4 Inducements

...

2.4.2 G (1) *Principle 8* requires a *firm* to manage conflicts of interest fairly, both between itself and its *customers* and between a *customer* and another *customer*. This principle extends to soliciting or accepting inducements where this would conflict with a *firm's* duties to its *customers*. A *firm* that offers or accepts such inducements should consider whether doing so conflicts with its obligations under:

- (a) *Principle 1* to act with integrity;
- (b) ~~*Principle 12* to act to deliver good outcomes for retail customers~~ the Consumer Duty; or
- (c) the *customer's best interests rule*.

...

...

4 Communications: general principles applying to all communications

...

4.3 General principles applicable to communications: additional requirements including comprehensibility, prominence and notification of changes

...

4.3.5 G The *rules* in this sourcebook regarding communications to *customers* do not prescribe the exact wording or formatting of the communications. To comply with the *customer's best interests rule*, ~~*Principle 12*~~ the Consumer Duty and the *rules* in relation to general communications in this sourcebook, a *firm* should consider the information needs of, and seek to make general communications appropriate and comprehensible for, a *customer* in their target market, including:

...

...

8 Choice architecture

...

8.4 Exit communications requirements

...

- 8.4.2 G *Firms* should determine the design, form, language and delivery of the exit communications in *PDCOB* 8.4.1R and are reminded of their obligations under ~~*Principle 12*~~ the *Consumer Duty* and, in particular, the retail customer outcome on consumer understanding in *PRIN* 2A.5.

...

8.5 Presentation of the choice architecture

...

- 8.5.4 G *Firms* are reminded of their obligations under ~~*Principle 12*~~ the *Consumer Duty* in relation to the consumer understanding outcome and communications to *retail customers*, in particular:

...

- 8.5.5 G *Firms* are reminded they must comply with the requirements of ~~*Principle 12*~~ and *PRIN* 2A the *Consumer Duty* on *product* design and *product* testing. In particular, *firms* are reminded of the requirements in *PRIN* 2A.3.4R, *PRIN* 2A.3.9R and *PRIN* 2A.3.10R, and should assess whether the presentation of the choice architecture:

...

...

12 Post-view services

...

12.4 Specific fees restrictions in relation to post-view services

...

- 12.4.4 G *A firm* which charges for a *post-view service* is reminded of its obligations under ~~*Principle 12*~~ the *Consumer Duty*. In particular, a *firm* which charges for a *post-view service* should be satisfied that their fair value obligations under *PRIN* 2A.4, the *retail customer* outcome on price and value, are met.

Annex N

Amendments to the Client Assets sourcebook (CASS)

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

6 Custody rules

...

6.3 Depositing assets and arranging for assets to be deposited with third parties

Depositing safe custody assets with third parties

...

6.3.2A R (1) A *firm* must make a record of the grounds upon which it satisfies itself as to the appropriateness of its selection and appointment of a third party under CASS 6.3.1R. The *firm* must make the record on the date it makes the selection or appointment ~~and must keep it from that date until five years after the *firm* ceases to use the third party to hold safe custody assets belonging to clients.~~

(2) A *firm* must make a record of each periodic review of its selection and appointment of a third party that it conducts under CASS 6.3.1R, its considerations and conclusions. The *firm* must make the record on the date it completes the review ~~and must keep it from that date until five years after the *firm* ceases to use the third party to hold safe custody assets belonging to clients.~~

6.3.2B G CASS 6.6.7R sets out the retention requirements for the records that a *firm* is required to make under CASS 6.3.2AR.

...

6.4 Use of safe custody assets

Non-retail clients

6.4.1 R (-1) This rule applies in relation to activity carried on by a *firm* which is not retail market business.

(1) ...

...

6.4.1A G ~~The FCA expects *firms* which enter into arrangements under CASS 6.4.1 R with retail clients to only enter into securities financing transactions and not otherwise use retail clients' safe custody assets. [deleted]~~

6.4.1B G (1) Prior express consent by *clients* under CASS 6.4.1R should be given and recorded by *firms* in order to allow the *firm* to demonstrate

clearly what the *client* agreed to and to help clarify the status of *safe custody assets*.

- (2) *Clients' consent under CASS 6.4.1R* may be given once at the start of the commercial relationship, as long as it is sufficiently clear that the *client* has consented to the use of their *safe custody assets*.
- (3) ~~Where a *firm* is acting on a *client* instruction to lend *safe custody assets* and where this constitutes consent to entering into the transaction, the *firm* should hold evidence to demonstrate this.~~
[deleted]

[Note: recital 10 to the *MiFID Delegated Directive*]

Retail clients

- 6.4.1BA R (1) This rule applies to a *firm's* retail market business.
- (2) A *firm* must not enter into arrangements for securities financing transactions in respect of *safe custody assets* held by it on behalf of a *client*, unless:
- (a) the *client* has given express prior consent to the use of the *safe custody assets* on specified terms;
 - (b) the use of that *client's* *safe custody assets* is restricted to the specified terms to which the *client* consents; and
 - (c) entering into such arrangements, including the process of obtaining express prior consent and drawing up those specified terms, is compatible with the *Consumer Duty*.
- (3) A *firm* must not enter into arrangements for securities financing transactions in respect of *safe custody assets* held by it on behalf of a *client* in an omnibus account maintained by a third party, unless, in addition to the conditions set out in (2):
- (a) each *client* whose *safe custody assets* are held together in an omnibus account has given express prior consent in accordance with (2)(a); or
 - (b) the *firm* has in place systems and controls which ensure that only *safe custody assets* belonging to *clients* who have given express prior consent in accordance with (2)(a) are so used.
- (4) Subject to (5), other than as a direct consequence of arrangements that it makes for securities financing transactions in accordance with this rule, a *firm* must not otherwise use *safe custody assets* held by it on behalf of a *client* for its own account or the account of any other person or *client* of the *firm*.

- (5) A firm will not breach the prohibition in (4) where:
- (a) it is using a commercial settlement system to settle transactions in safe custody assets;
 - (b) the firm is using one or more omnibus accounts for that purpose;
 - (c) the potential breach arises purely as an operational consequence of that commercial settlement system; and
 - (d) it has adequate organisational arrangements to minimise the occurrences of such breaches and to mitigate the risk of loss or diminution of those safe custody assets as a result of such breaches.

- 6.4.1BB R (1) A contravention of CASS 6.4.1BAR(2)(c) does not give rise to a right of action by a private person under section 138D of the Act (and CASS 6.4.1BAR(2)(c) is specified under section 138D(3) of the Act as a provision giving rise to no such right of action).
- (2) A contravention of any other aspect of CASS 6.4.1BAR(2) is not affected by paragraph (1).

All clients

- 6.4.1BC G (1) This guidance applies to both CASS 6.4.1R and CASS 6.4.1BAR.
- (2) Where a firm is acting on a client instruction to lend safe custody assets and where this constitutes consent to entering into the transaction, the firm should hold evidence to demonstrate this.
- 6.4.1BD G In relation to its retail market business, when meeting the requirements of CASS 6.4.1CR to CASS 6.4.3R, a firm should act compatibly with the Consumer Duty.

...

[Editor's note: the new subheading 'All clients' also applies to CASS 6.4.1C to CASS 6.4.3]

6.6 Records, accounts and reconciliations

...

External custody reconciliations

...

