

**CONDUCT OF BUSINESS SOURCEBOOK (INVESTMENT PATHWAYS)  
INSTRUMENT 2019**

**Powers 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 1 August 2020, save for Part 1 of Annex 1, which comes into force on 26 July 2019.

**Amendments to the Handbook**

- D. The modules of the FCA’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).

(1)	(2)
Glossary of definitions	Annex A
Conduct of Business sourcebook (COBS)	Annex B
Product Intervention and Product Governance sourcebook (PROD)	Annex C

**Amendments to material outside the Handbook**

- E. The Perimeter Guidance manual (PERG) is amended in accordance with Annex D to this instrument.

**Citation**

- F. This instrument may be cited as the Conduct of Business Sourcebook (Investment Pathways) Instrument 2019.

By order of the Board  
25 July 2019

## Annex A

### Amendments to the Glossary of definitions

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

#### Part 1: Comes into force on 26 July 2019

Amend the following definition as shown.

<i>SFGB</i>	the single financial guidance body established under section 1 (Establishment of the single financial guidance body) of the Financial Guidance and Claims Act 2018, <u>named the <i>Money and Pensions Service</i> pursuant to regulations made by the secretary of state.</u>
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Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

<i>Money and Pensions Service</i>	the single financial guidance body ( <i>SFGB</i> ) established under section 1 of the Financial Guidance and Claims Act 2018.
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#### Part 2: Comes into force on 1 August 2020

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

<i>capped drawdown pension fund</i>	in accordance with paragraph 8 of schedule 28 to the Finance Act 2004, sums or assets held in a <i>personal pension scheme</i> or <i>stakeholder pension scheme</i> and designated as available for the payment of capped <i>income withdrawals</i> .
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<i>flexi-access drawdown pension fund</i>	in accordance with paragraph 8A of schedule 28 to the Finance Act 2004, sums or assets held in a <i>personal pension scheme</i> or <i>stakeholder pension scheme</i> and designated as available for the payment of unlimited <i>income withdrawals</i> .
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<i>investment pathway</i>	the process set out in <i>COBS</i> 19.10.14R to 19.10.21R that a <i>retail client</i> can use to select a <i>pathway investment</i> for investing the sums and assets in their <i>capped drawdown pension fund</i> or <i>flexi-access drawdown pension fund</i> .
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<i>pathway investment</i>	an investment that corresponds to the <i>investment pathway</i> options in <i>COBS</i> 19.10.17R(1).
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Amend the following definitions as shown.

- distribute* ...
- (3) (in relation to PROD 1.4.3AG, 1.4.3BR and 1.4.3CG, PROD 1.6.1R and PROD 6) arranging a pathway investment.
- ...
- income withdrawals* (a) (as defined in paragraph 7 of ~~Schedule~~ schedule 28 to the Finance Act 2004) in relation to a member of a pension scheme, amounts (other than an annuity) which the member is entitled to be paid from the member's:
- (i) ~~drawdown pension fund (as defined in paragraph 8 of that Schedule)~~ capped drawdown pension fund in respect of an arrangement; or
- (ii) ~~flexi access drawdown pension fund (as defined in paragraph 8A of that Schedule)~~ flexi-access drawdown pension fund in respect of an arrangement; or
- ...
- manufacture* ...
- (3) (in relation to COBS 19, PROD 1.6 and PROD 6) creating, developing, designing, issuing, operating and/or underwriting a pathway investment.

## 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.

**9 Suitability (including basic advice) (other than MiFID and insurance-based investment products)**

...

**9.3 Guidance on assessing suitability**

...

- 9.3.3A **G** (1) When a firm is making a personal recommendation to a retail client about the investment of funds in the client's capped drawdown pension fund or flexi-access drawdown pension fund its suitability assessment under COBS 9.2.1R(1)(a) should include consideration of pathway investments.
- (2) Pathway investments do not need to be considered where the personal recommendation is to purchase a fixed-term product that:
- (a) provides a guaranteed income, a guaranteed capital return or both; and
- (b) does not expose the client to investment risk, if the client remains in the product for the fixed term.

...		
<b>14</b>	<b>R</b>	<b>Providing product information to clients</b>
...		
<b>14.2</b>	<b>R</b>	<b>Providing product information to clients</b>
...		
		The provision rules for products other than PRIIPS
14.2.1	R	...
<u>14.2.1-A</u>	<b>G</b>	<u>If a retail client is invested in a pathway investment and makes a request falling within COBS 14.2.1R(3B) or (3E), but which is clearly incompatible with the investment pathway option selected by the client under COBS 19.10.17R(1), this should be brought to the client's attention.</u>

