

**CONDUCT OF BUSINESS SOURCEBOOK (INDEPENDENT GOVERNANCE  
COMMITTEES) INSTRUMENT 2019**

**Power exercised**

- A. The Financial Conduct Authority (“the FCA”) 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 137A (The FCA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) section 139A (Power of the FCA to give guidance);
- B. The rule making powers listed above are specified for the purpose of section 138G (rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 6 April 2020.

**Amendments to the Handbook**

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Conduct of Business sourcebook (COBS)	Annex C

**Citation**

- E. This instrument may be cited as the Conduct of Business Sourcebook (Independent Governance Committees) Instrument 2019.

By order of the Board  
12 December 2019

## Annex A

### Amendments to the Glossary of definitions

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

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

<i>ESG financial considerations</i>	environmental, social and governance factors (including climate change) that are material to the sustainability of an <i>investment</i> .
<i>non-financial matters</i>	factors which may influence a <i>firm's investment</i> strategy or decision, and which are based on the views (including ethical concerns regarding environmental, social and governance issues) of the <i>firm's clients</i> or <i>relevant policyholders</i> .
<i>other financial considerations</i>	factors (other than <i>ESG financial considerations</i> ) that are material to the financial performance of an <i>investment</i> or <i>investment</i> strategy.

Amend the following definitions as shown.

<i>governance advisory arrangement</i>	(in <i>COBS 19.5</i> ) an arrangement between a <i>firm</i> and a third party under which the third party establishes a committee to represent the interests of: <ul style="list-style-type: none"> <li>(a) <u><i>relevant policyholders</i></u> in the <i>firm's relevant <del>schemes</del> scheme</i>; or</li> <li>(b) <u><i>retail clients investing in a pathway investment offered by the firm</i></u>.</li> </ul>
<i>IGC</i>	(in <i>COBS 19.5</i> and <i>COBS 19.8</i> ) an independent governance committee established by a <i>firm</i> with terms of reference which satisfy <i>COBS 19.5.5R</i> with the purpose, in summary, to represent the interests of: <ul style="list-style-type: none"> <li>(a) <u><i>relevant policyholders</i></u> in the <i>firm's relevant <del>schemes</del> scheme</i>; or</li> <li>(b) <u><i>retail clients investing in a pathway investment offered by the firm</i></u>.</li> </ul>
<i>relevant policyholder</i>	(in <u><i>SYSC 3.2</i></u> , <u><i>SYSC 4.1</i></u> and <i>COBS 19.5</i> ) a member of a <i>relevant scheme</i> who is or has been a worker entitled to have contributions paid by or on behalf of his employer in respect of that <i>relevant scheme</i> . <p>‘Worker’ has the same meaning as in section 88 of the Pensions Act 2008, that is, in summary, an individual who has entered into or works under (a) a contract of employment, or (b) any other contract by which</p>

the individual undertakes to do work or perform services personally for another party to the contract.

*relevant scheme* ...

- (3) (in *SYSC 3.2*, *SYSC 4.1* and *COBS 19.5*) a *personal pension scheme* or *stakeholder pension scheme* for which direct payment arrangements are, or have been, in place, and under which contributions have been paid for two or more *employees* of the same employer. 'Direct payment arrangements' has the same meaning as in section 111A of the Pension Schemes Act 1993, that is, arrangements under which contributions fall to be paid by or on behalf of the employer towards the scheme (a) on the employer's own account (but in respect of the employee); or (b) on behalf of the employee out of deductions from the employee's earnings.

...

## Annex B

### Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

Insert the following new subheading and provision after SYSC 3.2.22G. The text is not underlined.