- 6.6.35 R In CASS 6.6.34R, the third parties whose records and accounts a *firm* is required to reconcile its own internal records and accounts with must include:
- (1) the third parties with which the *firm* has deposited *clients' safe custody assets*;
 - (2) where the *firm* has not deposited a *client's safe custody asset* with a third party:
 - (a) the third parties responsible for the registration of legal title to that *safe custody asset*; ~~or~~
 - (b) a *person* acting as an operator for the purposes of any of the *relevant overseas USRs* if:
 - (i) the *safe custody asset* is an uncertificated unit of a security governed by any of the *relevant overseas USRs*; and
 - (ii) the *firm* has reasonable grounds to be satisfied that the records of that *person* take into account all instructions issued by that *person* which require an issuer to register on a register of securities a transfer of title to any uncertificated units; or
 - (c) Euroclear UK & International Limited (EUI), if:
 - (i) the *safe custody asset* is a unit held and settled in uncertificated form through EUI's Investment Funds Service (IFS); and
 - (ii) the *firm* meets the ongoing conditions at CASS 6.6.35AR.

- 6.6.35A R This rule sets out the ongoing conditions for a *firm* using EUI's records under CASS 6.6.35R(2)(c)(ii):
- (1) The record being used by the *firm* to reconcile its own internal records and accounts must be the record maintained by EUI identifying the notional balances of *units* held by members of CREST using IFS (the 'IFS system record').
 - (2) The *firm* must have entered into a written agreement with EUI (or have agreed to amend any existing written agreement) under which EUI has given the *firm* a contractual undertaking to:
 - (a) reconcile the IFS system record with each relevant *issuer's* register of *unitholders* on a daily basis for member accounts in the IFS that have moved during that day;

- (b) reconcile the IFS system record with each relevant issuer's register of unitholders on a monthly basis for all member accounts in the IFS; and
- (c) inform the firm as soon as practicable of any discrepancies in the IFS system record that could affect the accuracy of the firm's external custody reconciliations.
- (3) The firm must treat any discrepancy that is notified to it by EUI under CASS 6.6.35R(2)(c) in the same way that it is required to address discrepancies identified by itself under CASS 6.6.50R.
- 6.6.36 G Examples of the sorts of third parties referred to at CASS 6.6.35R(2)(a) include central securities ~~depositories~~ depositories, operators of collective investment schemes, and administrators of offshore funds.
- ...
- 6.6.37 R A firm must conduct *external custody reconciliations*:
- (1) as regularly as necessary but allowing no more than one month to pass between each *external custody reconciliation* (unless a longer period is permitted to pass in accordance with CASS 6.6.40AR or CASS 6.6.40CR); and
- (2) as soon as reasonably practicable after the date to which the *external custody reconciliation* relates.
- 6.6.38 G (1) CASS 6.6.44R sets out the matters which a firm must consider when determining the frequency at which to undertake an *external custody reconciliation*.
- (2) CASS 6.6.40AR and CASS 6.6.40CR may permit a firm to conduct external custody reconciliations less frequently than otherwise required under CASS 6.6.37R(1) when the particular circumstances set out in those rules arise, provided the conditions in those rules are met.
- 6.6.39 G ~~Where a firm holds clients' safe custody assets electronically with a central securities depository which is able to provide adequate information to the firm on its holdings on a daily basis, it~~ It is best practice under CASS 6.6.37R(1) for ~~the~~ a firm to conduct an *external custody reconciliation* each *business day* in respect of ~~those assets~~:
- (1) safe custody assets which the firm holds electronically with a central securities depository which is able to provide adequate information to the firm on its holdings on a daily basis; and
- (2) units held and settled in uncertificated form through EUI's IFS, where the firm is using EUI's records in accordance with CASS 6.6.35R(2)(c).

- 6.6.40 G ~~Where a *firm* deposits *safe custody assets* belonging to a *client* with a third party or where a third party is responsible for the registration of legal title to that asset, in complying with the requirements of CASS 6.6.34 R, the A *firm* should seek to ensure that ~~the~~ any third party whose records and accounts the *firm* intends to reconcile its own internal records and accounts with provides the *firm* with adequate information (for example in the form of a statement) as at a date specified by the *firm* which details the description and amounts of all the *safe custody assets* credited to the relevant account(s) and that this information is provided in sufficient time to allow the *firm* to carry out its *external custody reconciliations* under CASS 6.6.37R.~~
- 6.6.40A R (1) This *rule* applies where a *firm* has procured a third party to provide the *firm* with information at a frequency which would enable the *firm* to carry on *external custody reconciliations* within the frequency required by CASS 6.6.37R(1).
- (2) Whenever such a third party (despite its agreement with the *firm*) fails to provide the *firm* with information on time, with the result that more than 1 month elapses between any of the *firm*'s *external custody reconciliations* which depend on that third party, the *firm* will not for that reason be in breach of the requirement in CASS 6.6.37R(1), provided that:
- (a) the *firm* has established that the third party's failure was attributable to factors inherent to one or more *safe custody assets* for which the information was needed by the *firm*; and
- (b) the *firm* takes reasonable steps to procure that information as soon as practicable in order to carry out any affected *external custody reconciliation*.
- 6.6.40B G (1) Examples of factors falling under CASS 6.6.40AR(2)(a) are insolvency proceedings concerning the issuer of the asset and corporate actions concerning the issuer, such as delisting and corporate restructure.
- (2) If the third party's failure was attributable to other factors that were not inherent to the relevant *safe custody assets* – for example, a systems outage which affected the third party itself – CASS 6.6.40AR(2) would not apply.
- 6.6.40C R (1) This *rule* applies where:
- (a) a *firm* has made reasonable endeavours to procure a third party to provide the *firm* with information at a frequency which would enable the *firm* to carry on *external custody reconciliations* within the frequency required by CASS 6.6.37R(1); and

- (b) despite those reasonable endeavours, that third party has refused to provide information at the frequency requested by the firm, with the result that the firm can reasonably expect to be unable to carry on external custody reconciliations within the frequency required by CASS 6.6.37R(1).
- (2) When a firm first becomes aware of the situation in (1) arising, it must make a record of:
- (a) the endeavours it made to attempt to avoid the situation in (1); and
- (b) the reasons as to why the situation could not be avoided.
- (3) If a firm in the situation in (1) allows more than 1 month to pass between any external custody reconciliation that is affected by that situation, it will not, for that reason, be in breach of the requirement in CASS 6.6.37R(1), provided that:
- (a) it conducts the affected external custody reconciliation at the greatest frequency possible, having regard to the frequency with which it will receive information from the relevant third party; and
- (b) the firm's policies and procedures under SYSC 6.1.1R include an explanation as to how the firm's wider systems and controls mitigate the risk that the reduced frequency of the external reconciliations weakens the firm's ability to achieve the purpose of an external reconciliation as set out at CASS 6.6.33G.
- (4) A firm in the situation at (1) must undertake an annual review of the situation to ascertain whether it can be resolved and, in particular, must:
- (a) use reasonable endeavours to increase the frequency of the affected external custody reconciliation to the extent possible; and
- (b) if the situation in (1) remains after the review, make a record of the reasons why.

6.6.40D G The annual review required under CASS 6.6.40CR(4) may be undertaken at the same time as any review which the firm carries on under CASS 6.6.46R.

...

7 Client money rules

...

7.10 Application and purpose

...

