

Chapter 6

Information about the firm, its
services and remuneration



6.1ZA Information about the firm and compensation information (MiFID and insurance distribution provisions)

Application

- 6.1ZA.1

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(1) Subject to (2) and (3), this section applies to a *firm*:

 - (a) in relation to its *MiFID*, *equivalent third country* or *optional exemption business*; and
 - (b) carrying on *insurance distribution activities*.

(2) ■ COBS 6.1ZA.16R does not apply to a *firm* in respect of its *MiFID optional exemption business*.

(3) Where a *firm* is carrying on *insurance distribution activities* for a *professional client* only those *rules* which implemented the requirements of the *IDD* apply.
- 6.1ZA.1A

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For the purposes of ■ COBS 6.1ZA.1R(3) if a *rule* implemented a requirement of the *IDD*, a note (“**Note:**”) follows the *rule* indicating which provision was being implemented.
- 6.1ZA.2

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This section imposes requirements relating to disclosure of information to *clients* that are additional to the general requirements in ■ COBS 2.2A.
- Effect of provisions marked “UK” for third country investment firms and MiFID optional exemption firms
- 6.1ZA.3

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Provisions in this section (and in ■ COBS 6 Annex 7UK to which this section refers) marked “UK” apply in relation to *MiFID optional exemption business* as if they were *rules* (see ■ COBS 1.2.2G).
- 6.1ZA.4

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The effect of ■ GEN 2.2.22AR is that provisions in this section marked “UK” also apply in relation to the *equivalent business of a third country investment firm* as if they were *rules*.

[**Note:** ESMA has issued guidelines under article 16(3) of the ESMA Regulation on cross-selling practices, 11 July 2016/ESMA/2016/574 (EN).]

Information about a firm and its services: MiFID business.....

6.1ZA.5 UK

- 47(1) Investment firms shall provide clients or potential clients with the following general information, where relevant:
- (a) the name and address of the investment firm, and the contact details necessary to enable clients to communicate effectively with the firm;
 - (b) the languages in which the client may communicate with the investment firm, and receive documents and other information from the firm;
 - (c) the methods of communication to be used between the investment firm and the client including, where relevant, those for the sending and reception of orders;
 - (d) a statement of the fact that the investment firm is authorised and the name and contact address of the competent authority that has authorised it;
 - (e) where the investment firm is acting through a tied agent, a statement of this fact;
 - (f) the nature, frequency and timing of the reports on the performance of the service to be provided by the investment firm to the client in accordance with ■ COBS 9A.3.2R and ■ COBS 16A.2.1R;
 - (g) where the investment firm holds client financial instruments or client funds, a summary description of the steps which it takes to ensure their protection, including summary details of any relevant investor compensation or deposit guarantee scheme which applies to the firm by virtue of its activities in the *United Kingdom*;
 - (h) a description, which may be provided in summary form, of the conflicts of interest policy maintained by the firm in accordance with Article 34;
 - (i) at the request of the client, further details of that conflicts of interest policy in a durable medium or by means of a website (where that does not constitute a durable medium) provided that the conditions set out Article 3(2) are satisfied.

The information listed in points (a) to (i) shall be provided in good time before the provision of investment services or ancillary services to clients or potential clients.

[Note: article 47(1) of the *MiFID Org Regulation*]

6.1ZA.6 G

[deleted]

6.1ZA.7 G

A firm disclosing details of its authorisation should refer to the appropriate form of words set out in ■ GEN 4 Annex 1R or ■ GEN 4 Annex 1AR as appropriate.

