Powers exercised

A. The Financial Services Authority makes this instrument in the exercise of the powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):

(a) section 138 (General rule-making power);
(b) section 139(4) (Miscellaneous ancillary matters);
(c) section 145 (Financial promotion rules);
(d) section 146 (Money laundering rules);
(e) section 149 (Evidential provisions);
(f) section 150(2) (Actions for damages);
(g) section 156 (General supplementary powers);
(h) section 157(1) (Guidance); and
(i) section 332(1) (Rules in relation to persons to whom the general prohibition does not apply);

(2) regulation 3 of the Electronic Commerce Directive (Financial Services and Markets Act) Regulations 2002 (S.I. 2002/1775); and

(3) schedule 4 to the General provisions.

B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments). 1

Commencement

C. This instrument comes into force as follows:

(1) the amendments to MCOB in Annex D, Part 1 come into force on 31 October 2004;

(2) all other amendments come into force on 14 January 2005.

Amendments to the Handbook

1 The amendments in this instrument take account of the amendments contained in the instrument - Mortgage: Conduct of Business (Consequential Amendments to the Handbook) 2003/72. Those amendments were made on 15 October 2003 and will come into force on 31 October 2004.
D. The modules of the FSA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2):

<table>
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<tr>
<th>(1)</th>
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<tr>
<td>Reader’s Guide</td>
<td>Annex A</td>
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<tr>
<td>Reader’s Short Guide</td>
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<td>GEN</td>
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<tr>
<td>Glossary</td>
<td>Annex M</td>
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</tbody>
</table>

**Citation**

E. This instrument may be cited as the Insurance: Conduct of Business Sourcebook (Consequential Amendments to the Handbook) Instrument 2004.

By Order of the Board
15 January 2004

Amended by Addendum
19 October 2004
Annex A

Amendments to the Reader’s Guide

In this Annex, underlining indicates new text.

... Contents of the Handbook

<table>
<thead>
<tr>
<th>Business Standards</th>
<th>Sourcebook or manual</th>
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Amendments to the Reader's Short Guide

... Contents of the Handbook

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<th>Reference code</th>
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<td>Insurance: Conduct of Business</td>
<td>ICOB</td>
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<td>Mortgages: Conduct of Business</td>
<td>MCOB</td>
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</table>
Annex B

Amendments to COND

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

2.2A.3 G Rules and guidance concerning a motor vehicle liability insurer’s obligations in relation to the appointment of its claims representatives, and the responsibilities and duties that the motor vehicle liability insurer must give to, or impose on, its claims representatives are set out in COB 6.8.19G to COB 6.8.29G ICOB 7.6.
Annex C

Amendments to GEN

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

Transitional provisions

…

3 G Table (2) Transitional provisions applying to GEN only

<table>
<thead>
<tr>
<th>(1)</th>
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<tr>
<td></td>
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<td>Transitional provision</td>
<td>Transitional provision: dates in force</td>
<td>Handbook provision: coming into force</td>
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<tr>
<td>1</td>
<td>GEN 2.2.7</td>
<td>R</td>
<td>…</td>
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<tr>
<td>2</td>
<td>GEN 4.3.1</td>
<td>R</td>
<td>(1) For the purpose of GEN 4.3.1R (Disclosure in letters to private customers), a regulated activity does not include a regulated mortgage activity or an insurance mediation activity in relation to a non-investment insurance contract.</td>
<td>From 31 October 2004 until 15 July 2005.</td>
<td>Apply in relation to regulated mortgage activities from 31 October 2004 and to insurance mediation activities from 14 January 2005.</td>
</tr>
</tbody>
</table>

(2) If a firm in a letter (or electronic equivalent) which it or its employees send to a customer, with a view to or in connection with the firm carrying out a regulated mortgage activity or an insurance mediation activity, makes a statement about its statutory or regulated status under the Act for carrying on a regulated mortgage activity or insurance mediation activity, the firm must include the disclosure in GEN 4 Ann 1R.
3 GEN 4.3.1R G (1) Transitional provision 2R defers the application of GEN rules so that a firm need only make one change to its statutory status to reflect the onset of mortgage and non-investment insurance regulation. However, a firm which undertakes other regulated activities will nevertheless need to comply with GEN 4.3.1R in relation to those regulated activities, subject to the transitional provision in GEN TR 2.

(2) Until 1 August 2005, a firm may continue to use stationery and similar materials which refer to its membership of self-regulatory schemes superseded by FSA regulation. However, a firm will need to ensure that any such reference is adequately qualified so that the customer is not misled as to the regulatory arrangements in place. In addition, firms undertaking insurance mediation activities in relation to non-investment insurance contracts may wish to take account of the transitional provision in ICOB TR 4.


... 4.2.2 G There are other pre-contract information requirements outside this chapter, including:

... (3) for general insurance contracts and pure protection contracts non-investment insurance contracts, in COB 6.8 (Insurance contracts: life and general) ICOB 4 (Advising and selling standards); and ICOB 5 (Product disclosure);
4.4.1 R (1) If, in any communication:

(a) made to a private customer or, in the case of a communication relating to non-investment insurance contract, a retail customer,

(b) in connection with a regulated activity carried on from an establishment of the firm (or its appointed representative) that is not in the United Kingdom;

the firm indicates that it is an authorised person, it must also, where relevant, and with equal prominence, give the information in (2) in writing.

4.4.2 G ICOB 4.2.19R contains provisions relating to communications by insurance intermediaries from outside the United Kingdom in connection with non-investment insurance contracts with or for a retail customer. The definition of insurance intermediary includes an insurer when the insurer is carrying on insurance mediation activities.
Annex D

Amendments to MCOB

In this Annex, underlining indicates new text and striking through indicates deleted text. Where an entire section of text is being replaced, the place the new text goes is indicated and it is not underlined.

