

**CONDUCT OF BUSINESS SOURCEBOOK (PROJECTIONS) (AMENDMENT)  
INSTRUMENT 2012**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
    - (a) section 138 (General rule-making power); and
    - (b) section 156 (General supplementary powers); and
  - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force as follows:
- (1) Part 1 of the Annex to this instrument comes into force on 6 April 2014;
  - (2) the remainder of this instrument comes into force on 6 April 2013.

**Amendments to the Handbook**

- D. The Conduct of Business sourcebook (COBS) is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Conduct of Business Sourcebook (Projections) (Amendment) Instrument 2012.

By order of the Board  
31 October 2012

## Annex

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

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

**Part 1: Comes into force on 6 April 2014**

### 13 Annex 2 Projections

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Assumptions: rates of return			
2.3	A <i>standardised deterministic projection</i> must be calculated using <u>rates that accurately reflect the investment potential of the product and do not exceed the following maximum</u> rates of return:		
Nominal rates	Lower rate	Intermediate rate	Higher rate
tax-exempt business held in a <i>wrapper</i> or by a <i>friendly society</i> <i>personal pension schemes, stakeholder pension schemes</i> and investment-linked annuities	<del>5%</del> <u>2%</u>	<del>7%</del> <u>5%</u>	<del>9%</del> <u>8%</u>
all other products	<del>4%</del> <u>1½%</u>	<del>6%</del> <u>4½%</u>	<del>8%</del> <u>7½%</u>

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Exception	
2.4	A <i>standardised deterministic projection</i> :
	(1) <del>must be calculated using lower rates of return, if the rates described in this section overstate the investment potential of the product; [deleted]</del>
	(2) may be calculated using a lower rate of return if a retail client requests it.

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**Part 2: Comes into force on 6 April 2013**

**TP 2 Other Transitional Provisions**

(1)	(2)	(3)	(4)	(5)	(6)
	<b>Material to which the transitional provision applies</b>		<b>Transitional provision</b>	<b>Transitional provision: dates in force</b>	<b>Handbook provisions: coming into force</b>
...					
<u>2.5B</u>	<u>COBS 13 Annex 2 2.3</u>	<u>R</u>	<u>A firm may comply with the provision listed in column (2) as amended by the Conduct of Business Sourcebook (Projections) (Amendment) Instrument 2012 as if the amendments to the Handbook set out in that instrument were in force.</u>	<u>From 6 April 2013 to 5 April 2014</u>	<u>6 April 2014</u>
<u>2.5C</u>	<u>COBS 13 Annex 2 2.4</u>	<u>R</u>	<u>A firm may comply with the provision listed in column (2) as amended by the Conduct of Business Sourcebook (Projections) (Amendment) Instrument 2012 as if the amendments to the Handbook set out in that instrument were in force.</u>	<u>From 6 April 2013 to 5 April 2014</u>	<u>6 April 2014</u>
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