#### Investment strategy and investment decision making

- 3.2.23            G    (1) This *guidance* sets out the FCA's expectation on how a *firm* may take into account *ESG financial considerations* and *other financial considerations* and *non-financial matters* as part of its *investment strategy* and *investment decision making*, to demonstrate compliance with *Principles 2, 3, 6 or 8*.
- (2) This *guidance* only applies where the *firm's investment strategy* or *investment decision* could have a material impact on a *policyholder's investment* returns and relates to a product where:
- (a) the primary purpose is to provide an *investment* return; and
- (b) any *investment* risk is borne by a *policyholder* who is a natural person or a *relevant policyholder*.
- (3) As part of its *investment strategy* or *investment decision making*, a *firm* should take into account *ESG financial considerations* and *other financial considerations* over the period of time that the *firm* reasonably considers is needed to achieve the *investment objective* or *investment strategy*.
- (4) References to *other financial considerations* in (3) may include (but are not limited to) interest rate, liquidity, concentration, exchange rate, political and counterparty risks.
- (5) As part of its *investment strategy* or *investment decision making* in relation to a product, a *firm* may take into account *non-financial matters* if:
- (a) the *firm* has good reason to consider that affected *policyholders* or *relevant policyholders* would generally share the views on which the *non-financial matters* are based; and
- (b) taking those matters into account would not involve a risk of a significant financial detriment to any affected *investment*.
- (6) (5) does not apply to a *firm's investment strategy* or *investment decision making* in relation to a product (other than in relation to

a *relevant scheme* or a *pathway investment*), that has been deliberately designed by the *firm* to take into account *non-financial matters*, and *policyholders* or *relevant policyholders* make an active decision to select that product.

Insert the following new subheading and provision after SYSC 4.1.14G. The text is not underlined.

Investment strategy and investment decision making of an operator of a personal pension scheme or stakeholder pension scheme

- 4.1.15 G (1) This *guidance* sets out the *FCA*'s expectation on how an operator of a *personal pension scheme* or a *stakeholder pension scheme* may take into account *ESG financial considerations* and *other financial considerations* and *non-financial matters* as part of its *investment strategy* or *investment decision making*, to demonstrate compliance with *Principles 2, 3, 6 or 8*.
- (2) This *guidance* only applies where the *personal pension scheme* or *stakeholder pension scheme* operator's *investment strategy* or *investment decision* could have a material impact on a *client* or a *relevant policyholder's investment* returns and relates to a product where:
- (a) the primary purpose of the product is to provide an *investment* return; and
- (b) the *investment* risk is borne by a *client* who is a natural person or a *relevant policyholder*.
- (3) As part of its *investment strategy* or *investment decision making*, an operator of a *personal pension scheme* or a *stakeholder pension scheme* should take into account *ESG financial considerations* and *other financial considerations*, over the period of time that the *firm* reasonably considers is needed to achieve the objective of the *investment* or the *investment strategy*.
- (4) References to *other financial considerations* in (3) may include (but are not limited to) interest rates, liquidity, concentration, exchange rate, political and counterparty risks.
- (5) As part of its *investment strategy* or *investment decision making* in relation to a product, an operator of a *personal pension scheme* or a *stakeholder pension scheme* may take into account *non-financial matters* if:

- (a) the *firm* has good reason to consider that affected *clients* or *relevant policyholders* would generally share the views on which the *non-financial matters* are based; and
  - (b) taking those matters into account would not involve a risk of a significant financial detriment to an affected *investment*.
- (6) (5) does not apply to a *firm's investment* strategy or *investment* decision making in relation to a product (other than in relation to a *relevant scheme* or a *pathway investment*) that has been deliberately designed by the *firm* to take into account *non-financial matters*, and *clients* or *relevant policyholders* make an active decision to select that product.

### Annex C

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

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

## 19 Pensions supplementary provisions

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### 19.5 Independent governance committees (IGCs)

Application

19.5.1 R This section applies to:

- (1) a *firm* which operates a *relevant scheme* in which there are at least two *relevant policyholders*; or
- (2) a *firm* which offers or has decided to offer a *pathway investment*.