Information about a firm and its services: insurance distribution

6.1ZA.7A **R**

A *firm* carrying on *insurance distribution activities* must provide a *retail client* with the following general information, if relevant:

- (1) the name and address of the *firm*, and the contact details necessary to enable a *client* to communicate effectively with the *firm*;
- (2) the methods of communication to be used between the *firm* and the *client* including, where relevant, those for the sending and reception of orders;
- (3) a statement of the fact that the *firm* is authorised and the name of the *competent authority* that has authorised it;
- (4) if the *firm* is acting through an *appointed representative* a statement of this fact;
- (5) the nature, frequency and timing of the reports on the performance of the service to be provided by the *firm* to the *client* in accordance with the *rules* on reporting to *clients* on the provision of services (■ COBS 16 or ■ COBS 16A in relation to an *insurance-based investment product*);
- (6) (a) a description, which may be provided in summary form, of (as applicable) the *conflicts of interest policy*, or the policy required ■ SYSC 3.3.10R (for *insurers*) or ■ SYSC 10.1A.3R (for *insurance intermediaries* in relation to *insurance-based investment products*); and
(b) if not included in the information provided under (a), when a *material interest* or conflict of interest may or does arise, the manner in which the *firm* will ensure fair treatment of the *client*;
- (7) at any time that the *client* requests it, further details of the *conflicts of interest policy*.

The timing of these disclosures is governed by ■ COBS 6.1ZA.19AR.

Status disclosure general information: insurance distribution

6.1ZA.7B **R**

In good time before the conclusion of a *life policy* and, if necessary, on its amendment:

- (1) a *firm* must provide the *client* with at least the following information:
 - (a) its identity, address and whether it is an *insurance intermediary* or an *insurance undertaking*;
 - (b) whether it provides a *personal recommendation* about the insurance products offered;
 - (c) the procedures allowing *clients* and other interested parties to register *complaints* about the *firm* with the *firm* and the *Financial Ombudsman Service* or, if the *Financial Ombudsman Service* does not apply, information about the out-of-court complaint and redress procedures available for the settlement of disputes between the *firm* and its *clients*; and

- (2) an *insurance intermediary* must also provide the *client* with the following information:
 - (a) the fact that it is included in the *Financial Services Register* (or if it is not on the *Financial Services Register*, the register in which it has been included) and the means for verifying this;
 - (b) whether it has a direct or indirect holding representing 10% or more of the voting rights or capital in a given *insurance undertaking* (that is not a *pure reinsurer*);
 - (c) whether a given *insurance undertaking* (that is not a *pure reinsurer*) or its *parent undertaking* has a direct or indirect holding representing 10% or more of the voting rights or capital in the *firm*; and
 - (d) whether it is representing the *client* or is acting for and on behalf of the *insurer*.

[Note: articles 18 and 19(1)(a) and (b) of the *IDD*]

6.1ZA.7C R

Where an *insurance intermediary* proposes or advises on a *life policy*, in good time before the conclusion of a *life policy* and, if necessary, on its amendment, an *insurance intermediary* must provide the *client* with at least information on whether the *firm*:

- (1) gives a *personal recommendation* on the basis of a fair and personal analysis; or
- (2) is under a contractual obligation to conduct *insurance distribution* exclusively with one or more *insurance undertakings*, in which case it must provide the names of those *insurance undertakings*; or
- (3) is not under a contractual obligation to conduct *insurance distribution* exclusively with one or more *insurance undertakings*; and
does not give a *personal recommendation* on the basis of a fair and personal analysis,
in which case it must provide its *client* with the name of those *insurance undertakings* with which the *insurance intermediary* may and does conduct business.

[Note: article 19(1)(c) of the *IDD*]

6.1ZA.7D R

If an *insurance intermediary* informs a *client* that it gives a *personal recommendation* on the basis of a fair and personal analysis, it must give that *personal recommendation* on the basis of an analysis of a sufficiently large number of insurance contracts available on the market to enable it to make a *personal recommendation* in accordance with professional criteria, regarding which *life policy* would be adequate to meet the *client's* needs.