Part 1

Amendments taking effect on 31 October 2004.

Use of intermediaries

1.3.6 G The mere fact that an intermediary (acting for the supplier or for the retail customer) is involved, does not make the sale of a financial product or service a distance contract. There will not be a distance contract if there has been simultaneous physical presence of the intermediary and the retail customer at some stage in the offer, negotiation and conclusion of the contract, which has been meaningful in terms of the contract which ensues.

...

4.5 Additional disclosure for distance mortgage mediation contracts with retail customers

4.5.1 G (1) There are certain additional disclosure requirements laid down by the Distance Marketing Directive that will have to be provided by a mortgage intermediary to a retail customer prior to the conclusion of a distance mortgage mediation contract. The purpose of this section, MCOB 4.5, is to set out those additional requirements. MCOB 4.6 sets out the cancellation rights that apply in relation to a distance mortgage mediation contract.

(2) The FSA expects the requirements in MCOB 4.5 and MCOB 4.6 to be relevant only in a small minority of cases. Mediation at a distance (see MCOB 1.3.5G and MCOB 1.3.6G) is unlikely in the mortgage market. MCOB 4.5 and MCOB 4.6 will only be relevant if a mortgage intermediary enters into a distance contract in respect of its mortgage mediation activities quite independent of any contractual arrangement with a retail customer relating to a particular regulated mortgage contract. An example of a distance mortgage mediation contract would be a distance contract under which a mortgage intermediary agreed to review and provide advice on a retail customer's mortgage needs from time to time.

...
Delete MCOB 4.5.4R and MCOB 4.5.5G and replace with the following:

Unsolicited services

4.5.4 R Unless MCOB 4.5.5R applies, a firm must not:

(1) advise on, arrange, enter into or renew a distance mortgage mediation contract with a retail customer without a prior request on his part, when the supply of such service includes a request for immediate or deferred payment; or

(2) enforce any obligation against a retail customer in the event of unsolicited supplies of such services, the absence of a reply not constituting consent.

4.5.5 R MCOB 4.5.4R does not prevent a firm from exercising any right that it may have, by contract or otherwise, to renew a distance contract with a retail customer without any request made by or on behalf of that retail customer prior to the renewal of the contract.

Part 2

Amendments taking effect on 14 January 2005

MCOB 1 Ann 4G

<table>
<thead>
<tr>
<th>Module</th>
<th>Application</th>
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<tbody>
<tr>
<td>....</td>
<td>....</td>
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<tr>
<td>Business Standards</td>
<td>....</td>
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<tr>
<td>Conduct of Business Sourcebook, COB</td>
<td>....</td>
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<tr>
<td>Insurance: Conduct of Business sourcebook, ICOB</td>
<td>Does not apply to a firm when entering into or administering a regulated mortgage contract or when communicating or approving a qualifying credit promotion. However, ICOB may apply to any such firm if it also carries on an insurance mediation activity in relation to a non-investment insurance contract or communicates or approves non-investment financial promotions.</td>
</tr>
</tbody>
</table>
4.4.1 R (1) A firm must ensure that, on first making contact with a customer when it anticipates giving personalised information or advice on a regulated mortgage contract, it:

…

(c) (unless (2) applies) provides the customer with either:

(i) the initial disclosure document in MCOB 4 Ann 1R; or

(ii) if the firm has reasonable grounds to be satisfied that the services which it is likely to provide to the customer will, in addition to relating to regulated mortgage contracts or regulated lifetime mortgage contracts, relate to one or more of non-investment insurance contracts or packaged products in circumstances where the rules in MCOB 4 Ann 2R allow this, the combined initial disclosure document in MCOB 4 Ann 2R;

subject to (3) and in a durable medium.
This Annex belongs to MCOB 4.4.1R(1).

This specimen covers services in relation to packaged products, non-investment insurance contracts and regulated mortgage contracts (including regulated lifetime mortgage contracts and home reversion schemes). If the firm is only providing services in relation to two types of these products, the parts of the CIDD that are not relevant must be omitted. Firms must omit the notes and square brackets that appear in the following CIDD. The CIDD must contain the key facts logo, headings and text in the order shown and in accordance with the notes.

[Note 1]

---

**about our services** [Note 2]

---

**keyfacts**

XYZ Financial Services

---

1 **The Financial Services Authority (FSA)**

The FSA is the independent watchdog that regulates financial services. It requires us to give you this document. Use this information to decide if our services are right for you.

2 **Whose products do we offer?** [Note 6] [Note 7]

- [ ] We offer products from the whole market.

- [ ] We [can] [Note 8] only offer products from a limited number of companies.

  Ask us for a list of the companies and products we offer. [Note 12]

- [ ] We [can] [Note 8] only offer [a] [a limited range of the] product[s] from [a single group of companies] [name of single company]. [Note 10(1)] [Note 13]

  [or] [Note 10(2)]
We only offer our own products. Ask us for a list of the products we offer. [Note 12]

☐ We will advise you about group personal pensions.

**Insurance**

☐ We offer products from a range of insurers [for] [list the types of non-investment insurance contracts].

☐ We [can] [Note 8] only offer products from a limited number of insurers [for] [list the types of non-investment insurance contracts]. Ask us for a list of the insurers we offer insurance from. [Note 12]

☐ We [can] [Note 8] only offer [a] product[s] from [a single insurer] [name of single insurance undertaking] [for] [list the types of non-investment insurance contracts]. [Note 9] [Note 10(1)] [Note 13]

[or] [Note 10(2)]

We only offer our own products for [list the types of non-investment insurance contracts].