7.10.2 G ...

Bank interest received in a client bank account pending it becoming due and payable to a client

- 7.10.2A R (1) This rule concerns any situation in which a firm receives bank interest on a balance of client money in a client bank account in circumstances where:
- (a) at the time of the receipt, no part of the bank interest would fall within CASS 7.10.1R because it is not held at that time for or on behalf of any client; and
 - (b) the firm has agreed with one or more clients who have an entitlement to client money in that relevant client bank account that, at a specified point, which falls no later than 1 month after the bank interest has been received, either:
 - (i) the entire amount of bank interest referable to the client's entitlement to client money in the client bank account will become due and payable to that client; or
 - (ii) part of the amount of bank interest referable to the client's entitlement to client money in the client bank account will become due and payable to that client and the remainder may be retained by the firm for itself.
- (2) A firm may elect that, where the situation described in (1) arises, the firm will treat the entire amount of the bank interest received as 'unallocated' client money until such time as it can be allocated between the relevant clients as due and payable to them in accordance with the firm's agreements with them and, if relevant, to the firm for itself.
- (3) If a firm's election under (2) has not been made in relation to all of the firm's clients from time to time, it must be expressed in a way that makes it possible to ascertain which clients it relates to at any particular point in time.
- (4) A firm which has previously made such an election must, whenever the situation in (1) arises in relation to a client in respect of whom the election was made, treat the entire amount of the bank interest received as 'unallocated' client money subject to (5).
- (5) Whenever a firm which has made such an election is able to allocate any part of a bank interest receipt under (1) to a client as due and payable to them, and/or to the firm for itself, it must:

- (a) make that allocation to the *client* in accordance with the *firm's* agreement with the *client*; and
- (b) make any necessary allocation to the *firm* by no later than by the end of the following *business day*, by removing any *money* allocated to the *firm* for itself from its *client bank accounts*.
- (6) A *firm* must make and retain a written record of any election it makes under this *rule*, including the date from which the election is to be effective and, where relevant, in relation to which particular *clients* it has made the election. The *firm* must make the record on the date it makes the election and keep it for a period of 5 years after ceasing to use it.
- 7.10.2B G (1) CASS 7.10.2AR has the effect of allowing a *firm* to elect to broaden the meaning of *client money* but only in relation to receipts of bank interest in particular circumstances.
- (2) Specifically, the election at CASS 7.10.2AR(2) is available where a *firm* receives the bank interest into the *client bank account* before the point in time at which the *firm* has agreed with a *client* the *money* (or some of it) will become due and payable to the *client*.
- (3) The election can be made as a 'one off' choice which applies in relation to all current and future clients. Alternatively, the *firm* may make the election in relation to particular named *clients* only, or express the election as pertaining to a particular ascertainable line of business. But a *firm* is not compelled by any *rule* to make the election. If it chooses not to make the election for any of its *clients*, or where it chooses not to make the election for a particular client, the other *client money rules* will continue to apply.
- (4) *Firms* are reminded that where they enter into any agreement of the sort described at CASS 7.10.2AR(1)(b) with a *retail client*, they should comply with CASS 7.11.32R.

...

7.11 Treatment of client money

...

Interest

- 7.11.32 R A *firm* must pay a *retail client* any interest earned on *client money* held for that *client* unless ~~it has otherwise notified him in writing.:~~
- (1) it has otherwise notified them in writing; and

- (2) not paying the *client* all or some of the interest is compatible with the *Consumer Duty*.
- 7.11.32A R (1) A contravention of CASS 7.11.32R(2) does not give rise to a right of action by a private person under section 138D of the *Act* (and CASS 7.11.32R(2) is specified under section 138D(3) of the *Act* as a provision giving rise to no such right of action).
- (2) A contravention of any other aspect of CASS 7.11.32R is not affected by (1).
- 7.11.33 G (1) The *firm* may, under the terms of its agreement with the *client*, pay some, none, or all interest earned to the relevant *client*.
- (2) Where interest is payable on *client money* by a *firm* to *clients*:
- (a) such sums are *client money* and so, if not paid to, or to the order of the *clients*, are required to be segregated in accordance with CASS 7.13 (Segregation of client money);
- (b) the interest should be paid to *clients* in accordance with the *firm's* agreement with each *client*; and
- (c) if the *firm's* agreement with the *client* is silent as to when interest should be paid to the *client* the *firm* should follow CASS 7.13.36R (Allocation of client money receipts);
- irrespective of whether the *client* is a *retail client* or otherwise.
- (3) For any *retail market business*, the *firm* should comply with CASS 7.11.32R(2).

...

7.13 Segregation of client money

...

7.13.19 G ...

Bank interest on client money which is not due to a client

- 7.13.19- R (1) This rule concerns any situation in which a *firm* might receive, into A *client bank account*, a payment of bank interest which belongs entirely to the *firm* rather than being due to any *client* and which:
- (a) does not meet the description in CASS 7.10.2AR(1) (for example, because it will not become due to the *client* at a later point in time); and
- (b) is not part of a *mixed remittance*.

- (2) Where a *firm* reasonably expects to receive one or more payments of bank interest as described in (1) into a particular *client bank account*, it must request the relevant central bank, *credit institution* or bank authorised in a *third country* in writing to pay that interest into a separate account that the *firm* holds with that institution, rather than that particular *client bank account* or any other *client bank account*.
- (3) If a *firm*'s request under (2) is not met, the *firm* must pay bank interest as described in (1) out of the *client bank account* promptly after receiving it and, in any event, no later than 1 *business day* after it was received.

7.13.19-
B E Compliance with CASS 7.13.19-AR(2) may be relied on as tending to establish compliance with the requirement to take 'necessary steps' under CASS 7.13.12R to ensure that *client money* is held in an account or accounts identified separately from any accounts used to hold *money* belonging to the *firm*, but only in relation to receipts of bank interest into the relevant *client bank account*.

- 7.13.19-
C G (1) An example of where a *firm* might reasonably expect to receive the sort of bank interest to which CASS 7.13.19-AR concerns would be where the terms of the relevant *client bank accounts* provide for a fixed or variable rate of interest and where the *firm* has agreed with its *client* that such interest will belong entirely to the *firm*.
- (2) A *firm* should not expect to receive bank interest which belongs entirely to the *firm* in relation to *client money* held for any *retail client* unless it has complied with CASS 7.11.32R.
- (3) *Firms* making a written request under CASS 7.13.19-AR(2) are reminded of the *rule* and *guidance* at GEN 2.2.14R and GEN 2.2.15G on the use of the expression 'in writing' in the *Handbook*.
- (4) The written request under CASS 7.13.19-AR(2) need only be made once in relation to any particular *client bank account*. A single request may also cover any number of *client bank accounts*, provided it is clear which specific accounts it relates to.
- (5) CASS 7.13.19-AR(3) requires the *firm* to promptly address the risk arising from the failure to maintain segregation. *Firms* are reminded that, under CASS 7.11.25R(1), *money* is not *client money* when it becomes properly due and payable to the *firm* for its own account.

Diversification of client money

...

- 7.13.25 R (1) A *firm* must make a record of the grounds upon which it satisfies itself as to the appropriateness of its selection and appointment of a bank or a *qualifying money market fund* under CASS 7.13.8R. The

firm must make the record on the date it makes the selection or appointment and ~~must keep it from that date until five years after the *firm* ceases to use that particular *person* for the purposes of depositing *client money* under CASS 7.13.3R.~~

- (2) A *firm* must make a record of each periodic review of its selection and appointment of a bank or a *qualifying money market fund* that it conducts under CASS 7.13.8R, its considerations and conclusions. The *firm* must make the record on the date it completes the review ~~and must keep it from that date until five years after the *firm* ceases to use that particular *person* for the purposes of depositing *client money* under CASS 7.13.3R.~~
- (3) A *firm* must make a record of each periodic review that it conducts under CASS 7.13.22R, its considerations and conclusions. The *firm* must make the record on the date it completes ~~out~~ the review ~~and must keep it for five years from that date.~~

7.13.25A G CASS 7.15.5R(3) sets out the retention requirement for the records that a *firm* is required to make under CASS 7.13.25R.

...

Allocation of client money receipts

- 7.13.36 R (1) A Subject to (3), a *firm* must allocate any *client money* it receives to an individual *client* promptly and, in any case, no later than ten *business days* following the receipt (or where subsequent to the receipt of *money* it has identified that the *money*, or part of it, is *client money* under CASS 7.13.37R, no later than ten *business days* following that identification).
- (2) Pending a *firm*'s allocation of a *client money* receipt to an individual *client* under (1), it must record the received *client money* in its books and records as "unallocated client money".
- (3) In relation to a receipt of bank interest in the circumstances set out at CASS 7.10.2AR(1) and where a *firm* has made an election under CASS 7.10.2AR(2) to treat such receipts as unallocated *client money*, the requirement at CASS 7.10.2AR(5)(a) to allocate the receipt in accordance with the *firm*'s agreement with the *client* applies.

