

**RETAIL DISTRIBUTION REVIEW (CORPORATE PENSIONS) INSTRUMENT
2010**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138 (General rule-making power);
 - (b) section 145 (Financial promotion rules);
 - (c) section 149 (Evidential provisions);
 - (d) section 156 (General supplementary powers); and
 - (e) section 157(1) (Guidance); and
 - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 31 December 2012.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Conduct of Business sourcebook (COBS) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Retail Distribution Review (Corporate Pensions) Instrument 2010.

By order of the Board
24 June 2010

Annex A

Amendments to the Glossary of definitions

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

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>consultancy charge</i>	any charge payable by or on behalf of an employee to a <i>firm</i> or other intermediary (whether or not that intermediary is an <i>employee benefit consultant</i>) in respect of advice given, or services provided, by the <i>firm</i> or intermediary to the employer or employee in connection with a <i>group personal pension scheme</i> or <i>group stakeholder pension scheme</i> , where those charges have been agreed between the <i>firm</i> or intermediary and the employer in accordance with the <i>rules</i> on consultancy charging and remuneration (<i>COBS 6.1C</i>).
<i>employee benefit consultant</i>	a <i>person</i> that gives advice, or provides services to, an employer in connection with a <i>group personal pension scheme</i> or <i>group stakeholder pension scheme</i> provided, or to be provided, by the employer for the benefit of its employees.
<i>group stakeholder pension scheme</i>	a <i>stakeholder pension scheme</i> which is available to employees of the same employer or of employers within a <i>group</i> .

Amend the following definitions as shown.

<i>adviser charge</i>	any form of charge payable by or on behalf of a <i>retail client</i> to a <i>firm</i> in relation to the provision of a <i>personal recommendation</i> by the <i>firm</i> in respect of a <i>retail investment product</i> (or any related service provided by the <i>firm</i>) which: <ul style="list-style-type: none"> (a) is agreed between that <i>firm</i> and the <i>retail client</i> in accordance with the <i>rules</i> on adviser charging and remuneration (<i>COBS 6.1A</i>); and (b) <u>is not a <i>consultancy charge</i>.</u>
<i>combined initial disclosure document</i>	information about the breadth of <i>advice</i> , <i>scope of advice</i> or <i>scope of basic advice</i> and the nature and costs of the services offered by a <i>firm</i> in relation to two or more of the following: <ul style="list-style-type: none"> (a) <u><i>packaged products</i> or, for <i>basic advice</i>, <i>stakeholder products</i> that are not a <i>group personal pension scheme</i> or a <i>group stakeholder pension scheme</i> (but only if a <i>consultancy charge</i> will be made);</u>

...

which contains the keyfacts logo, headings and text in the order shown in, and in accordance with the notes in, *COBS 6 Annex 2*.

*group
personal
pension
scheme*

a *personal pension scheme* (including a group *SIPP*) which is available to employees of the same employer or of employers within a *group*.

*retail
investment
product*

...

(c) a *stakeholder pension scheme* (including a group *stakeholder pension scheme*); or

(d) a *personal pension scheme* (including a group *personal pension scheme*); or

...

whether or not any of (a) to (h) are held within an *ISA* or a *CTF*.

Annex B

Amendments to the Conduct of Business sourcebook (COBS)

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

Interpretation

- 2.3.-1 R In this section ‘giving advice, or providing services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*’ includes:
- (1) giving advice or assistance to an employer on the operation of such a scheme;
 - (2) taking, or helping the employer to take, the steps that must be taken to enable an employee to become a member of such a *scheme*; and
 - (3) giving advice to an employee, pursuant to an agreement between the employer and the adviser, about the benefits that are, or might be, available to the employee as an actual or potential member of such a scheme.

Rule on inducements

- 2.3.1 R A *firm* must not pay or accept any fee or commission, or provide or receive any non-monetary benefit, in relation to *designated investment business* or, in the case of its *MiFID or equivalent third country business*, another *ancillary service*, carried on for a *client* other than:
- (1) ...
 - (2) a fee, commission or non-monetary benefit paid or provided to or by a third party or a *person* acting on behalf of a third party, if:
 - (a) ...
 - (b) the existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, is clearly disclosed to the *client*, in a manner that is comprehensive, accurate and understandable, before the provision of the service;
 - (i) this requirement only applies to business other than *MiFID or equivalent third country business* if it includes giving a *personal recommendation* in relation to a *retail investment product*, or giving advice, or providing services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*;

