

Chapter 6

Information about the firm, its
services and remuneration

6.1 E Platform services: platform charges and using a platform service for advising

Platform service providers: platform charges

6.1E.1 **R** This section does not apply if the *retail client* is outside the *United Kingdom*.

6.1E.1 **R** (1) A *platform service provider* must clearly disclose the total *platform charge* to the *retail client* in a *durable medium* in good time before the provision of *designated investment business*.

(2) In the event that it is not possible to make the disclosure in (1) in good time before the provision of *designated investment business*, the disclosure must be made as soon as practicable thereafter.

6.1E.2 **G** A *platform service provider* should pay due regard to its obligations under *Principle 6* (Customers' interests), *Principle 7* (Communications with clients) and the *client's best interests rule*, and ensure that it presents *retail investment products* without bias.

6.1E.3 **G** A *platform service provider* should pay due regard to its obligations under *Principle 6* (Customers' interests) and the *client's best interests rule* and not vary its *platform charges* inappropriately according to provider or, for substitutable and competing *retail investment products*, the type of *retail investment product*.

Requirement to be paid through platform charges

6.1E.4 **R** Except as specified in **COBS 6.1E.6 R** and **COBS 6.1E.7 R**, a *platform service provider* must:

- (1) only be remunerated for its *platform service* (and any other related services it provides), by *platform charges*; and
- (2) ensure that none of its *associates* accepts any remuneration in respect of those services.

6.1E.5 **G** Examples of remuneration that should not be accepted by a *platform service provider* or its *associates* include (but are not limited to):

- (1) a share of an annual management charge; and

- (2) any payment (other than a product charge or a *platform charge*) made to a *platform service provider* in its capacity as a *retail investment product provider* where the relevant *retail investment product* is distributed to *retail clients* by its *platform service*.

Exceptions

6.1E.6 **R** A *platform service provider* or its *associates* may solicit and accept payments from:

- (1) a *firm*, other than a *retail investment product provider*, which is in the business of making *personal recommendations* to *retail clients* in relation to *retail investment products*; and/or
- (2) a *firm*, other than a *retail investment product provider*, which is in the business of *arranging or dealing retail investment products* for *retail clients*.

6.1E.7 **R** Other than in **■** COBS 6.1E.6 R, a *platform service provider* or its *associates* may solicit and accept payments from any *firm*, including a *retail investment product provider*, which are only for:

- (1) pricing error corrections;
- (2) administering corporate actions;
- (3) research carried out by the *platform service provider* and management information; and
- (4) advertising;

provided that:

- (5) the services are available to *firms* at a price which does not vary inappropriately according to *firm*;
- (6) the payments are reasonable and proportionate for the service; and
- (7) the payments or service could not reasonably be expected to result in a channelling of business to the *firm* other than through the normal effect of general advertising.

Distinguishing platform charges from product charges and adviser charges

6.1E.8 **R** A *platform service provider* must not arrange for a *retail client* to buy a *retail investment product* if:

- (1) the product's charges are presented in a way that offsets or may appear to offset any *adviser charges* or *platform charges* that are payable by that *retail client*; or
- (2) the *platform service provider's* charges are presented in a way that offsets or may appear to offset any product charges or *adviser charges* that are payable by the *retail client*; or

(3) the product's charges or other payments are maintained by the *retail investment product* provider at a level such that a cash rebate, other than a cash rebate permitted by ■ COBS 6.1E.10R (2), is payable to the *retail client*.

Using a platform service when advising

6.1E.9 **R** A firm must not use a *platform service* as part of a *personal recommendation* to a *retail client* in relation to a *retail investment product* unless it has satisfied itself that the *platform service provider*, and its *associates*, only receive remuneration for business carried on in the *UK* which is permitted by the *rules* in this section.

Providing additional units or payment in cash to a retail client

6.1E.10 **R** ■ COBS 6.1E.4 R does not prevent a *platform service provider* receiving a share of an annual management charge from an *authorised fund manager* if the *platform service provider* passes that share on to the *retail client* in the form of:

- (1) additional *units*; or
- (2) cash, provided that it does not offset or appear to offset any *adviser charges* or *platform charges*.

6.1E.11 **G** Examples of a cash share of an annual management charge that would not offset or appear to offset any *adviser charges* or *platform charges* are:

- (1) where the *retail client* has redeemed his *retail investment product*; or
- (2) where the value of the payment made to the *retail client* in each month does not exceed £1 for each fund.

6.1E.12 **G** If a *platform service provider* passes a share of an annual management charge on to a *retail client* by way of additional *units* or cash, it should pay due regard to its obligations under *Principle 7* (Communications with clients).