Definitions

19.5.1A R In this section:

- (1) “drawdown fund” means either a *capped drawdown pension fund* or a *flexi-access drawdown pension fund*;
- (2) “offer” means where a *firm* (F1) makes a *pathway investment* available for *investment* in the drawdown fund which F1 operates, where the *pathway investment* is either:
  - (a) *manufactured* by F1; or
  - (b) *manufactured* by another *firm* (F2);

- (3) “pathway firm” means a firm which offers a pathway investment;
- (4) “pathway investor” means a retail client investing in a firm’s pathway investment;
- (5) “referring” means a firm which arranges for a retail client to invest in a pathway investment available through a transfer to the drawdown fund operated by another firm (F2), where F2 offers its own manufactured pathway investment;
- (6) “stewardship” relates to a firm’s exercise of rights or engagement activities in relation to the investments attributable to the firm’s relevant policyholders or pathway investors, and may include:
  - (a) the exercise of a firm’s voting rights in those investments; and
  - (b) monitoring and engaging on matters such as strategy, performance, risk, culture and governance of the investments;
- (7) “IGC’s remit of review” means the remit of the IGC as described in COBS 19.5.5R(2), COBS 19.5.5R(2A), COBS 19.5.5R(2B), COBS 19.5.5R(2C), and, where applicable COBS 19.5.5R(2D) and COBS 19.5.5R(2E).

#### Purpose

19.5.1B G The purpose of this section is:

- (1) to ensure that relevant policyholders and pathway investors benefit from independent review of the investments they invest in through the establishment of an IGC or (where appropriate) a governance advisory arrangement.

The specific objectives of the IGC or governance advisory arrangement are to:

- (a) assess whether a firm provides value for money for relevant policyholders or pathway investors;
- (b) provide an independent consideration of a firm’s policies on:
  - (i) ESG financial considerations;
  - (ii) non-financial matters;
  - (iii) stewardship; and
  - (iv) where applicable, other financial considerations to the extent that they pose a particular and significant risk of financial harm to the relevant policyholders or pathway investors.

## Requirement to establish an IGC

- 19.5.2 R (4) ~~Subject to COBS 19.5.3R, a A firm (Firm A) must establish an IGC, unless:~~
- (1) Firm A has established a *governance advisory arrangement* in accordance with *COBS 19.5.3R*; or
  - (2) ~~This rule does not apply to a *firm* if another *firm* in Firm A's group has ~~made arrangements~~ already established an *IGC* under this section, for an *IGC* and Firm A has made arrangements with that *IGC* to cover a *relevant schemes scheme* operated by Firm A or a *pathway investment* offered by Firm A.~~

## Governance advisory arrangements

- 19.5.3 R (1) ~~If a *firm* considers it appropriate, ~~having regard to the size, nature and complexity of the *relevant schemes* it operates,~~ it may establish a *governance advisory arrangement* instead of an *IGC*, having regard to:~~
- (a) for a *relevant scheme operator*, the size, complexity and nature of the *relevant scheme* it operates; or
  - (b) for a *pathway firm*, the size of the take up, or expected size of the take up, complexity and nature of the *pathway investment*.

...

- 19.5.4 G ...
- (3) A *pathway firm* that has, or expects to have, a large take up of a *pathway investment* should establish an *IGC*.
  - (4) A *firm* may determine whether it has, or expects to have, a large take up of a *pathway investment* by reference to:
    - (a) the number of *retail clients* invested, or expected to invest, in a *pathway investment* offered by the *firm*; or
    - (b) the amount of the *firm's* *pathway investors' funds* under, or expected to be under management in a *pathway investment* offered by the *firm*.
  - (5) Examples of features that might indicate a complex *pathway investment* include:
    - (a) a *pathway investment* that has multiple charging structures; or



- (b) a pathway investment that uses a sophisticated or complex investment strategy, which may include investments in a with-profits fund.
- (6) Having regard to the nature of the pathway investment, a firm may consider that it is more appropriate to use a governance advisory arrangement where the pathway investment it offers is manufactured by another firm.
- (7) If a firm manufactures its own pathway investment, it may be more appropriate for the firm to establish an IGC.
- (8) A firm should consider establishing an IGC instead of a governance advisory arrangement if the firm both operates a relevant scheme and also manufactures its own pathway investment.