- ...
- ...
- ...
- ...
- 2.3.6A G *COBS* 6.1A (Adviser charging and remuneration) ~~and~~, *COBS* 6.1B (Retail investment product provider requirements relating to adviser charging and remuneration), *COBS* 6.1C (Consultancy charging and remuneration) and *COBS* 6.1D (Product provider requirements relating to consultancy charging and remuneration) set out specific requirements as to when it is acceptable for a *firm* to pay or receive commissions, fees or other benefits:
- (1) relating to the provision of a *personal recommendation on retail investment products*; or
 - (2) for giving advice, or providing services, to an employer in connection with a group personal pension scheme or group stakeholder pension scheme.
- ...
- 2.3.12 E (1) ...
- (2) A *retail investment product* provider should not take any step which would result in it:
- (a) ...
 - (b) providing *credit* to a *firm* in (1) (other than continuing to facilitate the payment of an *adviser charge* or consultancy charge where it is no longer payable by the *retail client*, as described in *COBS* 6.1A.5G or *COBS* 6.1C.6G);
- unless all the conditions in (4) are satisfied. A *retail investment product* provider should also take reasonable steps to ensure that its *associates* do not take any step which would result in it having a holding as in (a) or providing *credit* as in (b).
- (3)
- (4) The conditions referred to in (2) and (3) are that:
- ...
- (d) the *retail investment product* provider is not able, and none of its *associates* is able, because of the holding or *credit*, to exercise any influence over the *personal recommendations* made in relation to *retail investment products* given by the *firm* or the advice given, or services provided to, an employer

in connection with a group personal pension scheme or group stakeholder pension scheme.

...

- 2.3.12A G Where a *retail investment product* provider, or its *associate*, provides *credit* to a *retail client* of a *firm* making *personal recommendations* in relation to *retail investment products* or giving advice, or providing services, to an employer in connection with a group personal pension scheme or group stakeholder pension scheme, this may create an indirect benefit for the *firm* and, to the extent that this is relevant, the provider of *retail investment products* may need to consider the examples in COBS 2.3.12E as if it had provided the *credit* to the *firm*.

...

- 2.3.14 G (1)
- (2) The *guidance* in the table on reasonable non-monetary benefits is not relevant to non-monetary benefits which may be given by a *retail investment product* provider or its *associate* to its own *representatives*. The *guidance* in this provision does not apply directly to non-monetary benefits provided by a *firm* to another *firm* that is in the same *immediate group*. In this situation, the *rules* on *commission equivalent* (COBS 6.4.3R) ~~or~~ the requirements on a *retail investment product* provider making a *personal recommendation* in respect of its own *retail investment products* (COBS 6.1A.9R) or the requirements on a firm giving advice, or providing services, to an employer in connection with a group personal pension scheme or group stakeholder pension scheme produced by the *firm* (COBS 6.1C.8R) will apply.

...

- 2.3.16 G In interpreting the table of reasonable non-monetary benefits, *retail investment product* providers should be aware that where a benefit is made available to one *firm* and not another, this is more likely to impair compliance with the *client's best interests rule* and that, where any benefits of substantial size or value (such as adviser training programmes or significant software) are made available to *firms* that are subject to the *rules* on adviser charging and remuneration (COBS 6.1A) or consultancy charging and remuneration (COBS 6.1C), these benefits should be made available equally across those *firms* if they are provided at all.

- 2.3.16A G In interpreting the table of reasonable non-monetary benefits, a *firm* that provides a *personal recommendation* in relation to a *retail investment product* to a *retail client* or gives advice, or provides a service, to an employer in connection with a group personal pension scheme or a group stakeholder pension scheme should be aware that acceptance of benefits on which the *firm* will have to rely for a period of time is more likely to impair compliance with the *client's best interests rule*. For example, accepting

services which provide access to another *firm's* systems or software on which the *firm* will need to rely to gain access to the *firm's client* data in the future, would be likely to conflict with the *rule* on inducements (COBS 2.3.1R).

...

6.1A Adviser charging and remuneration

Application – Who? What?

6.1A.1 R (1) This section applies to a *firm* which makes a *personal recommendation* to a *retail client* in relation to a *retail investment product*.

(2) This section does not apply to a *firm* giving advice, or providing services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*.

...