...

7.15 Records, accounts and reconciliations

...

Record keeping

7.15.5 R ...

- (3) Unless otherwise stated, a *firm* must ensure that any record made under ~~the~~ this chapter is retained for a period of five years starting from the later of:

- (a) ...

- ...

...

7.16 The standard methods of internal client money reconciliation

...

Other requirements for calculating the client money requirement

7.16.25 R When calculating the *client money requirement* under either of the methods in *CASS 7.16.10R*, a *firm* must:

- (1) include any unallocated *client money* (see *CASS 7.10.2AR(3)* and *CASS 7.13.36R*) and unidentified receipts of *money* it considers prudent to segregate as *client money* (see *CASS 7.13.37R*);

- ...

...

Sch 1 Record keeping requirements

...

Sch 1.3 G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
<i>CASS 6.3.2AR(1)</i>	Appropriateness of a <i>firm's</i> selection of a third party	Grounds upon which a <i>firm</i> satisfies itself as to the appropriateness of the <i>firm's</i> selection of a third party to hold <i>safe custody assets</i> belonging to <i>clients</i>	Date of the selection	5 years (from the date the <i>firm</i> ceases to use the third party to hold <i>safe custody assets</i> belonging to <i>clients</i>) Not specified (see <u>default provision <i>CASS 6.6.7R</i></u>)

CASS 6.3.2AR(2)	A <i>firm's</i> periodic review into the selection and appointment of a third party under CASS 6.3.1R	Date of review, actions taken by the <i>firm</i> in reviewing the selection and appointment of a third party under CASS 6.3.1R, and grounds upon which the <i>firm</i> continues to be satisfied of appropriateness of its selection of that third party to hold <i>safe custody assets</i> belonging to <i>clients</i>	On the date of the review	Five years (from the date the <i>firm</i> ceases to use the third party to hold <i>safe custody assets</i> belonging to <i>clients</i>) <u>Not specified (see default provision CASS 6.6.7R)</u>
...
CASS 6.6.30R
<u>CASS 6.6.40CR(2)</u>	<u>Record of inability to complete monthly external reconciliations</u>	<u>A <i>firm's</i> endeavours under CASS 6.6.40AR to procure information from a third party and any reasons given by the relevant third party as to why the information cannot be supplied at a frequency that would enable the <i>firm</i> to carry on external custody reconciliations within the frequency required by</u>	<u>At the time the <i>firm</i> forms the expectation at CASS 6.6.40CR(1)(b)</u>	<u>Not specified (see default provision CASS 6.6.7R)</u>

		<u>CASS 6.6.37R(1)</u>		
<u>CASS 6.6.40CR(4)(b)</u>	<u>Record of inability to complete monthly external reconciliations</u>	<u>The reasons as to why, after an annual review, the situation in CASS 6.6.40CR(1) remains</u>	<u>Immediate</u>	<u>Not specified (see default provision CASS 6.6.7R)</u>
...				
<u>CASS 6.7.6R</u>
<u>CASS 7.10.2AR(6)</u>	<u>Record of election made under CASS 7.10.2AR(2)</u>	<u>The date on which the election is to be effective</u>	<u>Date of the election</u>	<u>Five years (from the date the firm ceases to use the election)</u>
...				
<u>CASS 7.13.25R(1)</u>	Appropriateness of a <i>firm's</i> selection of a third party	Grounds upon which a <i>firm</i> satisfies itself as to the appropriateness of the <i>firm's</i> selection of a third party to hold <i>client money</i>	Date of the selection	5 years (from the firm ceases to use the third party to hold client money) <u>Not specified (see default provision CASS 7.15.5R(3))</u>
...				
<u>CASS 7.13.25R(2)</u>	<i>Firm's</i> periodic review into selection and appointment of third party under CASS 7.13.8R.	Date of each review, actions the <i>firm</i> took in reviewing the selection and appoint of a third party under CASS 7.13.8R, and the grounds upon which the <i>firm</i> continues to be satisfied of appropriateness of its selection of that third	Date of review	Five years (from date of review) <u>Not specified (see default provision CASS 7.15.5R(3))</u>

		party to hold <i>client money</i>		
<i>CASS</i> 7.13.25R(3)	<i>Firm's</i> periodic review under <i>CASS</i> 7.13.22R.	Fact of review, its considerations and conclusions	Date of review	Five years (from date of review) <u>Not specified (see default provision <i>CASS</i> 7.15.5R(3))</u>
...				

...

Sch 5 Rights of actions for damages

...

Sch 5.2 G

Chapter / Appendix	Section / Annex	Paragraph	Right of action under Section 138D			
			For private person?	Removed?	For other person?	
All <i>rules</i> in <i>CASS</i> with the status letter "E"			No	No	No	
All other <i>rule rules</i> in <i>CASS</i> , <u>except <i>CASS</i> 6.4.1BAR(2)(c) and <i>CASS</i> 7.11.32R(2).</u>			Yes	No (<u>except under <i>CASS</i> 6.4.1BBR and <i>CASS</i> 7.11.32AR</u>)	No	

Annex O

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

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

1 Product Intervention and Product Governance Sourcebook (PROD)

...

1.3 Application of PROD 3

...

Other firms manufacturing or distributing financial instruments or structured deposits

1.3.2 R ...

- (2) Paragraph (1) does not apply to a *firm* to the extent that it is required to comply with ~~Principle 12 (Consumer Duty)~~ and ~~PRIN 2A~~ the Consumer Duty in relation to a *product*.

...

~~Interaction of PROD 3 and the RPPD Guide~~

1.3.15 G ~~A firm to which PROD 3 applies need not apply the guidance in RPPD for matters covered by PROD if the firm has complied with PROD 3. [deleted]~~

...

1.4 Application of PROD 4

...

1.4.1-A R A TP firm and a Gibraltar-based firm must also comply with the provisions in:

- (1) ~~PROD 1.4 and PROD 4.5 (Additional expectations for manufacturers and distributors in relation to value measures data);~~
- (2) PROD 1.4 and PROD 4 in relation to a *pathway investment*;
- (3) PROD 1.4, PROD 4 and (where applicable) PROD TP 1 in relation to *non-investment insurance products* (including *legacy non-investment insurance products*) that are, or will be, marketed or distributed, or there are *policies* under the product that remain in force, in the *United Kingdom*.

- 1.4.1A R ~~*PROD 4.5* (Additional expectations for manufacturers and distributors in relation to value measures data) applies regardless of when the product was first manufactured. [deleted]~~

...

Interaction of *PROD 4* and the RPPD Guide

- 1.4.10 G ~~A *firm* to which *PROD 4* applies need not apply the *guidance* in RPPD for matters covered by *PROD* if the *firm* has complied with *PROD 4* (see also *PROD 4.4.2G*). *PROD 4.4* includes *guidance* based on the RPPD which *firms* subject to *PROD 4* should apply. [deleted]~~

...

1.7 Application of *PROD 7*

...

Interaction of *PROD 7* and the RPPD Guide

- 1.7.6 G ~~The RPPD Guide does not apply to a *firm* to which *PROD 7* applies for matters covered by, and where the *firm* has complied with, *PROD 7*. [deleted]~~

...

4 Product governance: IDD and pathway investments

...

4.2 Manufacture of insurance products

...