Terms of reference for an IGC

- 19.5.5 R A firm must include, as a minimum, the following requirements in its terms of reference for an IGC:
- (1) the IGC will act solely in the interests of:
    - (a) relevant policyholders and any other members or clients a firm asks the IGC to consider; or
    - (b) pathway investors;
  - (2) the IGC will assess the ongoing value for money for *relevant policyholders* delivered by ~~a relevant schemes~~ scheme particularly, though not exclusively, through assessing:
    - ...
    - (d) the levels of charges borne by *relevant policyholders*; ~~and~~
    - (e) the direct and indirect costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the pension savings of *relevant policyholders*, including transaction costs; and
    - (f) whether the communications to *relevant policyholders* are fit for purpose and properly take into account the *relevant policyholders*' characteristics, needs and objectives;
  - (2A) the IGC will assess the ongoing value for money for pathway investors delivered by a pathway investment particularly, though not exclusively, through assessing:
    - (a) whether the pathway investment offered by the firm:

- (i) is designed and managed in the interests of pathway investors; and
  - (ii) has a clear statement of aims and objectives;
  - (b) whether the characteristics and net performance of the *pathway investment* are regularly reviewed by the *firm* to ensure alignment with the interests of pathway investors and that the *firm* takes action to make any necessary changes;
  - (c) whether core financial transactions are processed promptly and accurately;
  - (d) the levels of charges borne by pathway investors;
  - (e) the direct and indirect costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the drawdown fund of pathway investors, including transaction costs; and
  - (f) whether the communications to pathway investors are fit for purpose and properly take into account the pathway investors' characteristics, needs and objectives;
- (2B) where a *firm* has an *investment* strategy or makes *investment* decisions which could have a material impact on the *relevant policyholders'* or pathway investors' *investment* returns, the *IGC* will consider and report on:
- (a) the adequacy and quality of the *firm's* policy (if any) in relation to *ESG financial considerations*;
  - (b) the adequacy and quality of the *firm's* policy (if any) in relation to *non-financial matters*; and
  - (c) how the considerations or matters in (a) and (b) are taken into account in the *firm's investment* strategy or *investment* decision making; and
  - (d) the adequacy and quality of the *firm's* policy (if any) in relation to *stewardship*;
- (2C) where the *firm* does not have a policy in relation to *ESG financial considerations*, *non-financial matters* or *stewardship*, the *IGC* will in each case consider and report on the *firm's* reasons for not having a policy;
- (2D) where the *firm* has not already adequately taken into account, in its *investment* strategy or *investment* decision making, *other financial considerations* that pose a particular and significant risk of financial

harm to the *relevant policyholders* or pathway investors, the *IGC* will also:

- (a) consider and report on the adequacy and quality of the *firm's* policy (if any) in relation to those *other financial considerations*, and whether and how those considerations are taken into account in the *firm's investment strategy* or *investment decision*; or
  - (b) consider and report on the *firm's* reasons for not having a policy in relation to those considerations;
- (2E) the *IGC* will consider and report on the extent to which the *firm* has implemented its stated policies in relation to the considerations and matters in (2B), (2C), and, where applicable (2D);
- (3) in relation to the *IGC's* remit of review, the *IGC* will raise with the *firm's governing body* any concerns it may have:
- (a) in relation to ~~the value for money for *relevant policyholders* delivered by a *relevant scheme*~~ any of the matters it has assessed or considered; or
  - (b) where the *IGC* is unable to obtain or has difficulties obtaining from the *firm* the information it requires;
- (3A) once a decision has been made by a *firm* to offer a *pathway investment*, the *IGC* must raise any concerns under (3):
- (a) in good time to give the *firm's governing body* a proper opportunity to consider and address the *IGC's* concerns, before the *pathway investment* is offered to *retail clients*; and
  - (b) on an ongoing basis in relation to the *pathway investment* it offers;
- ...
- (6) the Chair of the *IGC* will be responsible for the production of an annual report setting out:
- (a) the *IGC's* opinion on:
    - (i) the value for money delivered by a *relevant schemes scheme* or a *pathway investment*, particularly against the matters listed under (2) or (2A); and
    - (ii) the adequacy and quality of the *firm's* policies, or reasons for not having policies, in relation to the considerations and matters listed under (2B), (2C) and (if applicable) (2D);