**[Lifetime] Mortgages [and home reversion schemes] [Note 14]**

☐ We offer mortgages from the whole market.

☐ We [can] [Note 8] only offer mortgages from a limited number of lenders. Ask us for a list of the lenders we offer mortgages from. [Note 11]

☐ We [can] [Note 8] only offer [a limited range of the] [a] mortgage[s] from [a single lender] [name of single lender]. [Note 10(1)] [Note 13]

[or] [Note 10(2)]

We only offer our own mortgages.

3 Which service will we provide you with? [Note 6]

**Investment**

☐ We will advise and make a recommendation for you after we have assessed your needs.

☐ You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

**Insurance**
We will advise and make a recommendation for you after we have assessed your needs [for] [list the types of non-investment insurance contracts].

You will not receive advice or a recommendation from us [for] [list the types of non-investment insurance contracts]. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

[LifeTime] Mortgages [and home reversion schemes] [Note 14]

We will advise and make a recommendation for you after we have assessed your needs.

You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

4 What will you have to pay us for our services?

**Investment**

☐ Before we provide you with advice, we will give you our key facts guide to the cost of our services. [Note 15]

**Insurance**

☐ A fee [of £ [   ]]. [Note 16]

☐ No fee.

You will receive a quotation which will tell you about any other fees relating to any particular insurance policy.

[LifeTime] Mortgages [and home reversion schemes] [Note 14]

☐ No fee. [We will be paid by commission from the [lender/company].] [Note 17]

☐ A fee of £[] payable at the outset and £[ ] payable when you apply for a [lifetime] mortgage [or home reversion scheme]. [We will also be paid commission from the [lender/company].] [Note 17] [Note 18]

You will receive a key facts illustration when considering a particular [lifetime] mortgage, [or further information about a particular home reversion scheme] which will tell you about any fees relating to it. [Note 14]
Refund of fees [Note 19] [Note 14]

If we charge you a fee, and your [lifetime] mortgage [or home reversion scheme] does not go ahead, you will receive:

[Note 20]

- A full refund [if the [lender/company] rejects your application]. [Note 21]
- A refund of £ [ ] [if your application falls through]. [Note 21] [Note 22]
- No refund [if you decide not to proceed]. [Note 21]

5 Who regulates us? [Note 23]

[XYZ Financial Services] [123 Any Street, Some Town, ST21 7QB] [Note 24] [Note 25] is authorised and regulated by the Financial Services Authority. Our FSA Register number is [ ]. [Note 26]

Our permitted business is [ ]. [Note 27]

[or] [Note 28]

[Name of appointed representative] [Notes 3 and 4] is an appointed representative of [name of firm] [address of firm] [Note 24] [Note 25] which is authorised and regulated by the Financial Services Authority. [Name of firm’s] FSA Register number is [ ].

[Name of firm’s] permitted business is [ ] [Note 27]

You can check this on the FSA’s Register by visiting the FSA’s website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234.

[Home reversion schemes are not regulated by the FSA.] [Note 14]

6 Loans and ownership [Note 29]

[B&C Investments plc owns 20% of our share capital.]

[London Union plc provides us with loan finance of £250,000 per year.]

[XYZ Financial Services (or we) have 20% of the voting rights in Royal Edinburgh.] [Note 29][Note 31][Note 32][Note 33][Note 34]
7 What to do if you have a complaint [Note 23]

If you wish to register a complaint, please contact us:

**...in writing** Write to [XYZ Financial Services], [Complaints Department, 123 Any Street, Some Town, ST21 7QB].

**... by phone** Telephone [0121 100 1234]. [Note 35]

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service. [Note 36] [Note 37] [The Financial Ombudsman Service does not consider complaints about home reversion schemes.] [Note 14]

8 Are we covered by the Financial Services Compensation Scheme (FSCS)? [Note 23] [Note 38]

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

**Investment**

Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000.

**Insurance**

Insurance advising and arranging is covered for 100% of the first £2,000 and 90% of the remainder of the claim, without any upper limit.

[or] [Note 39]

For compulsory classes of insurance advising and arranging is covered for 100% of the claim, without any upper limit.

**[Lifetime] Mortgages [and home reversion schemes] [Note 14]**

Mortgage advising and arranging is covered for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000. [Home reversion schemes are not covered by the Financial Services Compensation Scheme.] [Note 14]

Further information about compensation scheme arrangements is available from the FSCS.

9. Group personal pensions [Notes 40, 41 and 42]

This meeting has been arranged so that we can provide you with [information about] [advice upon whether or not you should join] the Group Personal Pension scheme which your employer has established. You should be aware that we cannot advise upon or recommend any other specific investment products during this meeting.
[Note 43] Message from the Financial Services Authority
Think carefully about this information before deciding whether you want to go ahead. If you are at all unsure about which lifetime mortgage or home reversion scheme is right for you, you should ask your adviser to make a recommendation.

Please remember that home reversion schemes are not regulated by the FSA.

The following notes do not form part of the CIDD.

Note 1 – subject to this, a firm may use its own house style and brand.

Note 2 – the Financial Services Authority has developed a common key facts logo to be used on significant pieces of information directed to customers. ICOB 4.2.6R sets out the requirements on the use of the key facts logo. A specimen of the key facts logo can be obtained from the FSA website http://www.fsa.gov.uk/pubs/other/keyfacts_logo.

Note 3 – insert the firm's or appointed representative's name (either the name under which it is authorised or the name under which it trades). A corporate logo or logos may be included.

Note 4 – if an individual who is employed or engaged by an appointed representative provides the information, the individual should not put his or her own name on the CIDD.

Note 5 – insert the head office or if more appropriate the principal place of business from which the firm or appointed representative expects to conduct business (this can include a branch) with customers. (An appointed representative must not include the name and address of the authorised firm instead of its own.)