...		
<b>16</b>		<b>Reporting information to clients (non-MiFID provisions)</b>
...		
<b>16.6</b>		<b>Communications to clients – life insurance, long term care insurance and <del>income withdrawals</del> <u>drawdown pensions</u></b>
...		
		<u>Drawdown pensions: annual statements</u>
<u>16.6.7A</u>	<u>R</u>	<u>In the rest of COBS 16.6:</u>
		(1) <u>“annual statement” is the information required to be provided to a retail client on an annual basis at COBS 16.6.8R;</u>
		(2) <u>“cash terms” means pounds and pence;</u>
		(3) <u>“cash-like investments” includes cash or near cash, units in a regulated money market fund, or units in a fund authorised as a money market fund for the purposes of the European Parliament and Council Regulation on money market funds (2017/1131/EU); and</u>
		(4) <u>“drawdown fund” means either a capped drawdown pension fund or flexi-access drawdown pension fund;</u>
		(5) <u>a retail client is a “non-advised retail client” if a firm has not determined on reasonable grounds that the client has received a personal recommendation in relation to how to invest the sums or assets in their drawdown fund, in accordance with COBS 19.10.10R (4);</u>
		<u>Income withdrawals - <del>Annual</del> annual statements</u>
16.6.8	R	At intervals <u>of no longer than 12 months, from beginning on</u> the date a retail client <u>first</u> takes a pension commencement lump sum <u>or an uncrystallised funds pension lump sum payment</u> , or <u>first</u> makes <u>an <del>income withdrawals</del> income withdrawal or one-off, ad hoc or regular uncrystallised funds pension lump sum payments</u> , the relevant operator of a personal pension scheme or stakeholder pension scheme must:
		(1) provide the retail client with such information as is necessary for the retail client to review the decision, including where relevant the information required by COBS 13 Annex 2 2.9R ( <u>Additional requirements: drawdown pensions and regular uncrystallised funds pension lump sum payment</u> ), COBS 16.6.8AR (pathway

			<u>investments) and COBS 16.6.10R (costs and charges disclosure); and</u>
		...	
<u>16.6.8A</u>	<u>R</u>		<u>If a retail client is invested in a pathway investment the annual statement must include the following:</u>
		(1)	<u>a short description of each pathway investment the retail client is invested in, including the corresponding investment pathway option under COBS 19.10.17R(1) and the current value of each pathway investment in cash terms;</u>
		(2)	<u>(for those retail clients invested in two or more pathway investments) how the retail client's drawdown fund is split, in cash terms, across the different pathway investments and the corresponding investment pathway options;</u>
		(3)	<u>a short description of the investment pathway options the retail client is not currently invested in (COBS 19.10.17R(1));</u>
		(4)	<u>a statement reminding the retail client that they can, at any time:</u>
		(a)	<u>select a different investment pathway option and change their pathway investment;</u>
		(b)	<u>select an investment that is not a pathway investment;</u>
		(c)	<u>(where this option is available) split their drawdown fund across two or more pathway investments;</u>
		(d)	<u>choose a different product to access their pension savings;</u>
		(e)	<u>shop around, with an explanation of how they may do so.</u>
<u>16.6.8B</u>	<u>G</u>		<u>If a retail client has been invested in the same pathway investment for 5 years (or a multiple of 5 years) a firm should consider including in the retail client's next annual statement:</u>
		(1)	<u>a reminder of the number of years the retail client has been invested in the same pathway investment; and</u>
		(2)	<u>a statement that the retail client should review the investment pathway option.</u>
<u>16.6.9</u>	<u>G</u>		<u>The information provided to the retail client in COBS 16.6.8R(1) is likely to be sufficient for the client to review the decision if it contains at least one of the following (in addition to the information required by COBS 16.6.8AR and COBS 16.6.10R, as relevant):</u>
		...	

	<u>Personal or stakeholder pension schemes in decumulation: actual costs and charges disclosure</u>		
<u>16.6.10</u>	<u>R</u>	<u>(1)</u>	<u>The annual statement must include costs and charges information which must be:</u>
		<u>(a)</u>	<u>based on actual costs and charges (including transaction costs and the cost of advice) charged by the operator or other parties, which have been paid out of the retail client's:</u>
		<u>(i)</u>	<u>drawdown fund; or</u>
		<u>(ii)</u>	<u>personal pension scheme or stakeholder pension scheme from which an uncrystallised funds pension lump sum payment was paid;</u>
		<u>(b)</u>	<u>aggregated and totalled; and</u>
		<u>(c)</u>	<u>expressed in pounds and pence.</u>
		<u>(2)</u>	<u>When a retail client's personal pension scheme or stakeholder pension scheme is in partial drawdown, the operator:</u>
		<u>(a)</u>	<u>may include costs and charges information for the whole pension scheme; and</u>
		<u>(b)</u>	<u>must make clear whether the costs and charges information relates to the whole pension scheme or only to the drawdown fund.</u>
		<u>(3)</u>	<u>If the operator does not have the information necessary to comply with (1), it must take all reasonable steps to obtain it.</u>
		<u>(4)</u>	<u>If the operator does not have exact figures for certain costs and charges, despite taking all reasonable steps to obtain them, the operator:</u>
		<u>(a)</u>	<u>must provide a reasonable estimate of such costs and charges when providing the costs and charges information; or</u>
		<u>(b)</u>	<u>if it is not possible to provide a reasonable estimate of such costs and charges, must include a written statement, with the costs and charges information, to explain which costs and charges are not included.</u>
		<u>(5)</u>	<u>The operator must include a written statement with the costs and charges information, stating whether any adviser remuneration, including adviser charges, consultancy charges, commission or</u>