Fair value for non-investment insurance products: relevance through the product approval process

- 4.2.14D R A *firm* must consider the value considerations in *PROD 4.2.14AR* and, where relevant, *PROD 4.2.14BR* throughout every stage of the product approval process in *PROD 4* including, in particular, when:
- (1) identifying the target market and the interests, needs, objectives and characteristics of such *customers* (*PROD 4.2.15R* to *PROD 4.2.21AG*);
 - (2) undertaking product testing (*PROD 4.2.22R* to *PROD 4.2.26G*); and
 - (3) selecting any distribution channel (*PROD 4.2.27R* to *PROD 4.2.32DRG*).

- 4.2.14D A G Where an insurance product is the subject of a reporting requirement within SUP 16.27 (General insurance value measures reporting), then, for the purposes of PROD 4.2.14DR, firms should consider, among other things:
- (1) the firm's reasonable assessment of the value expectations of customers in the target market; and
 - (2) any particular features of the product or the terms and conditions that may give rise to concerns about poor value.

...

4.4 Additional expectations for manufacturers and distributors of insurance product

...

- 4.4.2 G ~~PROD 1.4.10G provides that, where PROD 4 applies, a firm need not apply the guidance in RPPD for matters covered by PROD, if that firm has complied with PROD 4. However, PROD 4 does not cover all parts of the RPPD or wider obligations in the FCA Handbook and the following guidance, some of which is reproduced from the RPPD, remains relevant. [deleted]~~

...

PROD 4.5 (Additional expectations for manufacturers and distributors in relation to value measures data) is deleted in its entirety. The deleted text is not shown but the chapter is marked [deleted] as shown below.

4.5 ~~Additional expectations for manufacturers and distributors in relation to value measures data [deleted]~~

Amend the following as shown.

7 Product governance: funeral plans

...

7.2 Manufacture of funeral plans

...

Distribution channels: information disclosure to distributors

- 7.2.33 R (1) *A manufacturer must make available to a distributor all appropriate information on the:*

- (a) *funeral plan product*, including to enable the *distributor* to understand the intended value established by the *manufacturer*;
- (b) product approval process;
- (c) identified target market of the *funeral plan product*, including any type of *customer* for whom the *funeral plan product* is unlikely to provide fair value; and
- (d) suggested distribution strategy.

...

7.2.33A G The information required in *PROD 7.2.33R(1)* should include, only if requested by a *distributor*, information about the determination of the intervals for regular review of the *funeral plan product* in *PROD 7.2.40AR*. For the avoidance of doubt, this information includes the record made and maintained for the purposes of *PROD 7.2.40CR*.

...

Monitoring and review of funeral plan products: ~~minimum review period~~

- 7.2.39 R ~~A *manufacturer* must undertake the regular review: [deleted]~~
- ~~(1) every 12 months; or~~
 - ~~(2) more frequently where the potential risk associated with the *funeral plan product* makes it appropriate to do so.~~
- 7.2.40 R ~~When determining the appropriate interval for review of a *funeral plan product*, a *manufacturer* must take into account: [deleted]~~
- ~~(1) the nature of the *customer* base, including whether there are significant numbers of vulnerable *customers*;~~
 - ~~(2) any specific indicators seen in the *manufacturer's* assessment of the product's value to the *customer*;~~
 - ~~(3) the nature and type of distribution arrangements being used;~~
 - ~~(4) any indicators of *customer* harm potentially emerging from the performance of the product (for example, through redemptions of *funeral plan contracts*, missed instalment plan payments by the *customer*, and/or the number of *funeral plan contracts* expected to be redeemed but have not been redeemed and complaints data); and~~
 - ~~(5) any relevant external factors, such as changes to the applicable legal rules, technological developments, or changes to the market situation.~~

- 7.2.40A R A manufacturer must determine, on an ongoing basis, the appropriate intervals for regular review based on the potential for customer harm arising from risk factors associated with the funeral plan product.
- 7.2.40B R For the purposes of PROD 7.2.40AR, a manufacturer must take into account at least the following factors:
- (1) the nature of the customer base, including whether there are significant numbers of vulnerable customers;
 - (2) any specific indicators of customer harm seen in the manufacturer's assessment of the product's value to the customer;
 - (3) the nature and type of distribution arrangements being used;
 - (4) any indicators of customer harm potentially emerging from the performance of the product (for example, through redemptions of funeral plan contracts, missed instalment plan payments by the customer, and/or the number of funeral plan contracts expected to be redeemed but have not been redeemed and complaints data); and
 - (5) any relevant external factors, such as changes to the applicable legal rules, technological developments or market situation.
- 7.2.40C R In relation to a funeral plan product, a manufacturer must make and retain a record of:
- (1) its determination of the appropriate intervals for regular review; and
 - (2) the reasons for that determination.
- 7.2.40D G Where the potential for customer harm arising from risk factors associated with a funeral plan product is greater, a firm should carry out more frequent reviews under PROD 7.2.37R. This may result in reviews being carried out more frequently than once every 12 months. Conversely, where the potential for customer harm arising from risk factors associated with a funeral plan product is lower, a firm may carry out less frequent reviews under PROD 7.2.37R. This may result in reviews being carried out less frequently than once every 12 months.
- 7.2.40E G The requirement in PROD 7.2.40AR applies on an ongoing basis. A manufacturer should review its determination of the appropriate intervals for regular review where it becomes aware of relevant new information.

...

7.3 Distribution of funeral plans

...

Distribution arrangements: disclosing information to manufacturers

- 7.3.6 R A *distributor* must, upon request, provide *manufacturers* with:
- (1) information on the *distributor's* remuneration in connection with the distribution of the *funeral plan product*;
 - (2) information on any additional product or service that the *distributor* provides to the *customer*, which may affect the *manufacturer's* intended value of the product;
 - (3) relevant sales information, including, where appropriate, information on the regular reviews of the product distribution arrangements; and
 - (4) confirmation that the distribution arrangements are consistent with the obligations of the *firm* under the *FCA Handbook*, including in particular in SYSC 10.1 (Conflicts of interest) and SYSC 19F.3 (Funeral plan remuneration incentives).

7.3.6A G Information on the regular reviews of the product distribution arrangements in PROD 7.3.6R(3) includes information about the determination of the intervals for the regular review of its product distribution arrangements in PROD 7.3.11R(1A). For the avoidance of doubt, this information includes the record made and maintained for the purposes of PROD 7.3.11R(3).

...

Distribution arrangements: review of distribution arrangements

- 7.3.11 R (1) A *distributor* must regularly review, ~~at least every 12 months~~, its product distribution arrangements to ensure that those arrangements are still valid and up to date.
- (1A) A *distributor* must determine, on an ongoing basis, the appropriate intervals for the regular review of its product distribution arrangements based on the potential for *customer* harm arising from risk factors associated with the *funeral plan product*.
- (2) When determining the appropriate intervals for the regular review of their product distribution arrangements, a *distributor* must take into account the size, scale and complexity of the *funeral plan product* involved.
- (3) In relation to a *funeral plan product*, a *distributor* must make and retain a record of:
- (a) its determination of the appropriate intervals for the regular review of its product distribution arrangements; and
 - (b) the reasons for that determination.
- 7.3.11A G Where the potential for *customer* harm arising from risk factors associated with a *funeral plan product* is greater, a *firm* should carry out more frequent

reviews under PROD 7.3.11R. This may result in reviews being carried out more frequently than once every 12 months. Conversely, where the potential for customer harm arising from risk factors associated with a funeral plan product is lower, a firm may carry out less frequent reviews under PROD 7.3.11R. This may result in reviews being carried out less frequently than once every 12 months.

7.3.11B G The requirement in PROD 7.3.11R(1A) applies on an ongoing basis. A distributor should review its determination of the appropriate intervals for regular review where it becomes aware of relevant new information.

...

7.4 Product governance requirements for subsisting funeral plans

...