[Note: article 20(3) of the *IDD*]

Information about a firm’s portfolio management service: MiFID business

6.1ZA.8 UK

47(2) When providing the service of portfolio management, investment firms shall establish an appropriate method of evaluation and comparison such as a meaningful benchmark, based on the investment objectives of the client and the types of financial instruments included in the client portfolio, so as to enable the client for whom the service is provided to assess the firm’s performance.

47(3) Where investment firms propose to provide portfolio management services to a client or potential client, they shall provide the client, in addition to the information required under paragraph 1, with such of the following information as is applicable:

- (a) information on the method and frequency of valuation of the financial instruments in the client portfolio;
- (b) details of any delegation of the discretionary management of all or part of the financial instruments or funds in the client portfolio;
- (c) a specification of any benchmark against which the performance of the client portfolio will be compared;
- (d) the types of financial instrument that may be included in the client portfolio and types of transaction that may be carried out in such instruments, including any limits;
- (e) the management objectives, the level of risk to be reflected in the manager’s exercise of discretion, and any specific constraints on that discretion.

The information listed in points (a) to (e) shall be provided in good time before the provision of investment services or ancillary services to clients or potential clients.

[Note: articles 47(2) and (3) of the *MiFID Org Regulation*]

Information concerning safeguarding of designated investments belonging to clients and client money: MiFID business

6.1ZA.9 UK

49(1) Investment firms holding financial instruments or funds belonging to clients shall provide those clients or potential clients with the information specified in paragraphs 2 to 7 where relevant.

49(2) The investment firm shall inform the client or potential client where the financial instruments or funds of that client may be held by a third party on behalf of the investment firm and of the responsibility of the investment firm under the applicable national law for any acts or omissions of the third party and the consequences for the client of the insolvency of the third party.

49(3) Where financial instruments of the client or potential client may, if permitted by national law, be held in an omnibus account by a third party, the investment firm shall inform the client of this fact and shall provide a prominent warning of the resulting risks.

49(4) The investment firm shall inform the client or potential client where it is not possible under national law for client financial instruments held with a

third party to be separately identifiable from the proprietary financial instruments of that third party or of the investment firm and shall provide a prominent warning of the resulting risks.

49(5) The investment firm shall inform the client or potential client where accounts that contain financial instruments or funds belonging to that client or potential client are or will be subject to the law of a jurisdiction other than that of the United Kingdom and shall indicate that the rights of the client or potential client relating to those financial instruments or funds may differ accordingly.

49(6) An investment firm shall inform the client about the existence and the terms of any security interest or lien which the firm has or may have over the client's financial instruments or funds, or any right of set-off it holds in relation to those instruments or funds. Where applicable, it shall also inform the client of the fact that a depository may have a security interest or lien over, or right of set-off in relation to those instruments or funds.

49(7) An investment firm, before entering into securities financing transactions in relation to financial instruments held by it on behalf of a client, or before otherwise using such financial instruments for its own account or the account of another client shall in good time before the use of those instruments provide the client, in a durable medium, with clear, full and accurate information on the obligations and responsibilities of the investment firm with respect to the use of those financial instruments, including the terms for their restitution, and on the risks involved.

[Note: article 49 of the MiFID Org Regulation]

6.1ZA.10 G

Firms subject to either or both the *custody rules* and the *client money rules* are reminded of the information requirements concerning *custody assets* and *client money* in ■ CASS 9.3 (Prime brokerage agreement disclosure annex) and ■ CASS 9.4 (Information to clients concerning custody assets and client money).

Information concerning safeguarding of client money: insurance distribution

6.1ZA.10A R

- (1) Where a *firm* doing *insurance distribution* activities holds *client money* for a *retail client* and has elected to comply with the *client money chapter*, it must provide that *client* with the information specified in:
 - (a) ■ COBS 6.1.7R; or
 - (b) (if it is a *firm* doing *MiFID*, *equivalent third country* or *optional exemption business*) ■ COBS 6.1ZA.9UK and ■ COBS 6.1.7R(1)(e);in relation to that *client money*.
- (2) For the purposes of ■ COBS 6.1ZA.10AR(1)(b), ■ COBS 1.2.3R applies except 'funds' should be read as meaning *client money* that a *firm* receives or holds for, or on behalf of, a *client* in the course of, or in connection with, its *insurance distribution activities*.
- (3) The timing of this disclosure is governed by ■ COBS 6.1ZA.19AR.