Section 2: Whose products do we offer?

Note 6 – for services in relation to packaged products and regulated mortgage contracts, regulated lifetime mortgage contracts and home reversion schemes the firm must select, for example by ticking, one box which is appropriate for the service which it expects to provide to the customer. For services in relation to non-investment insurance contracts, the firm must select more than one box if the scope of the service or the type of service it provides to a particular customer varies by type of contract. For example, if it deals with a single insurance undertaking for motor insurance and a range of insurance undertakings for household insurance or if it provides advice on some types of contract but not others. In the case where more than one box is selected, the firm should specify which box relates to which type of non-investment insurance contract, by adding text to the CIDD. This needs to be done only in relation to the service it is offering to a particular customer.

Note 7 - if the CIDD is provided by an appointed representative, the service described must be that offered by the appointed representative, in accordance with COB 5, ICOB 4.2.8R note 1(e) and MCOB 4.3.10R.

Note 8 – insert “can” if the firm’s range of products is determined by any contractual obligation. This does not apply where a product provider, insurer, lender or company is selling its own products.
Note 9 – if the insurance intermediary deals with a different insurance undertaking for different types of non-investment insurance contracts, it should identify all the insurance undertakings and specify the type of contract to which they relate on the CIDD. This only needs to be done in relation to the service it is offering a particular customer. For example, “we can only offer products from ABC Insurance for motor insurance and XYZ Insurance for household insurance”.

Note 10 – if the firm selects this box, it will be offering the products of one provider to the customer for a particular product type. It should therefore follow the format specified in (1) below except when offering its own products, in which case it should follow (2) instead. In the case of non-investment insurance contracts, where the firm is providing a service in relation to different types of insurance, this box covers the situation where it is offering a particular type of insurance from a single insurance undertaking. If the firm does not select this box, then the text must follow that set out in note 13 below.

(1) Insert the name of the provider, namely the product provider for packaged products, the insurance undertaking(s) for non-investment insurance contracts, the lender for regulated mortgage contracts and regulated lifetime mortgage contracts and the company for home reversion schemes. For example: "We can only offer products from [name of product provider]". For non-investment insurance contracts the type of insurance offered should also be included. For example: "We only offer XYZ's household insurance and ABC's motor insurance." If the provider has only one product, the firm must amend the text to the singular – for example: "We can only offer a mortgage from [name of lender]". If the firm does not offer all of the packaged products or mortgages or home reversion schemes generally available from that provider, it must insert the words "a limited range of" as shown in the specimen.

(2) If the firm is a product provider offering only its own products, or is part of a product provider offering only the products sold under that part’s trading name, it should use this alternative text.

Note 11 – for services provided in relation to regulated mortgage contracts, regulated lifetime mortgage contracts and home reversion schemes, this sentence may be omitted if the firm chooses to list all of the companies it offers products from instead of the text “a limited number of lenders” in the previous line, so long as the firm offers all the products generally available from each provider.

Note 12 – for services provided in relation to packaged products the list of products will be the range of packaged products that is appropriate having regard to the services that the firm is providing, or may provide, to the customer. For services provided in relation to non-investment insurance contracts, this is the list required by ICOB 4.2.14R.

Note 13 – if the firm does not select this box, it must alter the wording to say "a single group of companies" for packaged products, "a single insurer" for non-investment insurance contracts, "a single lender" for regulated mortgage contracts or regulated lifetime mortgage contracts and "a single company" for home reversion schemes. For example: "We only offer the products from a single group of companies" should replace the text in the specimen CIDD.
Note 14 – change “mortgage” to “lifetime mortgage” where the firm sells only regulated lifetime mortgage contracts. Firms must insert the text relating to home reversion schemes and change “mortgage” to “product” and “lender” to “company” if they advise or give personalised information on home reversion schemes in addition to advising or giving personalised information on regulated lifetime mortgage contracts.

Section 4: What will you have to pay us for our services?

Note 15 – firms are only required to provide a private customer with an appropriate “key facts guide to the costs of services” (i.e. a menu) if they propose to give that customer advice on packaged products. Where a firm is not required to provide that customer with a menu because the firm does not give advice on packaged products, the firm may omit the part of section 4 of the CIDD that relates to packaged products.

Note 16 – if the customer will be charged a fee for insurance mediation activities in connection with non-investment insurance contracts, insert a plain language description of what each fee is for and when each fee is payable. This should include any fees for advising on or arranging a non-investment insurance contract and any fees over the life of the contract, for example, for mid-term adjustments. If a firm does not charge a fee the text in the first box should be abbreviated to 'A fee'.

Note 17 – if the firm receives commission instead of, or in addition to, fees from the customer for services relating to regulated mortgage contracts, regulated lifetime mortgage contracts or home reversion schemes, it must insert a plain language explanation of this (see specimen for a plain language example).

Note 18 – insert a plain language description of when any fees are payable for services relating to regulated mortgage contracts, regulated lifetime mortgage contracts or home reversion schemes. This description could include, for example, a cash amount, a percentage of the loan or reversion amount or the amount per hour, as appropriate. However, where a cash amount is not disclosed, one or more examples of the cash amount must be included. If a firm offers more than one pricing option, it may illustrate each with a separate box. If a firm does not charge a fee, the text for the second box should be abbreviated to 'A fee'.

Note 19 – omit this part of the CIDD on ‘Refund of fees’ if the firm has indicated that there will be “No fee” for services in relation to regulated mortgage contracts, regulated lifetime mortgage contracts or home reversion schemes.

Note 20 – firms may select as many boxes as appropriate.

