

Chapter 2

Conduct of business obligations

2.2A Information disclosure before providing services (MiFID and insurance distribution provisions)

Application

- 2.2A.1 **R** This section applies to a *firm*:
- in relation to its *MiFID*, *equivalent third country* or *optional exemption business*;
- carrying on *insurance distribution activities* in relation to:
- (a) an *insurance-based investment product* for any *client*; and/or
 - (b) any other *life policy* for a *retail client* but as regards the matters in ■ COBS 2.2A.2R(1)(a) and (d) only.

Information disclosure in good time

- 2.2A.2 **R** (1) A *firm* must provide appropriate information in good time to a *client* with regard to:
- (a) the *firm* and its services;
 - (b) (for *financial instruments*) the *financial instruments*, proposed investment strategies and execution venues;
 - (c) (for *insurance-based investment products*) the distribution of *insurance-based investment products* including at least appropriate guidance on, and warnings of, the risks associated with the *insurance-based investment product* or in respect of particular investment strategies proposed; and
 - (d) all costs and related charges.

[Note: article 24(4) of *MiFID* and article 29(1)(b) of the *IDD*]

- (2) That information may be provided in a standardised format.

- 2.2A.2A **R** For an *insurance-based investment product*, a *firm* must provide the information in good time prior to the conclusion of the contract.

[Note: first paragraph of article 29(1) of the *IDD*]

- 2.2A.3 **R** (1) A *firm* must provide the information required by this section in a comprehensible form in such a manner that a *client* is reasonably able to understand the nature and risks of the *investment service* and of

the specific type of *financial instrument* or *life policy* that is being offered and, consequently, to take investment decisions on an informed basis.

(2) That information may be provided in a standardised format.

[Note: article 24(5) of *MiFID* and last paragraph of article 29(1) the *IDD*]

Related rules

2.2A.4

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A firm to which the rule on providing appropriate information (■ COBS 2.2A.2R) applies should also consider the rules on disclosing information about a firm, its services, costs and associated charges, *financial instruments* and *life policies* ■ COBS 6.1ZA, ■ COBS 9A.3, ■ COBS 14.3 and ■ COBS 14.3A.

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

2.2A.5

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A firm must comply with the rule in ■ COBS 2.2.3R (Disclosure of commitment to the Financial Reporting Council's Stewardship Code).