

**Product governance: additional provisions for pathway investments**

## Chapter 6

Product governance:  
additional provisions for  
pathway investments and  
default options

**6.5 Distribution of default options**

- 6.5.1** **R** *A firm must not distribute a default option unless it is compatible with the needs, characteristics and objectives of the retail clients to whom the firm distributes the default option.*
- 6.5.2** **R** When carrying out the compatibility assessment in **PROD 6.5.1R**, a firm must also take into account:
- (1) the *manufacturer's* compliance with the requirements in **PROD 6.4**;  
and
  - (2) the financial strength of the *manufacturer*.
- 6.5.3** **R** *A firm must review the distribution arrangements for the default options it distributes at least every 3 years.*