Note 21 – insert a plain language description of the circumstances in which the fee for services in relation to regulated mortgage contracts, regulated lifetime mortgage contracts or home reversion schemes is refundable or not refundable as described.

Note 22 – a firm may delete this line if it does not offer a partial refund for services in relation to regulated mortgage contracts, regulated lifetime mortgage contracts or home reversion schemes in any circumstances.

Section 5: Who regulates us?
Note 23 – the firm may omit this section for services relating to packaged products if the firm has, on first contact with the customer, provided the customer with its terms of business which contains that information including the firm’s permitted business. This section may be omitted for services relating to non-investment insurance contracts if the firm provides the information covered by this section where it is required by ICOB 4.2.8R to the customer by some other means. This section may be omitted for services relating to regulated mortgage contracts (including regulated lifetime mortgage contracts) and home reversion schemes in accordance with MCOB 4.4.1R(3). If this section is omitted, the other sections of the CIDD must be renumbered accordingly.

Note 24 – if the firm’s address on the FSA Register differs from that given on the CIDD under note 5, the address on the FSA Register must be given in this section. If the address is the same as that given under note 5 it should be repeated in this section.

Note 25 – where the authorised firm trades under a different name from that under which it is authorised, it must include the name under which it is authorised and listed in the FSA Register. It may also include its trading name(s) if it wishes.

Note 26 - an incoming EEA firm will need to modify this section if it chooses to use this CIDD (see GEN 4 Ann 1R(2)).

Note 27 – insert a plain language description of the business for which the firm has a permission which relates to the service it is providing.

Note 28 – where the information is provided by an appointed representative, the appointed representative must use this text instead. The appointed representative must give details of the authorised firm(s) that is its principal(s) for each type of service that it is providing to a particular customer.

Section 6: Loans and ownership

Note 29 – omit this section where there are no relevant loan or ownership arrangements under the following notes or if the firm is an insurer selling its own non-investment insurance contracts. If this section is omitted the other sections of the CIDD must be renumbered accordingly. If the firm is not providing services in relation to packaged products, the heading of this section must be changed to 'Ownership'.

Notes 30, 31 and 32 apply only to a firm advising on, dealing in, or arranging in relation to packaged products for private customers.

Note 30 – insert, in the firm's own words, a short description of any direct or indirect holding of more than 10 per cent in the capital or voting power of the firm which is held by a provider of packaged products or by the parent of the provider.

Note 31 – insert, in the firm’s own words, a short description of any direct or indirect holding of more than 10 per cent in the capital or voting power of a provider of packaged products which is held by the firm.

Note 32 – insert, in the firm’s own words, a short description of any credit provided to the firm by a product provider (other than commission due to the firm in accordance with an
indemnity claw-back arrangement) or by any undertaking in the immediate group of the product provider where the amount of the credit exceeds 10 per cent of the share and loan capital of the firm.

Notes 33 and 34 apply to an insurance intermediary that is not an insurer providing services in relation to non-investment insurance contracts.

Note 33 – insert, in the insurance intermediary’s own words, a short description of any direct or indirect holding of more than 10 per cent in the capital or voting power of the insurance intermediary which is held by an insurance undertaking or by the parent of an insurance undertaking.

Note 34 – insert, in the insurance intermediary's own words, a short description of any direct or indirect holding of more than 10 per cent in the capital or voting power of an insurance undertaking which is held by the insurance intermediary.

Section 7: What to do if you have a complaint

Note 35 – if different to the address in note 5, give the address and telephone number which is to be used by customers wishing to complain.

Note 36 – this text may be omitted for non-investment insurance contracts if the insurance intermediary is aware that a commercial customer would not be an eligible complainant.

Note 37 – if the firm is carrying on an activity from an establishment which is outside the United Kingdom it must make clear that the Financial Ombudsman Service will not be available. The firm may refer to any similar complaints scheme that may be applicable.

Section 8: Are we covered by the Financial Services Compensation Scheme (FSCS)?

Note 38 – when an incoming EEA firm provides the CIDD, it must modify this section as appropriate.

Note 39 – where the insurance intermediary provides a service in relation to a compulsory class of insurance, such as employers' liability insurance, it must use this alternative text.

Section 9: Group personal pensions

Note 40 – firms should only include section 9 if they intend to give information about, or advise on, the opportunity for employees to join a group personal pension scheme established by their employer. In all other cases it should be omitted entirely.

Note 41 – the words in square brackets should be omitted or included, as appropriate, depending upon whether the firm is advising employees whether or not to join a group personal pension scheme, or merely providing them with factual information about the scheme.

Note 42 – although firms must not use the occasion of a meeting to discuss a group personal pension scheme as an opportunity to give advice on other designated investments, this does
not preclude the provision of advice on non-investment insurance contracts, regulated mortgage contracts or regulated lifetime mortgage contracts. A firm may also, when giving advice on a group personal pension scheme, suggest that a further meeting be arranged to discuss designated investments and if so must provide a further appropriate IDD or CIDD.

**Lifetime mortgage warning**

**Note 43** - This warning box should be added when the firm sells regulated lifetime mortgage contracts or home reversion schemes or both.
8.1.5 If a firm is an authorised professional firm, MCOB 1.2.10R(3) has the effect that when the firm conducts non-mainstream regulated activities with a customer, MCOB 4.4 (Initial disclosure requirements) (as modified by MCOB 8) applies. The firm is only required to provide the initial disclosure information in MCOB 8 Ann 1R or MCOB § 4 Ann 2R section 7 (What to do if you have a complaint) and section 8 (Are we covered by the Financial Services Compensation Scheme (FSCS)?).