6.1B Retail investment product provider requirements relating to adviser charging and remuneration

Application – Who? What?

6.1B.1 R (1) This section applies to a *firm* which is a *retail investment product* provider in circumstances where a *retail client* receives a *personal recommendation* in relation to the *firm's retail investment product*.

(2) This section does not apply to a *retail investment product* provider in circumstances where a *firm* gives advice or provides services to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*.

After COBS 6.1A and COBS 6.1B insert the following new sections. The text is not underlined.

6.1C Consultancy charging and remuneration

Application – Who? What?

6.1C.1 R (1) This section applies to a *firm* that gives advice, or provides services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*.

(2) Without prejudice to (1), this section does not apply to a *firm* that makes a *personal recommendation* to a *retail client* in relation to a *retail investment product*.

Application – Where?

- 6.1C.2 R This section does not apply if the employer is outside the *United Kingdom*.

Interpretation

- 6.1C.3 R In this section ‘giving advice, or providing services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*’ includes:
- (1) giving advice or assistance to an employer on the operation of such a scheme;
 - (2) taking, or helping the employer to take, the steps that must be taken to enable an employee of the employer to become a member of such a *scheme*; and
 - (3) giving advice to an employee, pursuant to an agreement between the employer and the adviser, about the benefits that are, or might be, available to the employee if he is, or if he becomes, a member of such a scheme.

Requirement to be paid through consultancy charges

- 6.1C.4 G *COBS* 6.1C.1R (Application – Who? What?) and *COBS* 6.1C.3R (Interpretation) mean (for example) that the cost of any advice given to an employee pursuant to an agreement between the employer and the adviser about the benefits that are, or might be, available to the employee if he is, or if he becomes, a member of a *group personal pension scheme* or *group stakeholder pension scheme* are subject to the *rules* in this section, not the *rules* on *adviser charging* (*COBS* 6.1A).
- 6.1C.5 R A *firm* must:
- (1) only be remunerated for giving advice, or providing services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme* by *consultancy charges* or by a fee payable by the employer;
 - (2) not solicit or accept (and ensure that none of its *associates* solicits or accepts) any other commissions, remuneration or benefit of any kind in relation to that advice, or those services, regardless of whether it intends to refund the payments or pass the benefits on to the *group personal pension scheme* or *group stakeholder pension scheme*; and
 - (3) not solicit or accept (and ensure that none of its *associates* solicits or accepts) *consultancy charges* which are paid out or advanced by another party over a materially different time period, or on a materially different basis, from that in or on which the *consultancy charges* are recovered from the relevant *group personal pension scheme* or *group stakeholder pension scheme*.

- 6.1C.6 G A *firm* may receive a *consultancy charge* that is no longer payable (for example, after the service it is received in payment for has been amended or terminated) provided the *firm* passes any such payments to the relevant *group personal pension scheme* or *group stakeholder pension scheme*.
- 6.1C.7 G The requirement to be paid through *consultancy charges* does not prevent a *firm* from making use of any facility for the payment of *consultancy charges* provided by another *firm* or other third parties provided that the facility complies with the requirements of COBS 6.1D.9R
- 6.1C.8 G Examples of payments and benefits that should not be accepted under the requirement only to be paid through *consultancy charges* include:
- (1) a share of the charges applied to a *group personal pension scheme*, *group stakeholder pension scheme* or the scheme provider's revenues or profits (except if the *firm* providing the advice to an employer in relation to such a scheme is the scheme provider); and
 - (2) a commission set and payable by a *retail investment product* provider in any jurisdiction.

Requirements on a product provider giving advice to an employer in respect of the product provider's own group personal pension scheme or group stakeholder pension scheme products

- 6.1C.9 R If the *firm* or its *associate* is the *group personal pension scheme* or *group stakeholder pension scheme* provider, the *firm* must ensure that the level of its *consultancy charges* is at least reasonably representative of the cost associated with giving the advice to the employer in relation to the relevant scheme.
- 6.1C.10 G A *consultancy charge* is likely to be reasonably representative of the services associated with giving advice, or providing services, to an employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme* if:
- (1) the expected long term costs associated with advising the employer in relation to the *group personal pension scheme* or *group stakeholder pension scheme* do not include the costs associated with establishing and operating that scheme;
 - (2) the allocation of costs and profits to *consultancy charges* and product charges is such that any cross-subsidisation between the different activities is not significant in the long term; and
 - (3) (were the services to be provided by an unconnected *firm*), the level of *consultancy charges* would be appropriate in the context of the service being provided by the *firm*.