		<u>commission equivalent</u> , is included in the aggregated costs and charges figure.
		(6) <u>The operator must make clear what period is covered by the costs and charges information.</u>
<u>16.6.11</u>	<u>R</u>	<u>COBS 16.6.10R does not apply where costs and charges are discharged by payment of the fixed price of a drawdown pension product, which has been clearly disclosed to the retail client.</u>
<u>16.6.12</u>	<u>G</u>	<u>Where COBS 16.6.10R(1)(a)(ii) applies, the annual statement must include costs and charges for the whole of the retail client's personal pension scheme or stakeholder pension scheme.</u>
<u>16.6.13</u>	<u>G</u>	<u>The operator's reasonable steps to obtain costs or charges information should include, where relevant, requesting this information from third parties that provide services relating to the retail client's drawdown fund, personal pension scheme or stakeholder pension scheme.</u>

After COBS 19.9 (Pension annuity comparison information) insert the following new section. The text is not underlined.

## **19.10 Drawdown, investment pathways and cash warnings**

### Definitions

19.10.1 R In COBS 19.10:

- (1) “cash-like investments” includes *cash* or *near cash*, units in a *regulated money market fund*, or units in a fund authorised as a money market fund for the purposes of the European Parliament and Council Regulation on money market funds (2017/1131/EU);
- (2) “cash warning” is the warning in COBS 19.10.38R;
- (3) “drawdown fund” means either a *capped drawdown pension fund* or *flexi-access drawdown pension fund*;
- (4) a *retail client* is a “non-advised *retail client*” if a *firm* has not determined, on reasonable grounds, that the client has received a *personal recommendation* in relation to how to invest the sums or assets in their drawdown fund, in accordance with COBS 19.10.10R(4);
- (5) “pathway investments exempt firm” is a *firm* which:
  - (a) has elected not to offer *pathway investments*; and
  - (b) is satisfied on reasonable grounds that it is more likely than not to have fewer than 500 of its non-advised *retail clients*



designate funds to a drawdown fund in the 12 *months* following the date of the election in (a), taking into account:

- (i) the number of non-advised *retail clients* who designated funds to a drawdown fund in the preceding 12 *months*;
  - (ii) the potential impact of any change in the *firm's* business plans over the next 12 *months*; and
  - (iii) any other relevant factors;
- (6) references to a *firm* “offering” the *retail client* a *pathway investment* mean that the investments are either:
- (a) *manufactured* by the *firm* (F1); or
  - (b) *manufactured* by another *firm* (F2);
- and are available for investment in the drawdown fund operated by F1.
- (7) references to a *firm* (F1) “referring” the *retail client* to a *firm* (F2) offering a *pathway investment* mean that F1 arranges for F2 to give the *retail client* the opportunity to invest in a *pathway investment* available through transfer to the drawdown fund operated by F2, where F2 offers *pathway investments* in accordance with (6)(a) above.

#### Who?

- 19.10.2 R This section applies to an *operator* of a *retail client's personal pension scheme* or *stakeholder pension scheme*.
- 19.10.3 G The application of this section is modified for a pathway investments exempt firm.
- 19.10.4 R (1) A pathway investments exempt firm must review its status at least once every 12 *months*.
- (2) Any change to a *firm's* status as a pathway investments exempt firm must take effect within 12 *months* of the review date.

#### Purpose

- 19.10.5 G The purpose of this section is to help non-advised *retail clients* designating some or all of the funds in their *pension schemes* into a drawdown fund to make an active decision about how to invest those drawdown funds to achieve their retirement objectives.

- 19.10.6 G This section specifies the circumstances where a *firm* dealing with a non-advised *retail client* in relation to the investment of the sums or assets in their drawdown fund must:
- (1) give the *retail client* the opportunity to use the *investment pathways*;
  - (2) offer the *retail client* a *pathway investment* or refer the *retail client* to a *firm* that offers *pathway investments*;
  - (3) ensure that *retail clients* investing wholly or predominantly in cash-like investments make an active decision to do so; and
  - (4) provide warnings to *retail clients* investing wholly or predominantly in cash-like investments;
  - (5) remind *clients* about their option to shop around and use *pensions guidance*.
- 19.10.7 G This section does not absolve *firms* of their obligation, when communicating with *retail clients* about their drawdown fund options, to provide such information as is necessary for the *retail client* to make an informed decision, including (where relevant) the information listed in *COBS 19.4.14R*.
- When?
- 19.10.8 R Subject to *COBS 19.10.10R*, a *firm* must take the steps in this section when a *retail client* requests to:
- (1) designate some, or all, of the sums or assets in their *pension scheme* to a drawdown fund; or
  - (2) transfer sums or assets already in drawdown into a drawdown arrangement provided by the *firm*.
- 19.10.9 G *COBS 19.10.8R(2)* applies to a drawdown provider when a *retail client* requests to transfer sums to the drawdown provider from another provider. It also applies, for example, when a *retail client* requests to transfer sums into a new drawdown arrangement at the end of a fixed-term arrangement with the same drawdown provider.
- 19.10.10 R The requirements in this section do not apply to a *firm*:
- (1) in relation to sums or assets in a *retail client's pension scheme* that the *retail client* requests to use to purchase a fixed-term product that:
    - (a) provides a guaranteed income, a guaranteed capital return or both, to the *retail client* or the *retail client's* beneficiary; and
    - (b) does not involve any investment risk to the *retail client* if the *retail client* remains in the product for the fixed term;

