

Chapter 2

Conduct of business obligations

2.2 Information disclosure before providing services (other than MiFID and insurance distribution)

Application

2.2.-1

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- (1) [deleted]
- (2) This section applies in relation to *designated investment business* (other than *MiFID*, *equivalent third country* or *optional exemption business* or *insurance distribution activities*), carried on for a *retail client*:
 - (a) in relation to a *derivative*, a *warrant*, a *non-readily realisable security*, a *speculative illiquid security*, a *P2P agreement*, or *stock lending activity*, but as regards the matters in ■ COBS 2.2.1R (1)(b) only; and
 - (b) in relation to a *retail investment product*, but as regards the matters in ■ COBS 2.2.1R (1)(a) and ■ (d) only.
- (3) Where a *rule* in this section applies to a *firm* carrying on *designated investment business* in relation to a *speculative illiquid security* the *rule* also applies to:
 - (a) a *TP firm* (to the extent that the *rule* does not already apply to such a *TP firm* as a result of ■ GEN 2.2.26R); and
 - (b) a Gibraltar-based firm (having the same meaning as in the *Gibraltar Order*) to the extent that the *rule* does not already apply to such a Gibraltar-based firm as a result of ■ GEN 2.3.1R).

2.2.-1A

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■ COBS 2.2A (Information disclosure before providing services (MiFID and insurance distribution)) contains the information disclosure requirements applying to a *firm* carrying on *MiFID*, *equivalent third country* or *optional exemption business* and *insurance distribution activities*.

Information disclosure before providing services

2.2.1

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- (1) A *firm* must provide appropriate information in a comprehensible form to a *client* about:
 - (a) the *firm* and its services;
 - (b) *designated investments* and proposed investment strategies; including appropriate guidance on and warnings of the risks associated with investments in those *designated investments* or in respect of particular investment strategies;

- (c) execution venues; and
 - (d) costs and associated charges;
- so that the *client* is reasonably able to understand the nature and risks of the service and of the specific type of *designated investment* that is being offered and, consequently, to take investment decisions on an informed basis.

- (2) That information may be provided in a standardised format.
- (3) [deleted]
- (4) [deleted]

2.2.2

G A *firm* to which the rule on providing appropriate information (■ COBS 2.2.1 R) applies should also consider the *rules* on disclosing information about a *firm*, its services, costs and associated charges and *designated investments* in ■ COBS 6.1 and ■ COBS 14.

Disclosure of commitment to the Financial Reporting Council’s Stewardship Code

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2.2.3

R A *firm*, other than a *venture capital firm*, which is *managing investments* for a *professional client* that is not a natural person must disclose clearly on its website, or if it does not have a website in another accessible form:

- (1) the nature of its commitment to the Financial Reporting Council’s Stewardship Code; or
- (2) where it does not commit to the Code, its alternative investment strategy.