Requirement to use a charging structure

- 6.1C.11 R A *firm* must determine and use an appropriate charging structure for calculating its *consultancy charge* for each employer.
- 6.1C.12 G A *firm* can use a standard charging structure.
- 6.1C.13 G (1) In determining its charging structure and *consultancy charges* a *firm* should have regard to the best interests of the employer and the employer's employees.
- (2) A *firm* may not be acting in the best interests of the employer and the employer's employees if it:
- (a) varies its *consultancy charges* inappropriately according to product provider; or
- (b) allows the availability or limitation of services offered by third parties to facilitate the payment of *consultancy charges* to influence inappropriately its charging structure or *consultancy charges*.
- (3) *Firms* are reminded that the *client's best interests rule* may also apply.
- 6.1C.14 R A *firm* must not use a charging structure which conceals the amount or purpose of any of its *consultancy charges* from an employer or an employee.
- 6.1C.15 G A *firm* is likely to be viewed as operating a charging structure that conceals the amount or purpose of its *consultancy charges* if, for example, it makes arrangements for amounts in excess of its *consultancy charges* to be deducted from an employee's investments from the outset, in order to be able to provide a cash payment to the employer or employee later.

Initial information for clients on the cost of consultancy services

- 6.1C.16 R A *firm* must disclose its charging structure to an employer in writing, in good time before giving advice, or providing services, to the employer in connection with a *group personal pension scheme* or *group stakeholder pension scheme*.
- 6.1C.17 G A *firm* should ensure that the disclosure of its charging structure is in clear and plain language and, as far as is practicable, uses cash terms. If a *firm's* charging structure is in non-cash terms, examples in cash terms should be used to illustrate how the charging structure will be applied in practice.

Disclosure of total consultancy charges payable

- 6.1C.18 R (1) A *firm* must agree with and disclose to an employer the total *consultancy charge* payable to it or any of its *associates*.

- (2) A disclosure under (1) must:
- (a) be in cash terms (or convert non-cash terms into illustrative cash equivalents);
 - (b) be made as early as practicable and, in any event, before the employer:
 - (i) selects a particular *group personal pension scheme* or *group stakeholder pension scheme* for the benefit of its employees; or
 - (ii) if applicable, reviews its *group personal pension scheme* or *group stakeholder pension scheme* arrangements;
 - (c) be in a *durable medium* or through a website (if it does not constitute a *durable medium*) if the *website conditions* are satisfied;
 - (d) if there are payments over a period of time, include:
 - (i) the amount and frequency of each payment due; and
 - (ii) the period over which the *consultancy charge* is payable;
 - (iii) an explanation of the implications for the employer and its employees if an employee leaves the employer's service; and
 - (iv) an explanation of the implications for the employer and its employees if contributions to the *group personal pension scheme* or *group stakeholder pension scheme* are cancelled before the *consultancy charge* is fully paid.

6.1C.19 G To comply with the *rule* on disclosure of total *consultancy charges* payable (COBS 6.1C.18R) and the *fair, clear and not misleading rule*, a *firm's* disclosure of the total *consultancy charge* should:

- (1) provide information to the employer as to which particular service a *consultancy charge* applies;
- (2) include information as to when payment of the *consultancy charge* is due;
- (3) if an ongoing *consultancy charge* is expressed as a percentage of funds under management, clearly reflect in the disclosure how that *consultancy charge* may increase as the fund grows, for example by illustrating the *consultancy charge* assuming a fund growth rate

which is consistent with an *intermediate rate of return*.

Requirement not to make a consultancy charge in certain circumstances

- 6.1C.20 R When an employer asks a *firm* to provide advice to the employer's employees, the *firm*:
- (1) may make a *consultancy charge* for the cost of preparing and giving advice to each employee who chooses to accept his employer's offer of advice;
 - (2) must not make a *consultancy charge* for the cost of preparing or giving advice to an employee who chooses not to accept the offer of advice;
 - (3) (if the *firm* prepares generic advice to be given to more than one employee) must not make more than one *consultancy charge* for preparing that advice.

Record-keeping

- 6.1C.21 R A *firm* must keep a record of:
- (1) its charging structure;
 - (2) the *consultancy charges* payable by each employer and each of the employer's employees; and
 - (3) if the *consultancy charge* for a particular service has varied materially from that indicated in the *firm's* charging structure, the reasons for that difference.