- (2) when the *firm* carries out the *retail client's* previous instructions to designate their funds on a regular basis into a drawdown fund;
  - (3) when the *retail client* has been taken through the *investment pathways* by another *firm* (F1) and has been referred to the *firm's* (F2's) drawdown fund to invest in one of the *pathway investments* that the *firm* (F2) offers (see *COBS* 19.10.1R(7)); or
  - (4) when the *firm* has determined, on reasonable grounds, that the *retail client* has received a *personal recommendation* in relation to the action referred to in *COBS* 19.10.8R(1) or (2).
- 19.10.11 G *COBS* 19.10.10R(1) applies where a *retail client* requests to purchase a fixed-term product, in which the only income or return is intended to be regular income, a capital return or both (payable to the client or the client's beneficiary), with amounts guaranteed and specified at the time the product is purchased. *Firms* may nonetheless agree terms permitting ad hoc withdrawals or early exit, which may or may not be subject to guarantees, with *retail clients* purchasing these products.
- 19.10.12 G A *firm* will not have reasonable grounds for the purpose of *COBS* 19.10.10R(4) if the determination is based solely on information that:
- (1) is over 12 *months* old;
  - (2) the *retail client* is in, or transferring from, an advised product; or
  - (3) the *retail client* continues to provide *remuneration* to an *adviser* in relation to their *pension scheme* or drawdown fund.
- 19.10.13 G However, a *firm* could have reasonable grounds for the purpose of *COBS* 19.10.10R(4) if the *retail client* continues to provide *remuneration* to an *adviser* in relation to their *pension scheme* or drawdown fund and the *firm* has reminded the *retail client* of this:
- (1) including an explanation of what this means in the context of the *retail client's* request referred to in *COBS* 19.10.8R;
  - (2) in a *durable medium*; and
  - (3) within a reasonable time before the *firm* carries out the *retail client's* request referred to in *COBS* 19.10.8R.

Step 1: offer use of investment pathways

- 19.10.14 R The first step is to ask the *retail client* how they want to select the *investment* for their drawdown fund from the following options:
- (1) use the *investment pathways* (option 1);

- (2) select investments without using the *investment pathways* (option 2); or
  - (3) (where applicable) remain invested in their current investments (option 3).
- 19.10.15 R The option to use *investment pathways* must be presented with equal prominence to options 2 and 3.
- 19.10.16 R If a *retail client* selects option 1, or the *retail client* is unsure about the option to select, or the *firm* is unsure about which option the *retail client* has selected, the *firm* must proceed to step 2.

Step 2: present investment pathway options

- 19.10.17 R The second step is to:
- (1) present the *retail client* with the following *investment pathway* options:
    - (a) Option 1: I have no plans to touch my money in the next 5 years;
    - (b) Option 2: I plan to use my money to set up a guaranteed income (annuity) within the next 5 years;
    - (c) Option 3: I plan to start taking my money as a long-term income within the next 5 years;
    - (d) Option 4: I plan to take out all my money within the next 5 years; and
  - (2) ask the *retail client* to select an *investment pathway* option that corresponds most closely to their current intentions.
- 19.10.18 R A *firm* must not present any other investment options to the *retail client* during step 2 of *investment pathways*.
- 19.10.19 R If a *retail client* selects an *investment pathway* option, the *firm* must proceed to step 3.
- 19.10.20 G If, after the *firm* completes step 2, the *retail client* does not select an *investment pathway* option the *firm* should:
- (1) consider providing the *retail client* with the opportunity to view the *investment pathways* options again or ask if the *retail client* requires further information to make a decision;
  - (2) provide a clear and prominent statement about the availability of advice and *pensions guidance*; and

- (3) provide the *retail client* with the information in COBS 19.10.30R, if applicable.

Step 3: offer pathway investments

- 19.10.21 R (1) The third step is for the *firm* to:
- (a) (i) offer the *retail client* a *pathway investment* that corresponds to the *investment pathway* option selected in step 2; or
  - (ii) refer the *retail client* to a *firm* that offers a *pathway investment* that corresponds to the *investment pathway* option selected in step 2; or
  - (iii) (for pathway investments exempt firms only) refer the *retail client* to the *Money and Pensions Service* drawdown comparator;
- (b) describe to the *retail client*, using plain language, the level of riskiness of each *pathway investment* (whether offered by that *firm* or by a *firm* to which they refer *retail clients*); and
- (c) provide the *retail client* with a clear and prominent statement:
- (i) that other *firms* offer *pathway investments* for the *investment pathway* option selected by the *retail client* and that the *retail client* may benefit from shopping around, with an explanation of how they may do so; and
  - (ii) that the *Money and Pensions Service* is available to assist the *retail client* with shopping around for *pathway investments* with an explanation of how they may access the *Money and Pensions Service* and the *Money and Pensions Service* drawdown comparator.
- (2) A pathway investment exempt firm need only do (1)(a)(ii) or (iii) and (1)(b) and (c).
- 19.10.22 G If after the *firm* completes step 3 the *retail client* does not select a *pathway investment* the *firm* should:
- (1) consider providing the *retail client* with the opportunity to view the *investment pathways* options again or ask if the *retail client* requires further information to make their decision;
  - (2) remind the *retail client* that they can shop around and explain how they can do that;

- (3) provide a clear and prominent statement about the availability of advice and *pensions guidance*; and
  - (4) provide the *retail client* with the information in COBS 19.10.30R, if applicable.
- 19.10.23 G If after the *firm* completes step 3 the *retail client* does not select a *pathway investment* the *firm* may offer other investments and tools the client may use when deciding how to invest their drawdown fund.