8.3.3 Initial disclosure requirements for packaged products or non-investment insurance contracts (in addition to regulated lifetime mortgage contracts)

<table>
<thead>
<tr>
<th>Initial disclosure requirements</th>
<th>MCOB 4.4.1R(1)(e) and (3)</th>
<th>MCOB 4 Ann 2R</th>
<th>MCOB 8 Ann 2R</th>
</tr>
</thead>
</table>

8.4.1 If a firm gives, or anticipates giving, advice or personalised information on home reversion schemes in addition to regulated lifetime mortgage contracts, the initial disclosure information in MCOB 4.4.1R and MCOB 4.4.7R must be provided in respect of the home reversion schemes, as well as the regulated lifetime mortgage contracts, using the text set out in MCOB 8 Ann 1R and MCOB § 4 Ann 2R.

MCOB 8 Ann 2R Delete annex
2.1.4 R Table Activities to which TC 2 applies

<table>
<thead>
<tr>
<th>Activity</th>
<th>Extent of Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <em>Employees</em> engaging in:</td>
<td>…</td>
</tr>
<tr>
<td>(r) <em>advising on investments</em> which are <em>non-investment insurance contracts</em>.</td>
<td>…</td>
</tr>
<tr>
<td>2. <em>Employees</em> overseeing on a day-to-day basis:</td>
<td>…</td>
</tr>
</tbody>
</table>

3. In relation to advising on investments which are non-investment insurance contracts if the activity is carried on with or for a *retail customer* (see *ICOB*), the whole of TC 2 applies, except for TC 2.5, as if in TC 2.2, 2.3, 2.4 and 2.7 each reference to *private customer* were a reference to *retail customer*. …
### Activity

<table>
<thead>
<tr>
<th>Extent of Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) safeguarding and administering investments or holding of client money (unless held in the course of carrying on a mortgage mediation activity, or an insurance mediation activity only in relation to a non-investment insurance contract);</td>
</tr>
</tbody>
</table>

...  

#### 2.4.2 R (1)  
A firm which permits an employee to engage in an activity with or for a private customer under supervision must ensure that:  

1. the employee has first passed the relevant regulatory module of an appropriate approved examination; and  
2. the firm has satisfied itself that the employee has an adequate level of knowledge and skills to act with or for private customers while under supervision.  

(2) (1) does not apply when this activity is an insurance mediation activity in relation to a non-investment insurance contract.  

...  

#### Assessing competence  

#### 2.4.5 R (1)  
A firm must not assess an employee as competent to engage in or oversee an activity unless that employee:  

1. has been assessed as competent to apply the knowledge and skills necessary to engage in or oversee the activity without supervision; and  
2. has passed each module of the appropriate approved examination specified in the annexes to TC 2.  

(2) (1)(b) does not apply when this activity is an insurance mediation activity in relation to a non-investment insurance contract.
Annex F

Amendments to ML

In this Annex, underlining indicates new text.

1.1.3  G  The scope of this sourcebook is very wide. It includes all firms except:

(1)  

(2)  those within the exception for firms carrying on any insurance mediation activity in relation to a general insurance contract or pure protection contract (see ML 1.1.4R(1A)) or any mortgage mediation activity (see ML 1.1.4R(5)); in this respect, the chapter follows [article [] of the [] [to be added when 2003 Money Laundering Regulations are in final form].

The scope extends to incoming firms...

1.1.4  R  In this sourcebook, “relevant regulated activities” means any regulated activity apart from:

(1)  general insurance business;

(1A)  insurance mediation activity in relation to a general insurance contract or pure protection contract;

(2)  long-term insurance business which is outside the First Life Directive (and is not otherwise a relevant regulated activity);

(3)  

Annex G

Amendments to AUTH

In this Annex, underlining indicates new text.

1.5.3 G As a general guide, all applicants for Part IV permission should be familiar with the threshold conditions (COND) and the Principles for Businesses (PRIN) in the High Level Standards part of the Handbook. To complete an application for Part IV permission, an applicant will also need to have regard to the following matters:

(1) …

…

(4) Other regulatory obligations:

(a) the detailed regulatory obligations that apply to certain types of firm or regulated activity in COB, ICOB, MCOB, the Market Conduct sourcebook (MAR) and SUP;

…
(1) Module of Handbook  

<table>
<thead>
<tr>
<th>COB</th>
<th>ICOB</th>
<th>MCOB</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICOB applies.</td>
<td>Only the following provisions of ICOB apply:</td>
<td></td>
</tr>
<tr>
<td>(a) ICOB 3 (Financial promotion), but see the territorial scope in ICOB 3.4 (Application: where?)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) ICOB 5.5.20R(1)-(3), but only in relation to general insurance contracts if the state of the risk is the United Kingdom;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) ICOB 5.5.20R(4)-(15) and (22), but only in respect of non-investment insurance contracts which are pure protection contracts where the habitual residence of the customer, other than an EEA ECA recipient, is in the United Kingdom;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) ICOB 6 (Cancellation), but only in respect of non-investment insurance contracts which are pure protection contracts where the habitual residence of the customer, other than an EEA ECA recipient, is in the United Kingdom.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex H

Amendments to SUP

In this Annex, underlining indicates new text.

SUP 8.2.7G  Rules which can be waived (see SUP 8.2.6G)

<table>
<thead>
<tr>
<th>Rules</th>
<th>Section of the Act or other provision under which rules are made</th>
<th>Chapters of the Handbook where such rules appear (Note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial promotion rules</td>
<td>Section 145</td>
<td>COB 3, ICOB 3, MCOB 3, PRIN and SYSC</td>
</tr>
<tr>
<td>....</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Financial promotion rules | Section 145                                                      | COB 3, ICOB 3, MCOB 3, PRIN and SYSC                   |
| ....                   |                                                                 |                                                          |
Annex I

Amendments to DISP

In this Annex, underlining indicates new text. Where a new provision is inserted the place where it goes is indicated and it is not underlined.

