

The Consumer Duty

Chapter 2A

The Consumer Duty

2A.11 Sale and purchase of product books

- 2A.11.1** **R** This section applies where:
- (1) a *firm* has purchased or purchases a *product* book from another *firm*; and
 - (2) a *firm* sells a *product* book.
- 2A.11.2** **R**
- (1) Where the *product* book was purchased before 31 July 2023, the *firm* must comply with *Principle 12* and **PRIN 2A**.
 - (2) Unless:
 - (a) the *firm* was a *co-manufacturer* of the *product*; or
 - (b) the *firm* has significantly adapted the product on or after 31 July 2023,the requirement in (1) to comply with **PRIN 2A.3** and **PRIN 2A.4** is a requirement on the *firm* to use its best endeavours to comply with the applicable *rules* in those chapters.
- 2A.11.3** **G** A *firm* that is required to apply **PRIN 2A.3** or **PRIN 2A.4** to a *product* book on a 'best endeavours' basis should continue to have regard to the *RPPD* and should read references in the *RPPD* to *Principles 6* and *7* as referring to *Principle 12*.
- 2A.11.4** **R**
- (1) This *rule* applies where a *product* book is sold for the first time after 31 July 2023.
 - (2) The *firm* selling the *product* book must provide relevant information to the purchasing *firm* to enable the purchasing firm to comply with *Principle 12* and **PRIN 2A** from the date of purchase.
 - (3) A *firm* which purchases a *product* book after 31 July 2023 must carry out sufficient due diligence to ensure they understand in particular:
 - (a) whether any group or groups of *retail customers* of the *product* have characteristics of vulnerability or as a group have in common a specific protected characteristic in the same form (for example customers of the same sex or race);

- (b) the outcome of the selling *firm's* product approval process for the *product* book and the outcome of any *product* reviews carried out by the selling *firm* under ■ PRIN 2A.3;
 - (c) the benefits the *product* is intended to provide and the costs the *retail customer* pays for the *product*; and
 - (d) the basis on which the *product* has been assessed as providing fair value under ■ PRIN 2A.4.
- (4) The due diligence conducted by the purchasing *firm* must be sufficient to enable the purchasing *firm* to comply with *Principle 12* and ■ PRIN 2A in respect of the *product* book.

2A.11.5 **R** Where a *firm* purchases a *product* book after 31 July 2023 and the first sale of that *product* book took place before 31 July 2023, the *firm* must apply ■ PRIN 2A.11.2R.