

Product governance: additional provisions for pathway investments

Chapter 6

Product governance:
additional provisions for
pathway investments and
default options

6.5 Distribution of default options

- 6.5.1** **R** A *firm* must not *distribute* a *default option* unless it is compatible with the needs, characteristics and objectives of the *retail clients* to whom the *firm* distributes the *default option*.
- 6.5.2** **R** When carrying out the compatibility assessment in **■** PROD 6.5.1R, a *firm* must also take into account:
- (1) the *manufacturer's* compliance with the requirements in **■** PROD 6.4;
and
 - (2) the financial strength of the *manufacturer*.
- 6.5.3** **R** A *firm* must review the distribution arrangements for the *default options* it distributes at least every 3 years.