6.1D Product provider requirements relating to consultancy charging and remuneration

Application – Who? What?

- 6.1D.1 R This section applies to a *firm* that is a *group personal pension scheme* or *group stakeholder pension scheme* provider, but only if the *firm* providing the relevant scheme (or another *firm*) gives advice, or provides services, to an employer in connection with that scheme.

Application – Where?

- 6.1D.2 R This section does not apply if the employer is outside the *United Kingdom*.

Interpretation

- 6.1D.3 R In this section 'giving advice, or providing services, to an employer in connection with a *group personal pension scheme* or *group stakeholder*

pension scheme includes:

- (1) giving advice or assistance to an employer on the operation of such a scheme;
- (2) taking, or helping the employer to take, the steps that must be taken to enable an employee of the employer to become a member of such a *scheme*; and
- (3) giving advice to an employee, pursuant to an agreement between the employer and the advisor, about the benefits that are, or might be, available to the employee if he is, or if he becomes, a member of such a scheme.

Requirement not to offer commission, provide factoring or offer credit to a third party

- 6.1D.4 R (1) A *firm* must not offer or pay (and must ensure that none of its *associates* offers or pays) any commissions, remuneration or benefit of any kind to another *firm*, an *employee benefit consultant* or to any other third party for the benefit of that *firm*, *employee benefit consultant* or third party in relation to the sale or purchase of:
- (a) a *group personal pension scheme* or *group stakeholder pension scheme*, whether or not that sale or purchase is accompanied or facilitated by advice given to the purchasing employer or the employer's employees; or
 - (b) an *investment*, if that sale or purchase is, or was, for the benefit of an *occupational pension scheme* established as an alternative to a *group personal pension scheme* or *group stakeholder pension scheme*.
- (2) Paragraph (1)(a) does not prevent a *firm* from making a payment to a third party that has facilitated the payment of a *consultancy charge* from a *group personal pension scheme* or *group stakeholder pension scheme*, provided that that payment is only in respect of that facilitation.
- (3) For the purposes of (1)(b) only, an *occupational pension scheme* will be established as an alternative to a *group personal pension scheme* or *group stakeholder pension scheme* if, in order to meet the most material of its objectives, an employer could reasonably have chosen to establish an *occupational pension scheme* on the one hand, or a *group personal pension scheme* or *group stakeholder pension scheme* on the other, and it chose to establish an *occupational pension scheme*.
- 6.1D.5 G The requirement not to offer or pay commission does not prevent a *firm* from making a payment to a third party in respect of administration or other charges incurred, for example a payment to a fund supermarket or a third

party administrator.

- 6.1D.6 R A *firm* that produces a *group personal pension scheme* or *group stakeholder pension scheme* must not offer or make any credit available out of its own funds, and to or for the benefit of another *firm*, an *employee benefit consultant* or another third party.

Distinguishing product charges from consultancy charges

- 6.1D.7 R A *firm* must:
- (1) take reasonable steps to ensure that its *group personal pension scheme* and *group stakeholder pension scheme* charges are not structured so that they could mislead or conceal from an employer the distinction between those charges and any *consultancy charges* payable in respect of the scheme; and
 - (2) not include in any marketing materials in respect of its *group personal pension schemes* or *group stakeholder pension schemes* any statements about the appropriateness of levels of *consultancy charges* that a *firm* could charge in giving advice to an employer in relation to a such a scheme.
- 6.1D.8 G A *firm* should not offer to invest more than 100% of the *retail client's* contribution to a *group personal pension scheme* or *group stakeholder pension scheme*.

Requirements on firms facilitating the payment of consultancy charges

- 6.1D.9 R A *firm* that offers to facilitate, directly or through a third party, the payment of *consultancy charges* from an employee's investment in a *group personal pension scheme* or *group stakeholder pension scheme* must:
- (1) obtain and validate instructions from the relevant employer in relation to the *consultancy charge*;
 - (2) offer sufficient flexibility in terms of the *consultancy charges* it facilitates;
 - (3) not pay out or advance *consultancy charges* to the *firm* to which the *consultancy charge* is owed over a materially different time period, or on a materially different basis to that in which it recovers the *consultancy charges* from the employee (including paying any *consultancy charges* to the *firm* that it cannot recover from the employee); and
 - (4) ensure that the *consultancy charges* levied do not exceed those agreed between the employee's employer and the relevant adviser (unless the prior written consent of the employee is obtained).
- 6.1D.10 G A *firm* should consider whether the flexibility in levels of *consultancy charges* it offers to facilitate is sufficient so as not to unduly influence or

restrict the charging structure and *consultancy charges* that the *firm* providing advice to an employer in relation to a *group personal pension scheme* or *group stakeholder pension scheme* can use.

