

**RETAIL DISTRIBUTION REVIEW (PLATFORMS) (AMENDMENT NO 3)
INSTRUMENT 2015**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) section 139A (Power of the FCA to give guidance).
- 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 31 July 2015.

Amendments to the FCA Handbook

- D. The Conduct of Business sourcebook (COBS) is amended in accordance with the Annex to this instrument.
- E. COBS 14.4.1R, 14.4.2R, 14.4.3G, 14.4.4R, 14.4.5R, 14.4.6R, 14.4.7R, 14.4.8R and 14.4.9R, which were due to come into force on 31 December 2015, are revoked.

Citation

- F. This instrument may be cited as the Retail Distribution Review (Platforms) (Amendment No 3) Instrument 2015.

By order of the Board of the Financial Conduct Authority
30 July 2015

Annex

Amendments to the Conduct of Business sourcebook (COBS)

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

[*Editor's Note:* The deletions shown below have the effect of revoking COBS 14.4.1R to 14.4.9R which were otherwise due to come into force on 31 December 2015. COBS 14.4.10R to 14.4.12G, which have not been amended, are shown as an aid to firms.]

14.4 Provision of information by an intermediate unitholder

~~Provision of information to the beneficial owner~~

- 14.4.1 R (1) ~~An *intermediate unitholder* which receives a copy of the short report referred to in *COLL* 4.5.13R from an *authorised fund manager*, must notify the beneficial owner of the *unit* or, if relevant, a *person* acting on that beneficial owner's behalf, that a copy of the short report is available from the *intermediate unitholder* free of charge upon request.~~
- (2) ~~The notification in (1) must be in writing and made no more than three *months* after the end of the *month* in which the short report was received by the *intermediate unitholder*. [not used]~~
- 14.4.2 R ~~If the notification in *COBS* 14.4.1R is sent by means of an *electronic communication*, the *electronic communication* must contain either a copy of the report or a hyperlink to the section of a website under the control of the *intermediate unitholder* where the relevant short report may be read in full. If the *electronic communication* contains a hyperlink, the short report must remain accessible to the beneficial owner via that section of the website until the *authorised fund manager* sends the *intermediate unitholder* a subsequent annual short report in relation to the relevant *unit*. [not used]~~
- 14.4.3 G ~~The notification in *COBS* 14.4.1R may include one or more short reports and may be made at the same time as other *Handbook* notifications, for example, a *periodic statement*. If the notification in *COBS* 14.4.1R is made at the same time as any other communication, the notification should be clearly and separately identifiable as such and presented in a prominent manner. An *intermediate unitholder* may make the notification in *COBS* 14.4.1R by sending a copy of the short report to the beneficial owner of the *unit* or, if relevant, a *person* acting on that beneficial owner's behalf. [not used]~~
- 14.4.4 R (1) ~~Except where *COBS* 14.4.1R and *COBS* 14.4.8R apply, an *intermediate unitholder* which receives any document or written notification required by *COLL* to be sent by an *authorised fund manager* or *depository* to a *unitholder* must send that notification to the beneficial owner of the *unit* or, if relevant, a *person* acting on that~~

beneficial owner's behalf:

- (2) Paragraph (1) does not apply to:
- (a) ~~information about a merger proposal provided under COLL 7.7.10R (Information to be given to unitholders) in circumstances where a meeting of unitholders will not be convened to vote on that proposal; and~~
 - (b) ~~information provided under COLL 11.3.13R (Obligations to unitholders of a master UCITS).~~
- (3) ~~The notification in (1) must be in writing and be sent as soon as reasonably practicable after the *intermediate unitholder* has received the notification from the *authorised fund manager* or *depository*. [not used]~~

14.4.5 R If the notification in COBS 14.4.4R is sent by means of an *electronic communication* it must contain:

- (1) ~~either a copy of the notification from the *authorised fund manager* or *depository* or a hyperlink to the section of a website which is under the control of the *intermediate unitholder* where the notification from the *authorised fund manager* or the *depository* may be read in full; and~~
- (2) ~~a summary of the content of the notification from the *authorised fund manager* or *depository* together with sufficient information to enable the beneficial owner to understand the subject matter of that notification and its possible consequences. [not used]~~

14.4.6 R If the *electronic communication* in COBS 14.4.5R contains a hyperlink:

- (1) ~~in the case of the notification made to the *intermediate unitholder* by the *authorised fund manager* or *depository* under COLL 7.2.1R(2A), the notification must be accessible continuously to the beneficial owner by means of the website until the suspension of dealing in *units* has ceased; and~~
- (2) ~~in the case of all other notifications required under COBS 14.4.4R, the notification from the *authorised fund manager* or *depository* must be accessible continuously by means of the website for such period of time as the beneficial owner may reasonably need to inspect it. [not used]~~

14.4.7 R If a *firm* is acting on behalf of the beneficial owner of a *unit* and it receives a notification from an *intermediate unitholder* under COBS 14.4.1R or COBS 14.4.4R, it must send that notification to the beneficial owner of the *unit* as

soon as reasonably practicable. [not used]

Voting rights

- 14.4.8 R (1) ~~An *intermediate unitholder* which receives a notification under COLL 4.4.5R (Notice of general meetings) from an *authorised fund manager* or *depository* must notify the beneficial owner of the *unit* or, if relevant, a *person* acting on that beneficial owner's behalf.~~
- (2) ~~The notification in (1) must be made as soon as reasonably practicable but, in any event, before the effective date of any change to be made as a result of a resolution passed at the meeting.~~
- (3) ~~The notification in (1) must:~~
- (a) ~~explain that the *unit* is held by the *intermediate unitholder* or, if relevant, through a third party acting as nominee;~~
 - (b) ~~if applicable, explain that voting rights are not available to the beneficial owner;~~
 - (c) ~~contain a summary of the subject matter of the notification from the *authorised fund manager* or *depository* together with an explanation of the consequences of a vote for and of a vote against the proposal; and~~
 - (d) ~~contain a summary of the *intermediate unitholder's* policy in relation to the exercise or facilitation of voting rights which must include, if relevant, whether the *intermediate unitholder* intends to exercise the relevant voting rights without consideration of the views of any of the beneficial owners. [not used]~~
- 14.4.9 R ~~A *firm* must not make a specific charge for the provision of the notifications in COBS 14.4.1R, COBS 14.4.4R, COBS 14.4.7R and COBS 14.4.8R. [not used]~~

Information requests by authorised fund managers for liquidity management purposes

- 14.4.10 R If an *intermediate unitholder* receives a reasonable request from an *authorised fund manager* for information relating to the beneficial owners of the *units* of a *scheme* that it operates which the *authorised fund manager* reasonably needs for the purposes of liquidity management, the *intermediate unitholder* must provide that information to the *authorised fund manager* as soon as is reasonably practicable.
- 14.4.11 G Examples of information which may be reasonably requested by an

authorised fund manager include:

- (1) a breakdown of the total number of *units* held by the *intermediate unitholder* in each *scheme* to indicate the number of *units* attributable to individual beneficial owners; and
- (2) information about the types of distribution channel which have been used to sell the *units* to the relevant beneficial owners.

14.4.12 G In determining whether a request from an *authorised fund manager* is reasonable, an *intermediate unitholder* may take into account the frequency with which such requests have been received from that *authorised fund manager*.