After DISP 1.2.1R, insert the following:

1.2.1A   R If the expression of dissatisfaction is from, or on behalf of, a person who is not an eligible complainant, and relates to insurance mediation activity carried on by an insurance intermediary, then unless the insurance intermediary is an insurer, the insurance intermediary must have in place and operate appropriate and effective procedures for registering, and responding to, the expression of dissatisfaction.

...

1.2.11   G In order to comply with DISP 1.2.9R(1), a firm may include reference to its complaints handling procedure in contractual documentation, for example:

(1) (where the firm is subject to the requirements in COB), in a terms of business letter, key features document or client agreement;

(2) (where the firm is subject to the requirements in ICOB), as part of status disclosure (see ICOB 4.2 and ICOB 8.3), in a policy summary or policy document; or

(3) (where the firm is subject to the requirements in MCOB) in an initial disclosure document or offer document.
 Annex J

Amendments to CRED

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

1.1.2 G CRED does not encompass the requirements associated with any regulatory permission other than a Part IV permission to accept deposits. Other permissions are covered elsewhere in the Handbook. Thus, for example, a credit union seeking a permission to undertake a regulated mortgage-lending activity would need to comply with the requirements in the specialist sourcebook on mortgage lending (MORT) MCOB; and a credit union seeking a permission to undertake insurance mediation activity in relation to non-investment insurance contracts would need to comply with the requirements in ICOB.
Annex K

Amendments to ECO

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

1.2.3R …

Exceptions: deposits, general insurance contracts, pure protection contracts, non-investment insurance contracts and reinsurance

1.2.4 R (1) ECO 1.2.1R does not apply to an incoming ECA provider with respect to an electronic commerce activity relating to:

(a) a deposit (other than a cash deposit ISA); or

(b) (if ECO 1.2.3R does not apply) a general insurance contract, pure protection contract, non-investment insurance contract or reinsurance contract;

but, instead, the incoming ECA provider must comply with (2).

(2) Unless the contract concerned is a non-investment insurance contract, before entering into a contract with a UK ECA recipient who is a consumer, an incoming ECA provider must indicate to the recipient whether the contract falls within the jurisdiction of:

(a) any dispute resolution service operating in the EEA; and

(b) in the case of services within (1)(b), any compensation scheme operating in the EEA;

and, if either or both of (a) and (b) apply, must identify each such scheme.

1.2.5 G (1) ECO 1.2.4R(2)(b) does not require a deposit-taking incoming ECA provider to mention a deposit guarantee scheme, but its Home State will require it to do so in accordance with the Deposit Guarantee Directive.

(2) ECO 1.2.4R does not require an incoming ECA provider carrying on electronic commerce activities in relation to non-investment insurance contracts to mention a dispute resolution service or a compensation scheme, but its country of origin will require it to do so in accordance with the Distance Marketing Directive.

…

2.1.2 G (1) …
(3) *ECO* 2.2 also extends the territorial scope of *COB* 3 (Financial promotion), *ICOB* 3 (Financial promotion) and *MCOB* 3 (Financial promotion) in relation to a financial promotion which is an outgoing electronic commerce communication, whether or not the recipient is a consumer.

---

**Financial promotion**

2.2.3 R (1) In relation to a financial promotion which is an outgoing electronic commerce communication, a firm must comply with *COB* 3 (Financial promotion), *ICOB* 3 (Financial promotion) and *MCOB* 3 (Financial promotion) as if the person to whom the communication is made or directed was in the United Kingdom.

(2) Accordingly, (1) overrides *COB* 3.3 (Application: where?), *ICOB* 3.4 (Application: where?) and *MCOB* 3.3 (Application: where?).

(3) But (1) is subject to *ECO* 2.2.1R, which disapplies certain *COB* rules applicable to incoming *ECA* providers when dealing with consumers.

2.2.4 G The effect of *ECO* 2.2.3R is to apply the whole of *COB* 3, *ICOB* 3 and *MCOB* 3, where relevant, to outgoing electronic commerce communications, except those provisions of *COB* 3, *ICOB* 3 and *MCOB* 3, identified in *ECO* 2.2.1R. (See *ECO* 2.2.2G for an explanation of this approach.)
Annex L

Amendments to ELM

In this Annex, underlining indicates new text.

1.5.2 G Table: Application of other parts of the Handbook to ELMI

<table>
<thead>
<tr>
<th>Block</th>
<th>Module</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>…</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Block 2 (Business Standards)</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>…</td>
<td>Conduct of Business sourcebook <em>(COB)</em></td>
<td>…</td>
</tr>
<tr>
<td>…</td>
<td>Insurance: Conduct of Business sourcebook <em>(ICOB)</em></td>
<td>Does not apply to an <em>ELMI</em> when issuing <em>e-money</em></td>
</tr>
<tr>
<td>…</td>
<td>Mortgage: Conduct of Business sourcebook <em>(MCOB)</em></td>
<td>Does not apply to an <em>ELMI</em> when issuing <em>e-money</em></td>
</tr>
</tbody>
</table>
Annex M

Amendments to the Glossary

Insert the following new definitions in the appropriate alphabetical position:

*claims handling* (in ICOB) in relation to a *claim* under a *non-investment insurance contract*, *carrying out* the contract (by an *insurer*) or paying or declining to pay a *claim* on behalf of a *member* (by a *managing agent*).