Information about costs and associated charges: MiFID and insurance distribution

6.1ZA.11 **R**

A *firm* must provide a *client* with at least the following information about all costs and related charges (see also ■ COBS 2.2A.2R):

- (1) (as applicable) information relating to:
 - (a) both *investment services* and *ancillary services*; and
 - (b) the distribution of an *insurance-based investment product*;
- (2) where relevant, the cost of any *investment advice*;
- (3) the cost of the *financial instrument* or *insurance-based investment product* recommended or marketed to the *client*;
- (4) information on how the *client* may pay; and
- (5) details of any third party payments.

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

6.1ZA.12 **R**

- (1) A *firm* must aggregate the information about costs and charges required by ■ COBS 2.2A.2R and ■ COBS 6.1ZA.11R, where those costs and charges are not caused by the occurrence of underlying market risk. This is to allow the *client* to understand the overall cost, and the cumulative effect on the return, of the investment.
- (2) A *firm* must provide the *client* with an itemised breakdown of the costs and charges information required by (1) and ■ COBS 6.1ZA.11R when requested by the *client*.
- (3) The information must, where applicable, be provided to the *client* on a regular basis, and at least annually, during the life of the investment.

[Note: article 24(4) of *MiFID*, second paragraph of article 29(1) of the *IDD*]

6.1ZA.13 **R**

- (1) A *firm* must provide the information required by ■ COBS 6.1ZA.11R and ■ COBS 6.1ZA.12R in a comprehensible form in such a manner that the *client* is reasonably able to understand the nature and risks of the *investment service* and of the specific type of *financial instrument* or *insurance-based investment product* 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*, third paragraph of article 29(1) of the *IDD*]

Costs and associated charges disclosure: MiFID

6.1ZA.14 **UK**

50(1) For the purposes of providing information to clients on all costs and charges pursuant to [■ COBS 6.1ZA.11R] ("the relevant rule"), investment firms shall comply with the detailed requirements in paragraphs 2 to 10.

50(1A)

(1) Subject to subparagraph (2), the requirements laid down in the relevant rule do not apply to services provided to professional clients.

(2) The requirements laid down in the relevant rule do apply to services provided to professional clients for investment advice and portfolio management.

50(2) For ex-ante and ex-post disclosure of information on costs and charges to clients, investment firms shall aggregate the following:

(a) all costs and associated charges charged by the investment firm or other parties where the client has been directed to such other parties, for the investment services(s) and/or ancillary services provided to the client; and

(b) all costs and associated charges associated with the manufacturing and managing of the financial instruments.

Costs referred to in points (a) and (b) are listed in Annex II to this Regulation. For the purposes of point (a), third party payments received by investment firms in connection with the investment service provided to a client shall be itemised separately and the aggregated costs and charges shall be totalled and expressed both as a cash amount and as a percentage.

50(3) Where any part of the total costs and charges is to be paid in or represents an amount of foreign currency, investment firms shall provide an indication of the currency involved and the applicable currency conversion rates and costs. Investment firms shall also inform about the arrangements for payment or other performance.

50(4) In relation to the disclosure of product costs and charges that are not included in the UCITS KIID, the investment firms shall calculate and disclose these costs, for example, by liaising with UCITS management companies to obtain the relevant information.

50(5) The obligation to provide in good time a full ex-ante disclosure of information about the aggregated costs and charges related to the financial instrument and to the investment or ancillary service provided shall apply to investment firms in the following situations:

(a) where the investment firm recommends or markets financial instruments to clients; or

(b) where the investment firm providing any investment services is required to provide clients with a UCITS KIID or PRIIPs KID in relation to the relevant financial instruments.