Preparing for step 3

- 19.10.24 R To prepare for step 3:
- (1) a *firm* (excluding pathway investments exempt firms) must be in a position to:
    - (a) offer, or refer to other *firms* offering, a *pathway investment* for each of the *investment pathway* options (see COBS 19.10.1R(7) on referring); and
    - (b) offer *pathway investments* for at least two *investment pathway* options;
  - (2) *firms* may offer, or refer to other *firms* offering, the same *pathway investment* for more than one *investment pathway* option, but must not offer, or refer the *retail client* to other *firms* that offer, the same *pathway investment* for all *investment pathway* options;
  - (3) *firms* must be in a position to describe the level of riskiness of each *pathway investment*, whether offered by them or by a *firm* to which they refer *retail clients*; and
  - (4) pathway investments exempt firms must be in a position to either:
    - (a) refer clients to *pathway investments* offered at other *firms*; or
    - (b) refer clients to the *Money and Pensions Service* drawdown comparator.
- 19.10.25 R *Firms* must not offer a *retail client* more than one *pathway investment*, nor refer a *retail client* to more than one *firm* offering a *pathway investment*, for any *investment pathway* option.
- 19.10.26 G *Firms* do not have to offer the same *pathway investment* to all *retail clients* who select the same *investment pathway* option. Example F(33) in PERG 8 Annex 1 sets out some considerations for *firms* that offer different *pathway investments* in relation to the same *investment pathway* option.
- 19.10.27 G (1) Where a *firm* decides to change the *pathway investment* it offers in relation to a particular *investment pathway* option, the *firm* may need

to consider whether it would be appropriate to transfer existing clients to that new investment.

- (2) This may be the case, for example, if the transfer is required to prevent consumer harm and avoid risking a breach of our *rules*, for example *Principle 6*. This could be the case where the *firm* has determined that the *pathway investment* is no longer an appropriate investment for the *investment pathway* option and the client is likely to suffer harm as a result.
- (3) If *firms* decide to transfer existing clients to a new *pathway investment*, *firms* will need to consider the information needs of their clients, and communicate to them appropriately and in good time, in a manner that is clear, fair and not misleading.
- (4) *Firms* are required to have appropriate arrangements in place (including contractual powers that are fair and transparent and comply with the *CRA*) to enable them to comply with their obligations under the *regulatory system*.

- 19.10.28 R (1) *Firms* must label *pathway investments* clearly using the corresponding option listed in *COBS 19.10.17R(1)*.
- (2) *Firms* must not label any other investments as *pathway investments* or mislead a *retail client* into thinking that another investment is a *pathway investment*.

Information, including cash warnings, for clients who have not decided to invest at least 50% of their drawdown fund in *pathway investments*

- 19.10.29 R *COBS 19.10.30R* applies if a *retail client* has:
- (1) been taken through the *investment pathway* (whether or not they proceeded to steps 2 or 3); and
  - (2) not decided to invest at least 50% of their drawdown fund in one or more *pathway investments*.
- 19.10.30 R Before carrying out the *retail client's* request referred to in *COBS 19.10.8R*, the *firm* must:
- (1) if the *retail client* has chosen to remain in their current investments, remind the *retail client*:
    - (a) of their current investment strategy (where this is known to the *firm*); and
    - (b) to check that their current investment strategy meets their current investment objectives;
  - (2) subject to *COBS 19.10.32R*, if carrying out the *retail client's* request referred to in *COBS 19.10.8R* would result in more than 50% of the

*retail client's* drawdown fund being invested in cash-like investments:

