

**CONDUCT OF BUSINESS SOURCEBOOK (PENSION SCHEME DISCLOSURE)  
INSTRUMENT 2012**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
  - (2) section 156 (General supplementary powers); and
  - (3) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 6 April 2013.

**Amendments to the Handbook**

- D. The Conduct of Business sourcebook (COBS) is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Conduct of Business Sourcebook (Pension Scheme Disclosure) Instrument 2012.

By order of the Board  
31 October 2012

**Annex**

**Amendments to the Conduct of Business sourcebook (COBS)**

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

13.4.1 R *A key features illustration must include appropriate charges information, information about any interest that will be paid to clients on money held within a personal pension scheme bank account and, if it is a packaged product which is not a financial instrument:*

(1) must include a *standardised deterministic projection*;

...

...

13.4.4 R There is no requirement under COBS 13.4.1R to include a *projection* in a *key features illustration*:

(1) ...; or

(2) if the product is:

~~(a) a SIPP from which no income withdrawals are being taken;~~  
~~or~~

~~(b) a life policy that will be held in a CTF or sold with basic advice (unless the policy is a stakeholder pension scheme).~~

...

**13 Annex 2 Projections**

This annex belongs to COBS 13.4.1R (Contents of a key features illustration), COBS 13.5.1R (Projections for in-force products) and COBS 13.5.2R (Projections: other situations).

...

G		
2.7	...	
	(7)	<u>If a personal pension scheme is invested in assets that are volatile or difficult to value, the standardised deterministic projection should be prepared using the best available reasonable assumptions.</u>

...

### 13 Annex 3 Charges information for a packaged product

(except for a personal pension scheme and a stakeholder pension scheme where adviser charges or consultancy charges are to be facilitated by the product)

This annex belongs to COBS 13.4.1R (Contents of a key features illustration)

R		
Charges		
1	Appropriate charges information	
1.1	<i>Appropriate charges information</i> comprises:	
	(1)	(a) a description of the nature and amount of the <i>charges</i> a <i>client</i> will or may be expected to bear in relation to the product and, if applicable, any investments within the product;
		(b) if applicable, a description of the nature and amount of the <i>adviser charges</i> a <i>retail client</i> has agreed may be taken, including whether it is taken before or after the investment into the product;
	(2)	an ‘effect of charges’ table; <del>and</del>
	(3)	‘reduction in yield’ information; <u>and</u>
	(4)	<u>in relation to a <i>personal pension scheme</i>, the amounts (or if the amounts cannot be given, the formula by which the amounts can be calculated), if any, which a <i>personal pension scheme operator</i> or <i>pension scheme trustee</i> will receive as retained interest in relation to money held within the <i>personal pension scheme</i>.</u>
1.2	...	
1.2A	<u>The information described in 1.1(4) must be disclosed alongside information about any other <i>charges</i> the <i>client</i> will be expected to bear, and information about any interest that will be paid to <i>clients</i> on money held within a <i>personal pension scheme</i> bank account.</u>	
Exceptions		
1.3	An effect of charges table and reduction in yield information are not required for:	
	...	
	(2)	<del>a <i>SIPP</i> [deleted];</del>
	...	

...

### 13 Annex 4 Charges information for a personal pension scheme and a stakeholder pension scheme

(where adviser charges or consultancy charges are facilitated by the product)

This annex belongs to COBS 13.4.1R (Contents of a key features illustration)

R		
Charges		
1	Appropriate charges information	
1.1	<i>Appropriate charges information</i> comprises:	
	(1) (a)	a description of the nature and amount of the <i>charges</i> a <i>client</i> will or may be expected to bear in relation to the product and, if applicable, any investments within the product;
	(b)	if applicable, a description of the nature and amount of the <i>adviser charges</i> and <i>consultancy charges</i> a <i>retail client</i> or employer has agreed may be taken before investment into the product;
	(c)	if applicable, a description of the nature and amount of the <i>adviser charges</i> and <i>consultancy charges</i> a <i>retail client</i> or employer has agreed may be taken after investment into the product;
	(2)	an ‘effect of charges’ table; <del>and</del>
	(3)	‘reduction in yield’ information; <u>and</u>
	(4)	<u>in relation to a <i>personal pension scheme</i>, the amounts (or if the amounts cannot be given, the formula by which the amounts can be calculated), if any, which a <i>personal pension scheme operator</i> or <i>pension scheme trustee</i> will receive as retained interest in relation to money held within the <i>personal pension scheme</i>.</u>
1.2	...	
1.2A	<u>The information described in 1.1(4) must be disclosed alongside information about any other <i>charges</i> the <i>client</i> will be expected to bear, and information about any interest that will be paid to <i>clients</i> on money held within a <i>personal pension scheme</i> bank account.</u>	
...		

The provision rules

14.2.1 R A *firm* that sells:

...

- (3) the variation of a *life policy* or *personal pension scheme* to a *retail client*, must provide that *client* with sufficient information about the

variation for the *client* to be able to understand the consequences of the variation (~~unless the policy or scheme is a *SIPP*~~);

...

on condition that it complies with each of the other *rules* in this section in relation to the provision of the document, as if references in those *rules* to a “*key features document*” or “*simplified prospectus*” were a reference to the “NURS KII document”.