

Chapter 13

Preparing product information

13.5 Preparing product information: other projections

Projections for in-force products

- 13.5.1** **R** A firm that communicates a *projection* for an in-force packaged product which is not a *financial instrument*:
- (1) must include a *standardised deterministic projection*;
 - (2) may also include a *stochastic projection* except that the most prominent *projection* must be a *standardised deterministic projection*; and
- must follow the *projection rules* in ■ COBS 13 Annex 2.

- 13.5.1A** **R** The requirement in ■ COBS 13.5.1R does not apply where a *retail client* proposes to withdraw the funds in full from their *personal pension scheme*, *stakeholder pension scheme* or *drawdown pension* reducing the value of their rights to zero.

Projections: other situations

- 13.5.2** **R**
- (1) A firm that communicates a *projection* for a *packaged product* which falls within (2) must ensure that the *projection* is either a *standardised deterministic projection* or a *stochastic projection* in accordance with ■ COBS 13 Annex 2.
 - (2) This rule applies to a *packaged product* which is:
 - (a) not a *financial instrument* or an in-force *packaged product*; and
 - (b) either:
 - (i) a non-*PRIIP packaged product* for which a *key features illustration* is not required to be provided; or
 - (ii) a *PRIIP* where the *projection* is not in the *key information document*.
- 13.5.2A** **R** The requirement in ■ COBS 13.5.2R does not apply where a *retail client* elects to withdraw the funds in full from their *personal pension scheme* or *stakeholder pension scheme* or *drawdown pension* reducing the value of their rights to zero.

- 13.5.2B **G** Where a *firm* communicates a *projection* for a *packaged product* that is a *financial instrument*, the following future performance requirements are likely to apply:
 - (1) article 44(6) of the *MiFID Org Regulation* (see ■ COBS 4.5A.14UK) where the *firm* is carrying on *MiFID*, *equivalent third country* or *optional exemption business*; or
 - (2) ■ COBS 4.6.7R where the *firm* is not carrying on *MiFID*, *equivalent third country* or *optional exemption business*.

Exceptions to the projection rules: projections for more than one product

- 13.5.3 **R** A *firm* that communicates a *projection* of benefits for a *packaged product* which is not a *financial instrument*, as part of a combined *projection* where other benefits being projected include those for a *financial instrument* or *structured deposit*, is not required to comply with the projection rules in ■ COBS 13.4, ■ COBS 13.5 and ■ COBS 13 Annex 2 to the extent that the combined *projection* complies with the future performance requirements in either:
 - (1) article 44(6) of the *MiFID Org Regulation* (see ■ COBS 4.5A.14UK) where the *firm* is carrying on *MiFID*, *equivalent third country* or *optional exemption business*; or
 - (2) ■ COBS 4.6.7R where the *firm* is not carrying on *MiFID*, *equivalent third country* or *optional exemption business*.

- 13.5.4 **G** The general requirement that communications be fair, clear and not misleading will nevertheless mean that a *firm* that elects to comply with the future performance rule in ■ COBS 4.6.7 R, or, if applicable, the requirement in article 44(6) of the *MiFID Org Regulation* (see ■ COBS 4.5A.14UK), will need to explain how the combined *projection* differs from other information that has been or could be provided to the client, including a *projection* provided under the *projection rules* in ■ COBS 13.4, ■ COBS 13.5 and ■ COBS 13 Annex 2. In particular, the *firm* should identify where a *projection* in real terms is required under ■ COBS 13.