50(6) Investment firms that do not recommend or market a financial instrument to the client or are not obliged to provide the client with a KID/ KIID shall inform their clients about all costs and charges relating to the investment and/or ancillary service provided.

50(7) Where more than one investment firm provides investment or ancillary services to the client, each investment firm shall provide information about the costs of the investment or ancillary services it provides. An investment firm that recommends or markets to its clients the services provided by another firm, shall aggregate the cost and charges of its services together with the cost and charges of the services provided by the other firm. An investment firm shall take into account the costs and charges associated to

the provision of other investment or ancillary services by other firms where it has directed the client to these other firms.

50(8) Where calculating costs and charges on an ex-ante basis, investment firms shall use actually incurred costs as a proxy for the expected costs and charges. Where actual costs are not available, the investment firm shall make reasonable estimations of these costs. Investment firms shall review ex-ante assumptions based on the ex-post experience and shall make adjustment to these assumptions, where necessary.

50(9) Investment firms shall provide annual ex-post information about all costs and charges related to both the financial instrument(s) and investment and ancillary service(s) where they have recommended or marketed the financial instrument(s) or where they have provided the client with the KID/KIID in relation to the financial instrument(s) and they have or have had an ongoing relationship with the client during the year. Such information shall be based on costs incurred and shall be provided on a personalised basis.

Investment firms may choose to provide such aggregated information on costs and charges of the investment services and the financial instruments together with any existing periodic reporting to clients.

50(10) Investment firms shall provide their clients with an illustration showing the cumulative effect of costs on return when providing investment services. Such an illustration shall be provided both on an ex-ante and ex-post basis. Investment firms shall ensure that the illustration meets the following requirements:

- (a) the illustration shows the effect of the overall costs and charges on the return of the investment;
- (b) the illustration shows any anticipated spikes or fluctuations in the costs; and
- (c) the illustration is accompanied by a description of the illustration.

[Note: article 50 of the *MiFID Org Regulation*]

6.1ZA.14A G Annex II of the *MiFID Org Regulation* is reproduced in ■ **COBS 6 Annex 7UK**.

6.1ZA.15 G The *rules* on inducements in ■ **COBS 2.3A** may also require a firm to disclose information to a *client* in relation to the benefits provided to a *firm*.

Costs and associated charges disclosure: insurance distribution

6.1ZA.15A R In addition to the information specified by ■ **COBS 2.2A.2R** and ■ **COBS 6.1ZA.11R**, a *firm* carrying on *insurance distribution activities* must provide a *retail client* with the following information on costs and associated charges, if applicable:

- (1) the total price to be paid by the *client* in connection with the *life policy* or the *insurance distribution activity*, including all related fees, commissions, charges and expenses, and all taxes payable via the *firm* or, if an exact price cannot be indicated, the basis for the calculation of the total price so that the *client* can verify it. The commissions charged by the *firm* must be itemised separately in every case;

- (2) if any part of the total price referred to in (1) is to be paid in or represents an amount of foreign currency, an indication of the currency involved and the applicable currency conversion rates and costs;
- (3) notice of the possibility that other costs, including taxes, related to transactions in connection with the *life policy* or the *insurance distribution activity* may arise for the *client* that are not paid via the *firm* or imposed by it; and
- (4) the arrangements for payment or other performance.

The timing of this disclosure is governed by ■ COBS 6.1ZA.19AR.

Remuneration received by firm disclosure: insurance intermediaries

6.1ZA.15B R

In good time before the conclusion of the *life policy* and, if necessary, on its amendment, an *insurance intermediary* must provide the *client* with information:

- (1) on the nature of the *remuneration* received in relation to the *life policy*;
- (2) about whether in relation to the *life policy* it works on the basis of:
 - (a) a *fee*, that is *remuneration* paid directly by the *client*; or
 - (b) a *commission* of any kind, that is the *remuneration* included in the *premium*; or
 - (c) any other type of *remuneration*, including an economic benefit of any kind offered or given in connection with the contract; or
 - (d) on the basis of a combination of any type of *remuneration* set out above in (a), (b) and (c).

