

Chapter 16

Reporting information to clients (non-MiFID provisions)

16.3 Periodic reporting

Provision by the firm and contents

16.3.1

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(1) If a *firm* is *managing investments* on behalf of a *client*, it must provide the *client* with a *periodic statement* in a *durable medium* unless:

- (a) such a statement is provided by another *person*; or
- (b) all of the conditions in (1A) are satisfied.

(1A) The conditions are that:

- (a) the *firm* provides the *client* with access to an online system which qualifies as a *durable medium*;
- (b) the online system provides the *client* with easy access to:
 - (i) up-to-date valuations of the *client's designated investments* and *client money*; and
 - (ii) the information that would otherwise be contained in a *periodic statement*; and
- (c) the *firm* has evidence that the *client* has accessed a valuation of their *designated investments* or *client money* at least once during the previous quarter.

(2) If the *client* is a *retail client*, the *periodic statement* must include such of the *periodic information* (■ COBS 16 Annex 2R) as is applicable.

16.3.2

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(1) In the case of a *retail client*, the *periodic statement* must be provided once every six *months*, except in the following cases:

- (a) if the *retail client* so requests, the *periodic statement* must be provided every three *months*;
- (b) if the *retail client* elects to receive information about executed transactions on a transaction-by-transaction basis (■ COBS 16.3.3 R) and there are no transactions in *derivatives* or other securities giving the right to acquire or sell a *transferable security* or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures, the *periodic statement* must be provided at least once every twelve *months*;
- (c) if the agreement between a *firm* and a *retail client* for the *managing of investments* authorises a leveraged portfolio, the *periodic statement* must be provided at least once a *month*.

16.3.3

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(2) A *firm* must inform a *retail client* that he has the right to request the provision of a *periodic statement* every three months.

(1) If the *client* elects to receive information about executed transactions on a transaction-by-transaction basis, a *firm managing investments* must provide promptly to the *client*, on the execution of a transaction, the essential information concerning that transaction in a *durable medium*.

(2) If the *client* is a *retail client*, the *firm* must send the *client* a notice confirming the transaction and containing such of the information identified in column (1) of the table in ■ COBS 16 Annex 1R as is applicable:

(a) no later than the first *business day* following that execution; or

(b) if the confirmation is received by the *firm* from a third party, no later than the first *business day* following receipt of the confirmation from the third party;

unless the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the *retail client* by another *person*.

16.3.4

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In accordance with ■ COBS 2.4.9 R, a *firm* may dispatch a periodic statement to an agent, other than the *firm* or an *associate* of the *firm*, nominated by the *client* in writing.

16.3.5

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For the purposes of calculating the unit price in the *trade confirmation information* or *periodic information*, where the order is executed in tranches, the *firm* may supply the *client* with information about the price of each tranche or the average price. If the average price is provided, the *firm* must supply the *retail client* with information about the price of each tranche upon request.

16.3.6

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(1) If a *firm*:

(a) *manages investments* for a *retail client*; or

(b) operates a *retail client* account that includes an uncovered open position in a contingent liability transaction,

it must report to the *retail client* any losses exceeding any predetermined threshold, agreed between it and the *retail client*.

(2) The *firm* must report:

(a) no later than the end of the *business day* in which the threshold is exceeded; or

(b) if the threshold is exceeded on a non-*business day*, the close of the next *business day*.

Contingent liability transactions

- 16.3.7 **R** For the purposes of this section, a contingent liability transaction is one that involves any actual or potential liability for the *client* that exceeds the cost of acquiring the instrument.
- 16.3.8 **R** [intentionally blank]
- 16.3.9 **G** When providing a *periodic statement* to a *retail client*, a *firm* should consider whether to include:
- (1) the *collateral* value in respect of any contingent liability transaction in the *client's* portfolio during the relevant period; and
 - (2) *option* account valuations in respect of each open *option* written by the *client* in the *client's* portfolio at the end of the relevant period; stating:
 - (a) the *share, future, index* or other *investment* involved;
 - (b) the trade price and date for the opening transaction, unless the valuation statement follows the statement for the period in which the option was opened;
 - (c) the market price of the contract; and
 - (d) the exercise price of the contract.
 - (3) Option account valuations may show an average trade price and market price in respect of an *option* series if the *retail client* buys a number of contracts within the same series.

Periodic reporting: special situations

- 16.3.10 **R** A *firm* need not provide a *periodic statement*:
- (1) to a *client* habitually resident outside the *United Kingdom* if the *client* concerned has so requested or the *firm* has taken reasonable steps to establish that he does not wish to receive it;
 - (2) in respect of a *CTF*, if the statement provided under the *CTF Regulations* contains the *periodic information*.

Record keeping: periodic reporting

- 16.3.11 **R** A *firm* must make, and retain, a copy of any *periodic statement* for a period of at least three years from the date of despatch.