Monitoring and review of funeral plan products: ~~minimum review period~~

- 7.4.4 R (1) ~~A firm must undertake the regular review at least every 12 months.~~
[deleted]
- (1A) A firm must determine, on an ongoing basis, the appropriate intervals for regular review based on the potential for customer harm arising from risk factors associated with the funeral plan product.
- (2) ~~When determining the appropriate interval for review of a funeral plan product~~ For the purposes of (1A), a firm must take into account:
- (a) the nature of the *customer* base, including whether there are significant numbers of vulnerable *customers*;
 - (b) any indicators of *customer* harm potentially emerging from the performance of the product; and
 - (c) any relevant external factors such as changes to the applicable legal rules, technological developments, or changes to the market situation.
- (3) A firm must make and retain a record of:
- (a) its determination of the appropriate intervals for the regular review of its product distribution arrangements; and
 - (b) the reasons for that determination.
- 7.4.4A G Where the potential for customer harm arising from risk factors associated with a funeral plan product is greater, a firm should carry out more frequent reviews under PROD 7.4.4R. This may result in reviews being carried out more frequently than once every 12 months. Conversely, where the potential for customer harm arising from risk factors associated with a funeral plan

product is lower, a *firm* may carry out less frequent reviews under *PROD* 7.4.4R. This may result in reviews being carried out less frequently than once every 12 months.

7.4.4B G The requirement in *PROD* 7.4.4R(1A) applies on an ongoing basis. A *firm* should review its determination of the appropriate intervals for regular review where it becomes aware of relevant new information.

...

TP 1 Transitional Provisions

TP 1

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1.1	<i>PROD</i> 4.5R (in particular, <i>PROD</i> 4.5.1R, <i>PROD</i> 4.5.2R, <i>PROD</i> 4.5.4R(5) and <i>PROD</i> 4.5.7R(2)). [expired]	R	For the purposes of giving effect to the <i>rules</i> in <i>PROD</i> 4.5R only, any reference to being subject to a reporting requirement within <i>SUP</i> 16.27R must be read as if <i>SUP</i> 16.27R came into force on 1 January 2021.	From 1 January 2021 to 1 July 2021	1 January 2021
...					

Annex P

Amendments to the Supervision manual (SUP)

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

3 Auditors

...

3.10 Duties of auditors: notification and report on client assets

...

Client assets report

3.10.5 R

Whether in the auditor’s opinion	
(1)	the <i>firm</i> has maintained systems adequate to enable it to comply with the <i>custody rules</i> (except <u>CASS 6.4.1BAR(2)(c)</u> and <u>CASS 6.7</u>), the <i>collateral rules</i> , the <i>client money rules</i> (except <u>CASS 5.2</u> and <u>CASS 7.11.32R(2)</u>), the <i>debt management client money rules</i> , the <i>claims management client money rules</i> and the <i>mandate rules</i> throughout the period;
(2)	the <i>firm</i> was in compliance with the <i>custody rules</i> (except <u>CASS 6.4.1BAR(2)(c)</u> and <u>CASS 6.7</u>), the <i>collateral rules</i> , the <i>client money rules</i> (except <u>CASS 5.2</u> and <u>CASS 7.11.32R(2)</u>), the <i>debt management client money rules</i> , the <i>claims management client money rules</i> and the <i>mandate rules</i> , at the date as at which the report has been made;
...	

...

3.10.5C R ...

3.10.5D G (1) Subject to (2), the exceptions referring to CASS 6.4.1BAR(2)(c) and CASS 7.11.32R(2) within SUP 3.10.5R mean that an auditor would not be expected to assess compliance with the Consumer Duty when preparing a client assets report under SUP 3.10.4R.

(2) Paragraph (1) does not affect an auditor’s statutory duty to report (see SUP 3.8.10G).

...

6B Variation and cancellation of permission and imposition of requirements on the FCA's own initiative and intervention against incoming firms

...

6B.2 Varying a firm's Part 4A permission or imposing requirements on the FCA's own initiative

...

6B.2.5 G Examples of circumstances in which the *FCA* will consider varying a *firm's Part 4A permission* because it has serious concerns about a *firm*, or about the way its business is being or has been conducted include where:

...

- (2) in relation to the grounds for exercising the power under section 55J(1)(c)(i) or section 55L(2)(c), it appears that the interests of *consumers* are at risk because the *firm* appears to have breached any of *Principles 6 to 7, 8, 9, and 10 of the FCA's Principles (see PRIN 2.1.1R) or the Consumer Duty (as applicable)* to such an extent that it is desirable that limitations, restrictions, or prohibitions are placed on the *firm's regulated activity*.

...

10C FCA senior managers regime for approved persons in SMCR firms

...

10C.1 Conditional and time-limited approvals

2

...

Condition not based on fitness

...

10C.12 G In this scenario, the time-limited approval may be accompanied by a
.43 condition requiring the *candidate* to:

- (1) complete an action or deliverable on or before the end of the time limit, eg a requirement on the acting Head of Sales to produce a revised strategy ~~for treating customers fairly~~ within the next six months; and
- (2) refrain from taking specific actions or decisions associated with the role until that person receives permanent approval, eg, a requirement not to introduce a new sales channel until they receive permanent approval.

...

16 Reporting requirements

...

16.27 General insurance value measures reporting

...

Purpose

16.27.5 G (1) The purpose of this section is to require *firms* to submit information on certain value measures *general insurance contracts* in a standard format to the *FCA*. This information enables the publication of the value measures data in the pursuance of the *FCA*'s effective competition and consumer protection objectives.

- (2) The purpose of *SUP* 16.27 is to provide the *FCA* with general insurance value measures data that it can use to publish guidance ~~(and which may also assist with the *FCA*'s monitoring of *firms*' compliance with *PROD* 4.5)~~. The purpose of that publication is to:

...

...

App 2 Insurers: Regulatory intervention points and run-off plans

...

App 2.8 Ceasing to effect contracts of insurance

App 2.8.1 R If a *firm* (whether within or outside the scope of the *Solvency II Directive*) decides to cease to effect new *contracts of insurance*, it must, within 28 days of that decision, submit a run-off plan to the *FCA* including:

- (1) a *scheme of operations*; and
- (2) an explanation of how, or to what extent, all liabilities to *policyholders* (including, where relevant, liabilities which arise from the regulatory ~~duty~~ duties to treat *customers* fairly or the Consumer Duty (as applicable) in setting discretionary benefits) will be met in full as they fall due.

...

Annex Q

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

App 3 Handling Payment Protection Insurance complaints

...

App 3.4 Root cause analysis

...

- App 3.4.3 G ~~Where a *firm* identifies (from its *complaints* or otherwise) recurring or systemic problems in its sales practices for a particular type of *payment protection contract*, either for its sales in general or for those from a particular location or sales channel, it should (in accordance with *Principle 6* (Customers' interests) and to the extent that it applies), consider whether it ought to act with regard to the position of *customers* who may have suffered detriment from, or been potentially disadvantaged by such problems but who have not complained and, if so, take appropriate and proportionate measures to ensure that those *customers* are given appropriate redress or a proper opportunity to obtain it. In particular, the *firm* should: [deleted]~~
- ~~(1) ascertain the scope and severity of the consumer detriment that might have arisen; and~~
 - ~~(2) consider whether it is fair and reasonable for the *firm* to undertake proactively a redress or remediation exercise, which may include contacting *customers* who have not complained.~~

Annex R

Amendments to the Access to Cash sourcebook (ATCS)

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

8 Implementation

...

8.5 Relationship with the Principles for Businesses

8.5.1 G *Designated firms* are reminded that the following will continue to apply to their relationships with their *customers*, as appropriate, including throughout the process of planning or dealing with any *relevant closures* of their *cash access facilities* and in the delivery of any *cash access services*:

- (1) ~~*Principle 12 (Consumer Duty)* and *PRIN 2A (The Consumer Duty)*~~ *the Consumer Duty*; or
- (2) *Principle 6 (Customers' interests)* and *Principle 7 (Communications with clients)*, where ~~*Principle 12* and *PRIN 2A (The Consumer Duty)*~~ ~~do~~ *the Consumer Duty* does not apply (for example, because of the type of *customer*).