[Note: article 19(1)(d) and (e) of the *IDD*]

Remuneration of employees disclosure: insurers

6.1ZA.15C R

In good time before the conclusion of a *life policy* an *insurance undertaking* must provide its *client* with information on the nature of the *remuneration* received by its *employees* in relation to the *life policy*.

[Note: article 19(4) of the *IDD*]

General remuneration disclosure: insurance distributors

6.1ZA.15D R

The *remuneration* referred to in this section includes *remuneration* that is not guaranteed or which is contingent on meeting certain targets.

6.1ZA.15E G

The information required to be disclosed by ■ COBS 6.1ZA.15BR and ■ COBS 6.1ZA.15CR includes the type of the *remuneration* and, taking into account the clear, fair and not misleading *rule* (■ COBS 4.2.1R), should also include the source of the *remuneration*.

6.1ZA.15F	G	<p>When considering what information to provide about the <i>remuneration</i>, a <i>firm</i> should include all <i>remuneration</i> which the <i>insurance intermediary</i> or the <i>employee</i> of an <i>insurance undertaking</i>, receives or may receive in relation to the distribution of the <i>life policy</i>. This includes <i>remuneration</i>:</p> <ul style="list-style-type: none">(1) provided indirectly by the <i>insurer</i> or another <i>firm</i> within the distribution chain; or(2) provided by way of a bonus (whether financial or non-financial) paid to the <i>firm</i> by the <i>insurer</i> or another <i>firm</i>, or provided by the <i>firm</i> to its <i>employees</i>, where this bonus is contingent on the achievement of a target to which the distribution of the particular <i>life policy</i> could contribute. For example, this can include cash bonuses paid for achieving a sales target and additional annual leave for achieving a high customer service score on sales calls, profit share arrangements, overrides or other enhanced commissions.
6.1ZA.15G	R	<p>If any payments, other than ongoing <i>premiums</i> and scheduled payments, are made by the <i>client</i> under the <i>life policy</i> after its conclusion, a <i>firm</i> must make the disclosures required by ■ COBS 6.1ZA.15BR or ■ COBS 6.1ZA.15CR, for each such payment.</p> <p>[Note: articles 19(3) and (5) of the <i>IDD</i>]</p>
6.1ZA.15H	G	<p>Examples of the type of payments made are those for mid-term adjustments, administration fees and cancellation fees.</p>
Insurance distributors fee disclosure: additional requirements		
6.1ZA.15I	R	<ul style="list-style-type: none">(1) Where a <i>fee</i> is payable in relation to a <i>life policy</i>, the <i>firm</i> must inform its <i>client</i> of the amount of the <i>fee</i>.(2) The information in (1) must be given before the <i>client</i> incurs liability to pay the <i>fee</i>, or before conclusion of the <i>life policy</i>, whichever is earlier.(3) To the extent that it is not possible for an amount to be given, a <i>firm</i> must give the basis for its calculation. <p>[Note: articles 19(2) and (5) of the <i>IDD</i>]</p>
6.1ZA.15J	R	<p>The <i>fee</i> disclosure requirement extends to all such <i>fees</i> that may be charged during the life of a <i>policy</i>.</p> <p>[Note: article 19(3) of the <i>IDD</i>]</p>
Information about costs and charges of different services or products: MiFID business		
6.1ZA.16	R	<ul style="list-style-type: none">(1) This <i>rule</i> applies to a <i>firm</i> that offers an <i>investment service</i> with another service or product or as part of a package or as a condition of the same agreement or package.