- (aa) the extent to which the *firm* has implemented its stated policies in relation to the consideration and matters in (2B), (2C) and (if applicable) (2D);
- (b) how the *IGC* has considered *relevant policyholders' or pathway investors'* interests;
- ...
- (d) how the *IGC* has sufficient expertise, experience and independence to act in *relevant policyholders' or pathway investors'* interests;
- ...
- (f) the arrangements put in place by the *firm* to ensure that the views of *relevant policyholders or pathway investors* are directly represented to the *IGC*.

Interests of relevant policyholders or pathway investors and consideration of adequacy and quality of a policy

- 19.5.6 G (1) An *IGC* is expected to act in the interests of *relevant policyholders or pathway investors* both individually and collectively. Where there is the potential for conflict between individual and collective interests, the *IGC* should manage this conflict effectively. An *IGC* is not expected to deal directly with complaints from individual policyholders or pathway investors.
- (2) The primary focus of an *IGC* should be the interests of *relevant policyholders or pathway investors* in accordance with *COBS 19.5.5R(1)*. ~~Should~~ If a *firm* asks an *IGC* also to consider the interests of other members or clients, the *firm* should provide additional resources and support to the *IGC* such that the *IGC's* ability to act in the interests of *relevant policyholders or pathway investors* is not compromised.
- (3) An *IGC* should assess whether all the *investment* choices available to *relevant policyholders or pathway investors*, including default options, are regularly reviewed to ensure alignment with the interests of *relevant policyholders or pathway investors*.
- (4) Where an *IGC* is unable to obtain from a *firm*, and ultimately from any other person providing relevant services, the information it requires to assess or to consider and report on the matters in ~~COBS 19.5.5R(2)~~ the *IGC's* remit of review, the *IGC* should explain in the annual report why it has been unable to obtain the information and how it will take steps to be granted access to that information in the future.

- (5) If, having raised concerns with the *firm's governing body* about ~~the value for money offered to *relevant policyholders* by a *relevant scheme*~~ the matters in the IGC's remit of review, the IGC is not satisfied with the response of the *firm's governing body*, the IGC Chair may escalate concerns to the FCA if the IGC thinks that would be appropriate. The IGC may also alert *relevant policyholders* or pathway investors and employers and make its concerns public.
- (6) The IGC Chair should raise with the *firm's governing body* any concerns that the IGC has about the information or resources that the *firm* provides, or arrangements that the *firm* puts in place to ensure that the views of *relevant policyholders* or pathway investors are directly represented to the IGC. If the IGC is not satisfied with the response of the *firm's governing body*, the IGC Chair may escalate its concerns to the FCA, if appropriate. The IGC may also make its concerns public.
- (7) The IGC should make public the names of those members of the IGC who are *employees* of the provider *firm*, unless there are compelling reasons not to do so. The IGC should consult *employee* members as to whether there are such reasons.
- (8) The IGC need not consider and report on *ESG financial considerations* or *non-financial matters* or *stewardship* or *other financial considerations* as set out in COBS 19.5.5R(2B) and COBS 19.5.5R(2D) if the *firm* does not have an *investment strategy* or make *investment decisions* which could have a material impact on the *relevant policyholders'* or *pathway investors'* *investment returns*.
- (9) The IGC should only consider and report on *other financial considerations* as set out in COBS 19.5.5R(2D) where it considers that:
- (a) they are likely to pose a particular and significant risk of *financial harm* to the *relevant policyholders* or *pathway investors*; and
  - (b) the *firm* has not already adequately taken those *other financial considerations* into account in its *investment strategy* or *investment decision making*.
- (10) When an IGC is considering the adequacy and quality of a *firm's* policies regarding *ESG financial considerations*, *non-financial matters*, *stewardship* or *other financial considerations*, the IGC should form a view as to whether:

- (a) a policy sufficiently characterises the relevant risks or opportunities;
  - (b) it considers that a policy seeks to appropriately mitigate those risks and take advantage of those opportunities;
  - (c) a firm's processes have been designed to properly take into account those risks or opportunities;
  - (d) a policy is appropriate in the context of the expected duration of the investment; and
  - (e) a policy is appropriate in the context of the main characteristics of the actual or expected relevant policyholders or pathway investors.
- (11) Where an IGC is considering whether a firm has adequately taken other financial considerations into account for the purposes of COBS 19.5.5R(2D), it should also take into account the factors in COBS 19.5.6(10)G, whether or not contained in a policy.

Duties of firms in relation to an IGC

19.5.7 R A firm must:

- ...
- (2) take reasonable steps to provide the IGC with all the information reasonably requested by the IGC in good time for the purposes of carrying out its role;
- ...
- (4) have arrangements to ensure that the views of relevant policyholders or pathway investors can be directly represented to the IGC;
- ...
- (5A) for any pathway investment, take reasonable steps to address any concerns raised by the IGC about the matters in COBS 19.5.5R(3) and (3A):
  - (a) before the firm offers the pathway investment, and
  - (b) promptly, for any pathway investment it already offers.
- ...
- (8) ~~make the terms of reference and the annual report of the IGC publicly available~~ the IGC's terms of reference and the three most recent

annual reports, in a way appearing to the *firm* to be best calculated to bring them to the attention of *relevant policyholders* and their employers or to the attention of pathway investors.

- 19.5.8 G ...
- (3) A *firm* should not unreasonably withhold from the *IGC* information that would enable the *IGC* to carry out ~~a comprehensive assessment of value for money~~ its duties in the *IGC*'s remit of review.
- (3A) A *firm* should provide the *IGC* with sufficient support and resources so that the *IGC* is properly able to carry out its duties in the *IGC*'s remit of review.
- ...
- (5) A *firm* should use best endeavours to obtain, and should provide the *IGC* with, information on the costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the assets of ~~a *relevant schemes*~~ *scheme* or which could impact a *pathway investment*, including transaction costs. Information about costs and charges more broadly should also be provided, so that the *IGC* can properly assess the value for money of ~~a *relevant schemes*~~ *scheme* or a *pathway investment* and the funds held within these.
- ...
- (8) A *firm* can make the *IGC*'s terms of reference for the and the *IGC* *IGC*'s three most recent and the annual report reports of the *IGC* publicly available in a way designed to bring them to *relevant policyholders*' and their employers' attention or to the attention of *pathway investors* by placing them in an appropriately prominent and relevant position on its website, and by providing them on request to *relevant policyholders* and their employers or to *pathway investors*.

#### Appointment of IGC members

- 19.5.9 G (1) A *firm* must take reasonable steps to ensure that the *IGC* has sufficient collective expertise and experience to be able to make judgements on the ~~value for money of *relevant schemes*~~ matters in the *IGC*'s remit of review.
- ...
- 19.5.10 G (1) The effect of COBS 19.5.9R(3)(b) is that *employees* of the *firm* who serve on an *IGC* should be subject to appropriate contractual terms so that, when acting in the capacity of an *IGC* member, they are free to act within the terms of reference of the *IGC* without conflict with other terms of their employment. In particular, when acting as an *IGC* member, an *employee* will be expected to act solely in the interests of

*relevant policyholders or pathway investors* and should be able to do so without breaching any terms of ~~his~~ their employment contract.

...

IGC members who are independent

...

19.5.12 G ...

- (2) A *firm* may appoint a *body corporate* to an *IGC*, including as Chair. The corporate member should notify the *firm* of the individual who will act as the member’s representative on the *IGC*. A *firm* should consider the circumstances of a corporate *IGC* member and any representative of the corporate member with the objective of ensuring that any potential conflicts of interest are managed effectively so that they do not affect the corporate *IGC* member’s ability to represent the interests of *relevant policyholders or pathway investors*.

...