8.5.2 G (1) FG22/6 (Branch and ATM closures or conversions), as updated on 11 October 2022, contains guidance on *Principle 6* and *Principle 7* in the context of full or partial closures of branches or automatic teller machines, and conversions of such machines from free-to-use to pay-to-use. *PRIN 2A.1.17G* explains the relevance of such guidance to consideration of *firms'* obligations under ~~*Principle 12* and *PRIN 2A*~~ *the Consumer Duty*.

...

8.5.3 G ...

- (3) ~~*Principle 12* and *PRIN 2A*~~ support *The Consumer Duty* supports existing legal requirements, such as those in the Equality Act 2010 and anti-discrimination legislation in Northern Ireland, 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. As set out in FG22/5 (Final non-Handbook Guidance for firms on the Consumer Duty), *firms* should be able to identify when *customers* with characteristics of vulnerability or *customers* who share specific protected characteristics, under the Equality Act 2010 or equivalent legislation, receive systematically poorer outcomes. This may indicate that the *firm* is not meeting the ~~*Consumer Duty*~~ *Consumer Duty* for those groups or is breaching its responsibilities under legislation.

Annex S

Amendments to the Collective Investment Schemes sourcebook (COLL)

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

6 Operational duties and responsibilities

...

6.2 Dealing

...

Purpose

- 6.2.2 G (1) This section helps in achieving the *statutory objective* of securing an appropriate degree of protection for *consumers*. ~~In accordance with Principle 6, this~~ This section is also concerned with ensuring the *authorised fund manager* pays due regard to its *clients'* interests and treats them fairly.

...

...

6.3 Valuation and pricing

...

Purpose

- 6.3.2 G (1) ~~In accordance with Principle 6, this~~ This section is intended to ensure that the *authorised fund manager* pays due regard to its *clients'* interests and treats them fairly.

...

...

6.8 Income: accounting, allocation and distribution

...

Accounting periods

...

6.8.2A G ...

- (2) When the annual accounting period of a *scheme* is extended under *COLL* 6.8.2R(4) or *COLL* 6.8.2R(6), resulting in a longer than usual

period before the publication of reports to *unitholders*, the *authorised fund manager* should make summary information about the investment activities of the *scheme* available to *unitholders* during that period, in accordance with either (as applicable) ~~Principle 12 (Consumer Duty)~~ and ~~PRIN 2A~~ the Consumer Duty, or *Principles* 6 (Customers' interests) and 7 (Communications with clients) (see *PRIN* 3.2.10R (Interaction between ~~Principle 12~~ the Consumer Duty and *Principles* 6 and 7)).

...

Annex T

Amendments to the Consumer Credit sourcebook (CONC)

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

1 Application and purpose and guidance on financial difficulties

1.1 Application and purpose

...

The Principles for Businesses: a reminder

- 1.1.4 G The Principles for Businesses (*PRIN*) apply as a whole to *firms* with respect to *credit-related regulated activities* and *ancillary activities* in relation to *credit-related regulated activities* (see *PRIN* 3). In carrying on their activities, *firms* should pay particular attention to their obligations under:

...

- (9) *Principle 12* (a *firm* must act to deliver good outcomes for *retail customers*), including ~~*PRIN 2A*~~ the *Consumer Duty*.

...

2 Conduct of business standards: general

...

2.2 General principles for credit-related regulated activities

...

General principles

- 2.2.2 G ~~*Principle 6* requires a *firm* to pay due regard to the interests of its *customers* and treat them fairly.~~ Examples of behaviour by or on behalf of a *firm* which is likely to contravene *Principle 6* and the *Consumer Duty* (as applicable) include:

...

...

2.10 Mental capacity guidance

...

Practices and procedures

...

- 2.10.1 G (1) In accordance with *Principle 6 and the Consumer Duty (as applicable)*, *firms* should take reasonable steps to ensure they have suitable business practices and procedures in place for ~~the fair treatment of customers who~~ whom they understand, or reasonably suspect, have or may have a mental capacity limitation.

[Note: paragraph 4.1 of *MCG*]

...

...

3 Financial promotions and communications with customers

...

3.3 The clear fair and not misleading rule and general requirements

...

“Buy now pay later” or similar offers

- 3.3.11 G (1) *Firms* are reminded that the Consumer Protection from Unfair Trading Regulations 2008 (SI 2008/1277), as well as *Principle 7, the Consumer Duty (as applicable)* and *CONC 3.3.1R*, apply to communications and *financial promotions* in relation to *BNPL agreements*, including communications with *borrowers* under existing agreements.

...

...

5A Cost cap for high-cost short-term credit

...

5A.5 Consequences of contravention of the cost caps

...

Contravention of cost caps and unenforceability of agreements and obligations

...

- 5A.5.6 G *Firms* are reminded that ~~Principle 6 applies to how they deal with~~ *Principle 6 and the Consumer Duty (as applicable)* apply to the treatment of *borrowers* in relation to repayment of the *credit* required by *CONC 5A.5.2R*. The *FCA* would expect ~~firms~~ *firms* to take into account the financial situation of the borrower in considering what is a reasonable period for repayment.

...

5C Overdraft pricing

...

5C.4 Impact of changes to charging structures

...

- 5C.4.2 G (1) A *firm* that makes changes as described in *CONC 5C.4.1R* should, in accordance with *Principle 6*, have due regard to the interests of existing *customers* ~~and~~, treat them fairly and, in accordance with the *Consumer Duty*, act to deliver good outcomes for retail customers (as applicable). An example of such a change is a change in a *customer's* overdraft limit.

...

...

5D Overdraft repeat use

...

5D.3 Interventions to be taken in the case of repeat users

...

- 5D.3.3 G (1) The purpose of *CONC 5D.3* is to require a *firm* to intervene in an appropriate and proportionate manner where it detects repeat use of an overdraft with the aim of reducing that use and improving the *customer's* financial situation. A *firm* should keep in mind, when doing so, the principle that an overdraft is not generally suitable for long-term use that results in a high total cost burden, as well as the need to ~~pay due regard to the interests of its *customers* and treat them fairly in accordance with *Principle 6*~~ act to deliver good outcomes for retail customers in accordance with *Principle 12*.

...

...

Information provided to customers

- 5D.3.1 G When a *firm* identifies that *CONC 5D.3.2R(1)(a)* and (b) apply to a *customer*:

1

- (1) when engaging with *customers*, *firms* are reminded of their obligations to communicate with *customers* in accordance with ~~*Principle 12* and *PRIN 2A*~~, the *Consumer Duty* or *Principle 7*, as applicable;

...

...

6 Post contractual requirements

...

6.7 Post contract: business practices

...

Authorised non-business overdraft agreements: reductions in credit limits

...

- 6.7.42 G A *firm* is not required to approve all requests from a *borrower* to reduce their *credit limit* or to terminate their *authorised non-business overdraft agreement*. When considering such a request, a *firm* should have regard to its ~~obligation to treat customers fairly~~ obligations under the *Consumer Duty*. In many circumstances ~~it would be unfair to require~~ requiring a *borrower* to retain an unwanted facility ~~would not deliver good outcomes~~. The following are examples of when ~~it may be fair to refuse~~ refusing a request ~~may deliver good outcomes~~:

...

...

7 Arrears, default and recovery (including repossessions)

...

7.3 Treatment of customers in or approaching arrears or in default (including repossessions): lenders, owners and debt collectors

...