- (2) The *firm* must inform the *client* whether it is possible to buy the different components separately and must provide information on the costs and charges of each component.
- (3) If the agreement or package is offered to a *retail client*, the *firm* must:
 - (a) inform that *retail client* if the risks resulting from the agreement or package are likely to be different from the risks associated with the components when taken separately; and
 - (b) provide that *retail client* with an adequate description of the different components of the agreement or package and the way in which its interaction modifies the risks.

[Note: article 24(11) of *MiFID*]

Cross selling requirements where insurance is the primary product

6.1ZA.16A R

When offering a non-insurance ancillary product or service as part of a package or the same agreement with a *life policy*, a *firm* must:

- (1) inform the *client* whether it is possible to buy the different components separately and, if so, must provide the *client* with an adequate description of:
 - (ba) the different components;
 - (b) where applicable, any way in which the risk or insurance coverage resulting from the agreement or package differs from that associated with the components taken separately; and
- (2) provide the *client* with separate evidence of the costs and charges of each component.

[Note: article 24(1) and (2) of the *IDD*]

Cross selling requirements where insurance is the ancillary product

6.1ZA.16B R

When offering a *life policy* ancillary to and as part of a package or in the same agreement with a non-insurance product or service, a *firm* must offer the *client* the option of buying the non-insurance goods or services separately.

6.1ZA.16C R

■ COBS 6.1ZA.16BR does not apply where the non-insurance product or service is any of the following:

- (1) *investment services or activities*; or
- (2) a credit agreement as defined in point 3 of article 4 of the *MCD* which is:
 - an *MCD credit agreement*; or
 - an *exempt MCD credit agreement*; or
 - a *CBTL credit agreement*; or

a credit agreement referred to in articles 72G(3B) and (4) of the *Regulated Activities Order*; or

(3) a payment account as defined in regulation 2(1) of the *Payment Accounts Regulations*.

[Note: article 24(3) of the *IDD*]

6.1ZA.16D R

■ COBS 6.1ZA.16AR to ■ COBS 6.1ZA.16CR do not prevent the distribution of insurance products which provide coverage for various types of risks (multi-risk insurance policies).

[Note: article 24(5) of the *IDD*]

6.1ZA.16E G

In addition to the rules in ■ COBS 6.1ZA.16AR and ■ 6.1ZA.16BR *firms* should still comply with the other *rules* in *COBS* relating to the offer and sale of insurance products that form part of the package or agreement, such as ■ COBS 2.5 (Optional additional products).

[Note: article 24(6) of the *IDD*]

Timing of disclosure: MiFID business

6.1ZA.17 UK

46(2) Subject to paragraph 2A, investment firms must, in good time before the provision of investment services or ancillary services to clients or potential clients, to provide the information required under Articles 47 to 50.

46(2A) Where the agreement to buy or sell a financial instrument is concluded using a means of distance communication, which prevents the delivery of the information on costs and charges before that conclusion:

(a) the investment firm must give the client or potential client the option of receiving the information on costs and charges over the telephone before the conclusion of the transaction; and

(b) subject to meeting the conditions referred to in paragraph 2B(a) and (b), the investment firm may provide the information on costs and charges to clients in:

(i) electronic format; or

(ii) where requested by a retail client or potential retail client, on paper, without undue delay after the conclusion of the transaction.

46(2B) The conditions referred to in paragraph 2A(b) are:

(a) the client or potential client has requested and consented to receiving the information without undue delay after the conclusion of the transaction; and

(b) the investment firm has given the client or potential client the option of delaying the conclusion of the transaction until the client has received the information.

[Note: article 46(2), (2A) and (2B) of the *MiFID Org Regulation*]

6.1ZA.18 G The following provisions of *COBS* reproduce the information requirements contained in Articles 47 to 50 of the *MiFID Org Regulation*: ■ **COBS 6.1ZA.5UK**, ■ **COBS 6.1ZA.8UK**, ■ **COBS 6.1ZA.9UK**, ■ **COBS 6.1ZA.14UK**, and ■ **COBS 14.3A.5UK**.