**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 provision: coming into force
...					
<u>2.30</u>	<u>COBS TP 2.31</u>	<u>G</u>	The purpose of the <u>transitional provision in COBS TP 2.31</u> is to treat <u>the specified Glossary definitions (and the relevant provisions referred to within these definitions) of the Conduct of Business Sourcebook (Investment</u>	<u>From 6 April 2020 to 31 July 2020</u>	<u>6 April 2020</u>



			<u>Pathways)</u> <u>Instrument 2019</u> <u>coming into force</u> <u>on 1 August 2020</u> <u>as in force to</u> <u>enable a <i>firm</i> and</u> <u>its <i>IGCs</i> to comply</u> <u>with the</u> <u>requirements of</u> <u><i>COBS</i> 19.5 and the</u> <u>guidance in <i>SYSC</i></u> <u>3.2 and <i>SYSC</i> 4.1.</u>		
<u>2.31</u>	<u><i>COBS</i> 19.5</u>	<u>R</u>	<p>The following <u><i>Glossary</i></u> definitions (and the relevant provisions referred to within these definitions) have the same meaning as in Annex A of the <u>Conduct of Business Sourcebook (Investment Pathways) Instrument 2019 coming into force on 1 August 2020:</u></p> <p>(1) <u><i>capped drawdown pension fund;</i></u></p> <p>(2) <u><i>flexi-access drawdown pension fund;</i></u></p> <p>(3) <u><i>manufacture;</i></u> <u>and</u></p> <p>(4) <u><i>pathway investment.</i></u></p>	<u>From 6 April 2020 to 31 July 2020</u>	<u>6 April 2020</u>
<u>2.32</u>	<u><i>COBS</i> 19.5.5R(2A)(c)</u>	<u>R</u>	The <u>rule</u> in column (2) does not apply until 1 August 2020 and is replaced by	<u>From 6 April 2020 to 31 July 2020</u>	<u>6 April 2020</u>

			<u>the guidance in COBS TP 2.33.</u>		
<u>2.33</u>	<u>COBS 19.5.5R(2A)(c)</u>	<u>G</u>	<u>From 6 April 2020 to 31 July 2020, an IGC may consider it appropriate to consider the firm's processes and procedures, and any related service legal agreements, regarding the processing of core financial transactions, as part of its assessment of value for money.</u>	<u>From 6 April 2020 to 31 July 2020</u>	<u>6 April 2020</u>
<u>2.34</u>	<u>COBS 19.5.5R(6)</u>	<u>R</u>	<p><u>In relation to the matters in COBS 19.5.5R(2A) to (2D), where the first annual report produced by the Chair of an IGC from 6 April 2020 relates to a year:</u></p> <p><u>(1) that ends before 6 April 2020, the rule in column (2) does not apply; or</u></p> <p><u>(2) that starts before (but ends after) 6 April 2020, the IGC is not required to comply with the rule in column (2) to the extent the IGC does not have sufficient</u></p>	<u>From 6 April 2020 to 31 December 2020</u>	<u>6 April 2020</u>

			<p><u>information to produce a substantive report. In such cases where there is insufficient information to produce a substantive report, the Chair of the IGC must include a statement in the annual report to that effect.</u></p>		
<u>2.35</u>	<u>COBS 19.5.5R(6)(aa)</u>	<u>R</u>	<p><u>The rule in column (2) does not apply until 6 April 2021 and is replaced by the guidance in COBS TP 2.36 below.</u></p>	<u>From 6 April 2020 to 5 April 2021</u>	<u>6 April 2020</u>
<u>2.36</u>	<u>COBS 19.5.5R(6)(aa)</u>	<u>G</u>	<p><u>Where an annual report produced by the Chair of an IGC after 6 April 2020 relates to a year that ends before 6 April 2021, an IGC may consider it appropriate to report on the extent to which the firm has implemented its stated policies in relation to the matters in COBS 19.5.5R(2B) to (2D).</u></p>	<u>From 6 April 2020 to 5 April 2021</u>	<u>6 April 2020</u>