Disclosure of total consultancy charges payable

- 6.1D.11 R A *firm* must, in good time, provide an employee with sufficient information on the total *consultancy charge* payable by the employee.
- 6.1D.12 G To comply with COBS 6.1A11R, a *firm*'s disclosure should be in cash terms (or convert non-cash terms into illustrative cash equivalents) and should:
- (1) include information as to the period over which the *consultancy charge* is payable;
 - (2) provide information on the implications for the employee if the employee leaves the employer's service or their contributions to the *group personal pension scheme* or *group stakeholder pension scheme* are cancelled before the *consultancy charge* is fully paid.
- 6.1D.13 G A *firm* may provide the disclosure in COBS 6.1D.11R at the same time as it provides a *key features document*.

Amend the following as shown.

- 6.2A.1 R (1) This section applies to a *firm* that either:
- ~~(1)(a)~~ makes a *personal recommendation* to a *retail client* in relation to a *retail investment product*; or
 - ~~(2)(b)~~ provides *basic advice* to a *retail client*.
- (2) This section does not apply to a *firm* when it makes a *personal recommendation* or provides *basic advice* to an employee, if that recommendation or advice is provided under the terms of an agreement between the *firm* and that employee's employer which is subject to the rules on *consultancy charges* (COBS 6.1C).

...

- 6.3.21 R A *firm* must take reasonable steps to ensure that its *representatives*, when making contact with an employee with a view to giving a *personal recommendation* on his employer's *group personal pension scheme* or *group stakeholder pension scheme*, inform the ~~employer~~ employee:
- (1) that the *firm* will be providing a *personal recommendation* on a ~~group personal pension schemes~~ scheme and/or a ~~group stakeholder pension schemes~~ scheme provided by the employer;
 - (2) whether the employee will be provided with a *personal*

recommendation that is restricted to the *group person pension scheme* or *group stakeholder pension scheme* provided by the employer or the recommendation will also cover other products;

- (3) [deleted]
- (4) that the employee will have to pay an *adviser charge* (if applicable) unless the *representative* is making contact pursuant to an agreement made between the *firm* and the employer which is subject to *consultancy charging* (COBS 6.1C (Consultancy charging and remuneration)).

TP 2 Other Transitional provisions

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provisions: coming into force
	...				
<u>2.2B-1</u>	<u>COBS 6.1C (Consultancy charging and remuneration) and COBS 6.1D (Product provider requirements relating to consultancy charging and remuneration)</u>	<u>R</u>	<u>COBS 6.1C (Consultancy charging and remuneration) and COBS 6.1D (Product provider requirements relating to consultancy charging and remuneration) do not prohibit a <i>firm</i> or its <i>associates</i> from offering or paying a commission, remuneration or benefit to another <i>firm</i>, an <i>employee benefit consultant</i> or another third party for the benefit of that <i>firm</i>, <i>employee benefit consultant</i> or third party in relation to a <i>group personal pension</i></u>	<u>From 31 December 2012</u>	<u>31 December 2012</u>

			<p><u>scheme or group stakeholder pension scheme if:</u></p> <p>(1) <u>the employer's part of the relevant scheme was established on or before;</u> <u>and</u></p> <p>(2) <u>the relevant offer or payment was permitted by the rules in force on;</u> <u>30 December 2012.</u></p>		
2.2B	...				

Sch 1 Record keeping requirements

...

1.3G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
<u>COBS 6.1C.21R</u>	<u>Consultancy charging and remuneration</u>	<p>(1) <u>the firm's charging structure;</u></p> <p>(2) <u>the total consultancy charge payable by each employer.</u></p> <p>(3) <u>if the total consultancy charge for a particular service has varied materially from that indicated in the firm's charging structure, the reasons for that difference.</u></p>	<p>(1) <u>when the charging structure is first used;</u></p> <p>(2) <u>from the date of disclosure;</u></p>	<u>See COBS 6.1C.21R</u>
...				