Medium of disclosure: MiFID business

6.1ZA.19 UK 46(3) The information referred to in paragraphs 1 to 2B shall be provided in a durable medium or by means of a website (where it does not constitute a durable medium) provided that the conditions specified in Article 3(2) are satisfied.

[Note: article 46(3) of the *MiFID Org Regulation*]

Timing of disclosure: specified rules for insurance distribution

- 6.1ZA.19A** R
- (1) A *firm* must provide a *client* with the information required by ■ **COBS 6.1ZA.7AR**, ■ **COBS 6.1ZA.10AR** and ■ **COBS 6.1ZA.15AR** in good time before the provision of the *insurance distribution activity* concerned unless otherwise provided by this *rule*.
 - (2) A *firm* may instead provide that information immediately after starting to provide the *insurance distribution activity* concerned if:
 - (a) the *firm* was unable to comply with (1) because, at the request of the *client*, the agreement was concluded using a means of distance communication which prevented the *firm* from doing so; and
 - (b) in any case where the *rule* on voice telephony communications (■ **COBS 5.1.12R**) does not otherwise apply, the *firm* complies with that *rule* in relation to the *retail client*, as if that *client* were a *consumer*.

Medium of disclosure: insurance distribution

6.1ZA.19B R Where this section requires an *insurance distributor* to provide information to *clients* in relation to a *life policy* it must do so in accordance with ■ **COBS 7.4** (Means of communication to clients), unless **COBS 6.1ZA.18AR(2)** applies.

[Note: article 23 of the *IDD*]

Keeping the client up to date: MiFID business

6.1ZA.20 UK 46(4) Investment firms shall notify a client in good time about any material change to the information provided under Articles 47 to 50 which is relevant to a service that the firm is providing to that client. That notification shall be given in a durable medium if the information to which it relates is given in a durable medium.

[Note: article 46(4) of the *MiFID Org Regulation*]

Keeping the client up to date: insurance distribution

- 6.1ZA.20A** R
- (1) A *firm* carrying on *insurance distribution activities* must notify a *client* in good time about any material change to the information provided in relation to an *insurance distribution activity* under this section which is relevant to a service that the *firm* is providing to that *client*.

- (2) A *firm* must provide this notification in a *durable medium* if the information to which it relates was given in a *durable medium*.

Existing clients: MiFID business

6.1ZA.21 **G**

- (1) A *firm* need not treat each of several transactions in respect of the same type of *financial instrument* as a new or different service and so does not need to comply with the disclosure *rules* in this chapter in relation to each transaction.

[**Note:** recital 69 to the *MiFID Org Regulation*]

- (2) A *firm* should ensure that the *client* has received all relevant information in relation to a subsequent transaction, such as details of product charges that differ from those disclosed in respect of a previous transaction.

Compensation information: MiFID business

6.1ZA.22 **R**

- (1) A *firm* must make available to a *client*, who has used or intends to use a *firm's* services, information necessary for the identification of the *compensation scheme* if the *firm* is a *participant firm*.
- (2) The information under (1) must include the amount and scope of the cover offered by the *compensation scheme*.
- (3) A *firm* must provide, on the *client's* request, information concerning the conditions governing compensation and the formalities which must be completed to obtain compensation.
- (4) The information provided for in this *rule* must be made available in a *durable medium* or via a website if the *website conditions* are satisfied in the official language or languages of the *United Kingdom*.

[**Note:** article 10(1) and (2) of the *Investor Compensation Directive*]

Record keeping: information about the firm and compensation information for MiFID business and insurance distribution

6.1ZA.23 **G**

Firms are reminded of the general record-keeping requirements ■ SYSC 3.2 (for *insurers* and *managing agents*) and ■ SYSC 9 (for other *firms*).