*connected contract* a *non-investment insurance contract* which:

- (a) is not a contract of long-term insurance (as defined by article 3 of the *Regulated Activities Order*);
- (b) has a total duration (including *renewals*) of five years or less;
- (c) has an annual *premium* (or the equivalent of annual *premium*) of €500 or less;
- (d) covers the risk of:
  - (i) breakdown, loss of, or damage to, non-motor goods supplied by the provider; or
  - (ii) damage to, or loss of, baggage and other risks linked to travel booked with the provider (“travel risks”);
- (e) does not cover any liability risks (except, in the case of a contract which covers travel risks, where the cover is ancillary to the main cover provided by the contract);
- (f) is complementary to the non-motor goods being supplied or service being provided by the provider; and
- (g) is of such a nature that the only information that a *person* requires in order to carry on one of the *insurance mediation activities* is the cover provided by the contract.
distance non-investment mediation contract

A distance contract (other than a contract concluded merely as a stage in the effecting or carrying out of an insurance contract by the firm or another person) the making or performance of which constitutes, in relation to a non-investment insurance contract, any of the following activities:

(a) dealing in investments as agent;

(b) making arrangements with a view to transactions in investments;

(c) assisting in the administration and performance of a contract of insurance;

(d) arranging (bringing about) deals in investments;

(e) advising on investments;

(f) agreeing to carry on a regulated activity in (a) to (e).

group policy

A non-investment insurance contract which a person enters into as legal holder of the policy on his own behalf and for other persons who are or will become policyholders and:

(a) those other persons are or become policyholders by virtue of a common employment, occupation or activity which has arisen independently of the contract of insurance;

(b) the common employment, occupation or activity is not brought about, in relation to the contract of insurance, by

(i) the insurance undertaking which effects it or carries it out; or

(ii) any activity which if carried on by a firm would be an insurance mediation activity; and

(c) the risks insured under the policy are related to the common employment, occupation or activity of the policyholders.

introducing

(In ICOB) the activity of effecting introductions carried on by a firm with permission for making arrangements with a view to deals in investments which are non-investment insurance contracts.

non-investment

A non-real time financial promotion for a non-investment
financial promotion  insurance contract.

policy document  a policy in a durable medium.

policy summary  a summary of a non-investment insurance contract in a durable medium containing the information specified in ICOB 5.5.5R.

Amend the following definitions as shown (underlining indicates new text and striking through indicates deleted text):

charge

any fee or charge made to a client in connection with:

(a) designated investment business; or

(b) any insurance mediation activities in respect of a non-investment insurance contract;

whether levied by the firm or any other person, including a mark-up or mark-down.

claim

(1) (in COMP) a valid claim made in respect of a civil liability owed by a relevant person to the claimant.

(2) (in ICOB, LLD, SUP, and TC) a claim under a contract of insurance.

commission

any form of commission, including a benefit of any kind, offered or given in connection with designated investment business.

any form of commission, including a benefit of any kind, offered or given in connection with:

(a) designated investment; or

(b) insurance mediation activity in connection with a non-investment insurance contract.

durable medium²

(in accordance with article 2(f) of the Distance Marketing Directive and article 2(12) of the Insurance Mediation Directive) (in relation to information addressed personally to a recipient) in a form which:

² This is an amendment to the proposed definition in Annex Q to the Mortgages: Conduct of Business Sourcebook (Consequential Amendments to the Handbook) Instrument 2003.
(a) is capable of being used by the recipient;

(b) enables the recipient to store the information in a way accessible for future reference for a period of time adequate for the purposes of the information; and

(c) allows the unchanged reproduction of the information;

and includes paper, floppy disks, CD-ROMs, DVDs and the hard drive of the recipient’s computer on which electronic mail is stored, but not Internet websites unless they fulfil the criteria in (a), (b) and (c).

(a) paper; or

(b) (in accordance with recital 20 and article 2(f) of the 
Distance Marketing Directive and article 2(12) of the 
Insurance Mediation Directive) any instrument which 
enables the recipient to store information in a way 
accessible for future reference for a period of time 
adequate for the purposes of the information and which 
allows the unchanged reproduction of the information stored: this includes in particular floppy disks, CD- 
ROMs, DVDs and the hard drive of the recipient's 
computer on which electronic mail is stored, but not 
Internet websites unless they fulfil the criteria in this 
definition.

financial promotion rules

COB 3 and ICOB 3.

injured party

(in ICOB 6.87.6) a person who claims damages as a result of 
any loss or injury suffered in, or as a result of, an accident 
which occurs in an EEA State other than his usual EEA State of 
residence which is caused by the use of a motor vehicle 
insured and normally based in an EEA State.

product provider

(1) (except in ICOB) a firm which is:

(i) a long-term insurer;

(ii) a friendly society;

(iii) the operator of a regulated collective investment 
scheme or an investment trust savings scheme.

(2) (in ICOB) in relation to a non-investment insurance 
contract, an insurer not acting as an insurance 
intermediary.
In this Addendum, underlining indicates new text and striking through indicates deleted text.

Annex C of this instrument is amended as follows:

Transitional Provisions

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GEN</td>
<td>2.2.7R</td>
<td>R</td>
<td>…</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>26</td>
<td>GEN</td>
<td>4.3.1R</td>
<td>R</td>
<td>(1) For the purpose …</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>GEN</td>
<td>4.3.1R</td>
<td>G</td>
<td>(1) Transitional provision 26R defers … the transitional provision in GEN TR 26.</td>
<td>From 31 October …</td>
</tr>
</tbody>
</table>

Annex E of this instrument is amended as follows:

2.1.4R  Table: Activities to which TC 2 applies

<table>
<thead>
<tr>
<th>Activity</th>
<th>Extent of application</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Employees engaging in:</td>
<td>…</td>
</tr>
<tr>
<td>(rq) advising on investments…</td>
<td>…</td>
</tr>
</tbody>
</table>