- (a) ensure that the *retail client* has made an active decision to invest in cash-like investments; and
  - (b) provide the *retail client* with a cash warning;
  - (3) remind the *retail client* that they can shop around and how to do that, including the option of using the *Money and Pensions Service* drawdown comparator; and
  - (4) provide a clear and prominent statement about the availability of advice and *pensions guidance*.
- 19.10.31 G A *retail client's* signature on a pre-populated form, whether in paper or electronic format, is not, by itself, sufficient evidence of an active decision to invest in cash-like investments.
- 19.10.32 R (1) *COBS* 19.10.30R(2) does not apply where a *retail client* has given a *discretionary investment manager* or a financial adviser permission to *execute* investment decisions, and the sums or assets covered by this permission comprise more than 50% of the *retail client's* drawdown fund.
- (2) When ascertaining whether more than 50% of the *retail client's* drawdown fund is invested in cash-like investments, a *firm* may ignore sums or assets in relation to which a *discretionary investment manager* or a financial adviser has permission to *execute* investment decisions. A *firm* exercising this option must take the steps in *COBS* 19.10.30R(2) if the client's decision would result in more than 50% of the remainder of the drawdown fund being invested in cash-like investments.
- (3) If it is not possible for the *firm* to identify the assets in a *retail client's* drawdown fund, despite making all reasonable efforts, a *firm* may take into account all investments in the *retail client's personal pension scheme* or *stakeholder pension scheme*. In such a case, a *firm* must take the steps in *COBS* 19.10.30R(2) if the client's decision would result in more than 50% of the value of the client's *personal pension scheme* or *stakeholder pension scheme* being invested in cash-like investments.
- 19.10.33 G To ascertain whether more than 50% of a *retail client's* drawdown fund is invested in cash-like investments, a *firm* should take reasonable steps to obtain up-to-date information, and should use the most recent information it has access to.

#### Ongoing cash warnings

- 19.10.34 R When a *firm* has given a *retail client* a cash warning pursuant to *COBS* 19.10.30R(2)(b) or TP 2.8GR, the *firm* must give the client a cash warning



at least annually thereafter, while the client remains so invested and remains a non-advised client.

- 19.10.35 G When considering whether to send an annual cash warning, a *firm* may, but is not obligated to, reassess whether a *retail client* has received a *personal recommendation* in relation to how to invest the sums or assets in their drawdown fund, in accordance with *COBS* 19.10.10R(4).

#### Product governance

- 19.10.36 G A *firm* should ensure that it complies with the product governance requirements in *PROD* in relation to the *pathway investments* they offer.

		Cash warnings	
19.10.37	G	This section defines a cash warning and how it must be provided. <i>COBS</i> 19.10.30R(2)(b), TP 2.8GR and <i>COBS</i> 19.10.34R set out when a cash warning must be provided.	
19.10.38	R	The cash warning must:	
		(1)	be provided in a <i>durable medium</i> ;
		(2)	using plain language, warn the <i>retail client</i> that:
		(a)	more than half of their eligible drawdown fund is invested in cash-like investments; and
		(b)	the value of their drawdown fund is at risk of being eroded by inflation; and
		(3)	include a generic example (provided as an explanation, an illustration or both) of how inflation erosion would affect a £10,000 pot over 5 years, assuming 0% interest and using a measure of inflation generally accepted in the <i>United Kingdom</i> ; and
		(4)	inform the <i>retail client</i> that if they plan to invest for the longer-term, they should consider whether their current investments are likely to grow sufficiently to meet their objectives.
19.10.39	G	The <i>firm</i> should also:	
		(1)	(if appropriate) inform the <i>retail client</i> that:
		(a)	this warning is not advice or a substitute for it;
		(b)	the value of any investment can fall as well as rise;
		(2)	explain to and/or illustrate for the <i>retail client</i> that different types of investment have a different balance of risk to potential gain;

		(3)	provide the <i>retail client</i> with a statement to the effect that (to the extent applicable) the <i>firm</i> offers <i>pathway investments</i> and other investments; and
		(4)	remind the <i>retail client</i> (in line with the requirements in <i>COBS 19.4</i> ) that the <i>retail client</i> can:
		(a)	shop around (with an explanation of how to do that);
		(b)	seek advice from a <i>FCA</i> -regulated financial adviser; and
		(c)	review information on the <i>Money and Pensions Service's</i> website.
19.10.40	G		In the <i>FCA's</i> view, the Consumer Prices Index is a national index of retail prices and so may be used as a measure of the current inflation rate for the purposes of <i>COBS 19.10.38R(3)</i> .
			Warning on expiry of a fixed-term product
19.10.41	G		This section sets out when and how warnings must be given to <i>retail clients</i> who have purchased certain fixed-term products, and what the warnings should include.
19.10.42	R		<i>COBS 19.10.43R</i> applies where:
		(1)	a non-advised <i>retail client</i> has purchased a fixed-term product within a <i>personal pension scheme</i> or <i>stakeholder pension scheme</i> ;
		(2)	at the end of the fixed term, that product has a fixed cash value payable to the <i>retail client</i> or the <i>retail client's</i> beneficiary; and
		(3)	the <i>retail client</i> has not given the <i>firm</i> instructions to transfer the full value out of the product.
19.10.43	R		The <i>firm</i> must provide the <i>retail client</i> with a warning, which must:
		(1)	be provided:
		(a)	in a <i>durable medium</i> ;
		(b)	within 28 days of the end of the fixed term; and
		(c)	at least annually thereafter for so long as the value remains in the product; and
		(2)	in plain language, warn the client that:
		(a)	the fixed term of the product has expired;

		(b)	if applicable, no interest will accrue on the value remaining in the product; and
		(c)	the value remaining in the product is at risk of being eroded by inflation; and
		(3)	include a generic example (provided as an explanation, an illustration or both) of how inflation erosion would affect a £10,000 pot over 5 years, assuming 0% interest and using a measure of inflation generally accepted in the <i>United Kingdom</i> .
19.10.44	G	The <i>firm</i> should also:	
		(1)	if appropriate, inform the <i>retail client</i> that this warning is not advice or a substitute for it;
		(2)	remind the <i>retail client</i> (in line with the requirements in <i>COBS 19.4</i> ) that they can:
		(a)	shop around (with an explanation of how to do that);
		(b)	seek advice from a <i>FCA</i> -regulated financial adviser; and
		(c)	review information on the <i>Money and Pensions Service's</i> website.
19.10.45	G	In the <i>FCA's</i> view, the Consumer Prices Index is a national index of retail prices and so may be used as a measure of the current inflation rate for the purposes of <i>COBS 19.10.43R(3)</i> .	