Dealing ~~fairly~~ with customers in or approaching arrears or in default

- 7.3.2 G When dealing with ~~customers~~ a *customer* in or approaching arrears or in default, a *firm* should pay due regard to its obligations under ~~Principle 12 (Consumer Duty) and PRIN 2A, or Principle 6 (Customers' interests) or the Consumer Duty~~, as applicable.

[Note: paragraphs 7.12 of *ILG* and 2.2 of *DCG*]

Forbearance and due consideration

- 7.3.3 G Where a *customer* under a *regulated credit agreement* fails to make an occasional payment when it becomes due, a *firm* should, in accordance with ~~Principle 12 and PRIN 2A, or Principle 6, as applicable~~, the *Consumer Duty* – in particular, the consumer support outcome (*PRIN 2A.6*) and the cross-cutting obligation to avoid causing foreseeable harm (*PRIN 2A.2.8R*) –

allow for such unmade payments to be made within the original term of the agreement unless:

...

...

- 7.3.8 G An example of where a *firm* is likely to contravene ~~*Principle 12* and *PRIN 2A*~~, ~~or *Principle 6*, as applicable~~, or the *Consumer Duty* (as applicable), and *CONC 7.3.4R* is where the *firm* does not allow for alternative, affordable payment amounts to repay the debt due in full, where the *customer* is in or approaching arrears or in default and the *customer* makes a reasonable proposal for repaying the debt or a *debt counsellor* or another *person* acting on the *customer's* behalf makes such a proposal.

[Note: paragraphs 7.16 of *ILG* and 3.7j of *DCG*]

...

- 7.3.10 G (1) An example of behaviour by or on behalf of a *firm* which is likely to contravene *CONC 7.3.10R* and ~~*Principle 12* and *PRIN 2A*~~, ~~or *Principle 6*, as applicable~~, or the *Consumer Duty* (as applicable), is pressurising a *customer* to raise funds to repay a debt by arranging the receipt of a lump sum from the *customer's* pension scheme.

A

...

...

Information provided to customers

- 7.3.13 G (1) When engaging with *customers* in or approaching arrears or in default, *firms* are reminded of their obligations to communicate with *customers* in accordance with ~~*Principle 12* and *PRIN 2A*~~, ~~or *Principle 7*~~ or the *Consumer Duty*, as applicable.

A

...

...

7.7 Application of interest and charges

- 7.7.1 G When levying charges for debt recovery on ~~*customers*~~ a *customer* in default or arrears difficulties *firms* should consider their ~~obligation~~ obligations under *Principle 6* to pay due regard to the interests of *customers* and treat them fairly and the requirement to act to deliver good outcomes for *retail customers* under the *Consumer Duty*, as applicable.

[Note: paragraphs 3.1 and 3.10 of *DCG*]

...

8 Debt advice

...

8.2 Conduct standards: debt advice

Overarching principles

...

8.2.2 G ...

- (2) Recommending a *debt solution* which a *firm* knows, believes or ought to suspect is unaffordable for the *customer* is likely to contravene *Principle 2, Principle 6 and Principle 9 and the Consumer Duty*, and may contravene other *Principles*. The *firm* should also take into account the expected term of the proposed *debt solution*, having regard to the *Principles*.

[Note: paragraph 3.26j of *DMG*]

- (3) An example of behaviour that is likely to contravene *Principle 6 and the Consumer Duty*, and may contravene other *Principles* in this field is for a *firm* to actively discourage a *customer* from considering alternative sources of *debt counselling*.

[Note: paragraph 3.23m of *DMG*]

...

8.3 Pre contract information and advice requirements

...

- 8.3.8 G (1) The information and advice referred to in *CONC* 8.3 should be provided in a manner which is clear, fair and not misleading to comply with *Principle 7 or the Consumer Duty (as applicable)*, and *CONC* 3.3.1R, and should be in plain and intelligible language in accordance with *CONC* 3.3.2R. A *firm* should encourage a *customer* to read the information and allow sufficient time between providing the information and entering into the contract to enable the *customer* to seek independent advice if so desired.

[Note: paragraphs 3.21, 3.35 and 3.36 of *DMG*]

...

...

Context, purpose and anti-avoidance

- 8.3.10 G (1) *Firms* are reminded that when referring ~~*customers*~~ a *customer* to ~~*debt solution providers*~~ a *debt solution provider*, or carrying on related services, a *firm* must comply with its obligations under:

- (a) ~~Principle 12 (Consumer Duty)~~ the Consumer Duty to act to deliver good outcomes for *retail customers* ~~and/or Principle 6 (Customers' interests) to pay due regard to the interests of its customers and treat them fairly~~ (as applicable); and

...

...

- (5) For the purposes of *CONC* 8.3.10G(1)(a), during the period to which *CONC* TP 8(6) to (7) applies, the *FCA* considers it unlikely that an increase in either the referral of *customers* to *debt solution* providers or carrying on related services, would be in accordance with *Principle 6* or ~~Principle 12~~ the Consumer Duty.

...

8.9 Lead generators: including firm responsibility in dealing with lead generators

- 8.9.1 G The *Principles* (in particular *Principle 6* ~~and~~, *Principle 7* and the Consumer Duty) apply to actions of a *firm* dealing with a *customer* who has been referred to it through a *lead generator*. For example, where a *firm* acts on a sales lead and knows or ought to know that the *lead generator* is using misleading information, advice or actions to obtain a *customer's* personal data, this is likely to amount to a breach by the *firm* of *Principle 6* and *Principle 7* and the *Consumer Duty's* cross-cutting obligation to avoid causing foreseeable harm (*PRIN* 2A.2.8R) (as applicable).

...

8.10 Conduct of business: providing credit information services

...

Conduct

...

- 8.10.4 G It is likely to be a contravention of the *Principles*, for example ~~*Principles 6* and *Principle 7*~~, the *Consumer Duty* (in particular, the cross-cutting obligations to act in good faith (*PRIN* 2A.2.1R) and to avoid causing foreseeable harm (*PRIN* 2A.2.8R)), where a *firm*:

...

Annex U

Amendments to the Perimeter Guidance manual (PERG)

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

8 Financial promotion and related activities

...

8.17 Financial promotions concerning agreements for qualifying credit

...

Interaction with providing relevant consumer credit

...

- 8.17.20 G *CONC 3 contains rules about financial promotions relating to credit-related regulated activity. CONC 3 does not apply, however, to the communication, or approval for communication, of a financial promotion to the extent it concerns qualifying credit. MCOB 3A applies to the communication or approval of a financial promotion of qualifying credit. This means that a financial promotion about credit will not usually be subject to both MCOB 3A and CONC 3 unless it is about secured and unsecured lending. Guidance on the potential application of MCOB 3A and CONC 3 to particular types of financial promotion of credit is given in the table in PERG 8.17.21G. Firms must also comply with Principle 7 (a firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading) and the Consumer Duty (as applicable).*

...

Annex V

Amendments to the Wind-down Planning Guide (WDPG)

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

3 **The concept and the process of wind-down planning**

...

3.6 **Impact assessment: who will be affected by a wind-down?**

...

- 3.6.2 G The ~~obligation~~ obligations on *firms* to treat *customers* fairly ~~continues or,~~ where applicable, to comply with the *Consumer Duty*, continue to apply during the wind-down period. This includes, where relevant, considerations relating to *client monies* and *custody assets* (see *WDPG* 4.3 (Client monies and custody assets)) or the needs of potentially vulnerable *customers*.

...

App 1 **Quick Reference Guide (QRG)**

...

App 1.2 **Main concepts**

...

- App 1.2.4 G The ~~obligation~~ obligations on *firms* to treat *customers* fairly ~~continues or,~~ where applicable, to comply with the *Consumer Duty*, continue to apply during the wind-down period. This includes, where relevant, considerations relating to *client monies* and *custody assets* or the needs of potentially vulnerable *customers*.

...