

**CONDUCT OF BUSINESS SOURCEBOOK (AMENDMENT NO 8)  
INSTRUMENT 2002**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the powers listed in Schedule 4 to the Conduct of Business sourcebook.
- B. The rule-making powers in that Schedule are specified for the purpose of section 153(2) of the Financial Services and Markets Act 2000 (Rule-making instruments).

**Commencement**

- C. This instrument comes into force on 1 November 2002.

**Amendments to the Conduct of Business sourcebook**

- D. The Conduct of Business sourcebook is amended in accordance with Annex A to this instrument.

**Amendments to the Glossary**

- E. The Glossary is amended in accordance with Annex B to this instrument.

**Citation**

- F. This instrument may be cited as the Conduct of Business Sourcebook (Amendment No 8) Instrument 2002.

By order of the Board  
19 September 2002

## Annex A

### Amendments to the Conduct of Business sourcebook

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### 3.2.5 R Table Exemptions

This table belongs to COB 3.2.4R

(5)	a <i>financial promotion</i> which contains only one or more of the following:
(a)	the name of the <i>firm</i> (or its <u><i>appointed representative</i></u> );
...	
(e)	a brief, factual description of the <i>firm's</i> (or its <u><i>appointed representative's</i></u> ) activities;
(f)	a brief, factual description of the <i>firm's</i> (or its <u><i>appointed representative's</i></u> ) fees;
...	
...	
(7)	a <i>financial promotion</i> which is subject to the <i>Takeover Code</i> or the <i>SARs</i> (or exempted from complying with the <i>Takeover Code</i> or the <i>SARs</i> by that Code, those rules, or by a ruling of the <i>Takeover Panel</i> ) or to the requirements relating to <i>takeovers</i> or related operations in another <i>EEA State</i> ;
(8)	a <u><i>financial promotion</i></u> in the form of a decision tree for a <i>stakeholder pension scheme</i> , provided the text, content and format of the decision tree comply with the requirements of <u>COB 6.5.8 R</u> .

Guidance on the exemptions

#### 3.2.7 G (3) In COB 3.2.5R:

...

- (b) Items (5)(e), (f) and (g) exempt a *financial promotion* made by a *firm* which refers only to its activities in general terms in image advertising. Acceptable examples include 'life and pensions' and 'life assurance and pensions business'. In addition a *firm* or its *appointed representative* may include its name, address and telephone number in accordance with items 5(a) and (c).

...

- (d) Item (8) exempts *financial promotions* that are decision trees if the decision tree satisfies the requirements of COB 6.5.8 R. A decision tree will not be a *financial promotion* if it is neither an invitation nor an inducement to engage

in investment activity; for example, when it is prepared for training or educational purposes.

- 3.8.2 R A *non-real time financial promotion* must contain the name of the *firm* or the name of its appointed representative and either an address of the *firm* or a contact point from which an address is available.
- 3.8.8 R (2) if it relates to an *investment* or service of a *person* other than the *firm*, contain the name of that *person*, in addition to the name and address or contact point of the *firm* or its appointed representative. (see COB 3.8.2R).
- 6.7.3 G (5) A *firm* has the option to replace a post-sale right to cancel certain *pension annuities* with a pre-sale right to withdraw, referred to as "cancellation substitute"(see COB 6.7.14 R (2)). This option is also available for ~~money purchase and defined benefits (or final salary)~~ *pension transfers*. If a *firm* chooses not to offer the cancellation substitute, it has to offer cancellation. The cancellation substitute is available as it is very difficult for post-sale cancellation to work effectively in the case of pension transfers because of the difficulty of putting the *customer* back in his original position.
- 6.7.5 G Table Cancellable investment agreements.  
This table belongs to COB 6.7.4G

Cancellable Investment agreements			
	Post-sale right to cancel?	Pre-sale right to withdraw?	Maximum period of reflection
A. Agreements where the right arises regardless of whether advice is given.			
... <i>stakeholder pension scheme (SHP)</i>	Yes <sup>1</sup>	<del>No</del> -Yes <sup>1</sup>	14-30 days <sup>2,5</sup>

6.7.15 R Table Cancellable investment agreements – life  
 This table belongs to COB 6.7.7R (1).

Cancellable investment agreements – life Investment agreements for a long-term insurance contract for which an individual customer has:	
Column 1	Column 2
	... 4. <i>Pension policy or stakeholder pension scheme</i> funded (wholly or in part) from payments derived from: ...

6.7.17 R Table Cancellable investment agreements – non-life  
 This table belongs to COB 6.7.7R(1) and COB 6.7.14 R(1)

Cancellable investment agreements – non-life Investment agreements for which an individual customer has:	
Column 1	Column 2
	... 12. <i>Pension contract or stakeholder pension scheme</i> funded (wholly or in part) from payments derived from a <i>pension transfer</i> for which a right to cancel is replaced by a right to withdraw (see COB 6.7.14R(2) using the cancellation substitute in COB 6.7.19R).

8.2.12 E Table Periodic statements – additional information required for a discretionary managed portfolio  
 This table belongs to COB 8.2.10 E

Periodic statements: additional information required for a discretionary managed portfolio* * (except OPS firms conducting OPS activity - see 8.2.15E)	
... 3	<i>Charges and remuneration</i>
	...
	(b) a statement of <u>the amount (or, if provision of this information is not practicable, the basis) of any remuneration</u> received by the <i>firm</i> or its <i>associates</i> or both from a third party in respect of the transactions entered into, or any other services provided, for the portfolio. ( <i>Firms</i> should also note the requirements of <u>COB 2.2.18R (Periodic disclosure)</u> ).

## Annex B

### Amendments to the Glossary

In this Annex, underlining indicates new text and striking through indicates deleted text.

*pension transfer*

a transaction resulting from a decision made, with or without advice from a *firm*, by a *customer* who is an individual, to transfer deferred benefits from:

...

(b) an *individual pension contract* providing fixed or guaranteed benefits that replaced similar benefits under a *defined benefits pension scheme*; or

~~(c)~~ (in COB 6.7 (Cancellation and withdrawal)) a *stakeholder pension scheme* or a *personal pension scheme*;

to a *stakeholder pension scheme* or a *personal pension scheme* (including a self-invested *personal pension scheme*).