## Record keeping

- 19.10.46 R A pathway investments exempt firm must maintain a record of:
- (1) the dates its exemption applies; and
  - (2) how the *firm* assessed that it meets the requirements for the exemption with reference to the criteria in *COBS 19.10.1R(5)(b)*.
- 19.10.47 G A *firm* to which the record-keeping rules in *SYSC 3* (Systems and controls) or *SYSC 9* (Record-keeping) apply should maintain a record of its compliance with the requirements in this section including:
- (1) the number of advised and non-advised *retail clients* entering into drawdown arrangements with the *firm*;
  - (2) a record of how the *firm* determined, on reasonable grounds, that a *retail client* had received a *personal recommendation*, in accordance with *COBS 19.10.10R(4)* (where relevant);

- (3) the number of *retail clients* who chose each of the 3 options at step 1 of *investment pathways*;
- (4) the number of *retail clients* who selected each *investment pathway* option at step 2;
- (5) the total number of *retail clients* who did not select an *investment pathway* option after step 2;
- (6) in relation to *retail clients* who did not select an *investment pathway* option after step 2, the number who:
  - (a) did not, as originally requested, move sums or assets into drawdown or transfer sum or assets already in drawdown;
  - (b) moved sums or assets into drawdown but remained invested in their previous investments;
  - (c) moved sums or assets into drawdown or transferred sum or assets already in drawdown, but selected another investment offered by the *firm*.
- (7) the number of *retail clients* offered each *pathway investment* at step 3;
- (8) the number of *retail clients* who selected each *pathway investment* at step 3;
- (9) the total number of *retail clients* who did not select the *pathway investment* offered;
- (10) in relation to *retail clients* who did not select the *pathway investment* offered, the number who:
  - (a) did not, as originally requested, move sums or assets into drawdown or transfer sum or assets already in drawdown;
  - (b) moved sums or assets into drawdown but remained invested in their previous investments;
  - (c) moved sums or assets into drawdown or transferred sum or assets already in drawdown, but selected another investment offered by the *firm*;
  - (d) moved sums or assets into drawdown or transferred sum or assets already in drawdown, but selected a *pathway investment* different to that offered by the *firm* in step 3;
- (11) where a *firm* refers *retail clients* to another *firm's pathway investment* at step 3:

- (a) the number of *retail clients* referred to another *firm's pathway investment*, broken down by *pathway investment* if more than one;
  - (b) the number who transferred to that *firm*;
  - (c) the number who did not transfer to that *firm*;
  - (d) in relation to *retail clients* who did not transfer, the number who:
    - (i) did not, as originally requested, move sums or assets into drawdown or transfer sum or assets already in drawdown;
    - (ii) moved sums or assets into drawdown but remained invested in their previous investments;
    - (iii) moved sums or assets into drawdown or transferred sum or assets already in drawdown, but selected a non-*pathway investment* offered by the *firm*;
    - (iv) moved sums or assets into drawdown or transferred sum or assets already in drawdown, but selected a *pathway investment* that did not require transferring to another *firm*;
- (12) where a pathway investment exempt firm refers *retail clients* to the *Money and Pensions Service* drawdown comparator at step 3:
- (a) the number of *retail clients* directed to the *Money and Pensions Service* drawdown comparator;
  - (b) the numbers of those *retail clients* who then transferred to another *firm*;
  - (c) the number of *retail clients* who did not transfer to another *firm*;
  - (d) in relation to *retail clients* who did not transfer, the number who:
    - (i) did not, as originally requested, move sums or assets into drawdown or transfer sum or assets already in drawdown;
    - (ii) moved sums or assets into drawdown but remained invested in their previous investments;
    - (iii) moved sums or assets into drawdown or transferred sum or assets already in drawdown, but selected a non-*pathway investment* offered by the *firm*;

- (13) the number of *retail clients* who received a cash warning pursuant to *COBS* 19.10.30R(2)(b) (initial cash warning);
- (14) the number of *retail clients* who received a cash warning pursuant to *COBS* 19.10.34R (ongoing cash warning);
- (15) in relation to *retail clients* who received an initial cash warning, the number of clients who did not receive an ongoing cash warning because:
  - (a) they were no longer holding more than 50% of their drawdown fund in *cash-like investments*;
  - (b) they closed their drawdown fund or transferred to another *firm*;
  - (c) the *firm* assessed that the *retail client* was no longer non-advised;
- (16) evidence of how each *retail client* who received an initial cash warning made an active choice, in accordance with *COBS* 19.10.30R(2)(a), to invest more than 50% of their drawdown fund in cash-like investments;
- (17) the number of *retail clients* who received a warning pursuant to *COBS* 19.10.43R(1)(b) (initial warning on expiry of fixed-term fixed-income product); and
- (18) the number of *retail clients* who received a warning pursuant to *COBS* 19.10.43R(1)(c) (ongoing warning on expiry of fixed-term fixed-income product).

19.10.48 G *PROD* 6.2.2G and 6.3.4G contain further *guidance* on record-keeping for *firms manufacturing or distributing pathway investments*.

Amend the following as shown.

**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>2.8G</u>	<u>COBS 19.10.30R(2)(b) and 19.10.34R</u>	<u>R</u>	<u>An operator of a personal pension scheme or stakeholder pension scheme must, within 6 months of 1 August 2020, identify which of its non-advised retail clients have more than 50% of their drawdown fund invested in cash-like investments (subject to COBS 19.10.32R) and provide those retail clients with a cash warning.</u>	1 August 2020 to 1 February 2021	1 August 2020
<u>2.8H</u>	<u>COBS 19.10.43R</u>	<u>R</u>	<u>An operator of a personal pension scheme or stakeholder pension scheme must, within 6 months of 1 August 2020, identify which of its retail clients have value remaining in an expired fixed term product, such that COBS 19.10.43R applies, and provide those retail clients with warnings as set out in that rule.</u>	1 August 2020 to 1 February 2021	1 August 2020
<u>2.8I</u>	<u>COBS 19.10.47G(13)</u>	<u>G</u>	<u>A firm to which TP 2.8GR applies should maintain a record of the number of retail clients provided with a cash warning in accordance with COBS TP 2.8GR.</u>	1 August 2020 to 1 February 2021	1 August 2020
<u>2.8J</u>	<u>COBS 19.10.47G(18) and (19)</u>	<u>G</u>	<u>A firm to which TP 2.8HR applies should maintain a record of the number of retail clients provided with a warning in accordance with COBS TP 2.8HR.</u>	1 August 2020 to 1 February 2021	1 August 2020
...					

## Annex C

## Amendments to the Product Intervention and Product Governance sourcebook (PROD)

In this Annex underlining indicates new text, unless otherwise stated.

**1 Product intervention and Product Governance Sourcebook (PROD)**

...

**1.3 Application of PROD 3**

...

Manufacturing pathway investments

1.3.16 **G** A firm that is within the scope of PROD 3 (Product governance: MiFID) when it manufactures pathway investments other than in connection with its operating of a retail client's personal pension scheme or stakeholder pension scheme, is also subject to PROD 6 (Product governance: additional provisions for pathway investments) as guidance with respect to that manufacturing activity (see PROD 1.6.1R(3)).

...

**1.4 Application of PROD 4**

...

Manufacturing and distributing pathway investments

1.4.3A **G** A firm that is within the scope of PROD 4 (Product governance: IDD) when manufactures pathway investments other than in connection with its operating of a retail client's personal pension scheme or stakeholder pension scheme, is also subject to PROD 6 (Product governance: additional provisions for pathway investments) as guidance with respect to that manufacturing activity (see PROD 1.6.1R(2)).

1.4.3B **R** Where a firm:

- (1) manufactures or distributes pathway investments in connection with its operating of a retail client's personal pension scheme or stakeholder pension scheme; and
- (2) is not otherwise within the scope of the rules or EU regulations in PROD in relation to that manufacturing or distribution activity, then:
  - (a) PROD 4 and PROD 1.4.10G apply; and



(b) PROD 1.4.4EU applies as a rule,

with respect to that manufacturing or distribution activity.

1.4.3C G The effect of PROD 1.4.3BR is to apply PROD 4 to any firm, such as a SIPP operator, which:

(1) manufactures or distributes pathway investments in connection with its operating of a retail client’s personal pension scheme or stakeholder pension scheme; and

(2) before the entry into force of PROD 1.4.3BR, was not subject to the rules or EU regulations in PROD.

...

Effect of provisions marked “EU” for certain manufacturers and distributors of insurance products

1.4.6 R ...

Effect and interpretation of PROD 1.4 and PROD 4 for certain manufacturers and distributors of pathway investments

1.4.6A R A firm to which PROD 1.4.3BR applies must:

(1) comply with provisions marked “EU” in PROD 1.4 and PROD 4 as if they were rules; and

(2) read terms or phrases found in PROD 1.4 or PROD 4 as follows:

(a) terms referred to in column (1) of the table below have the meaning indicated in the same row of column (2) of the table;

(b) terms relating to insurance or insurance products have the meaning of the corresponding term relevant in the context of pathway investments; and

(c) terms or phrases which are only relevant to firms manufacturing or distributing insurance products may be disregarded.

This table belongs to PROD 1.4.6AR(2)(a).

(1)	(2)
“Article 17(1) of Directive (EU) 2016/97”	COBS 2.1.1R

<u>“Article 25(1) of Directive (EU) 2016/97”</u>	<u>PROD 4.2.1R, 4.2.2R, 4.2.15R, 4.2.29R, 4.2.33R and 4.2.34R</u>
<u>“competent authorities”</u>	<u>FCA</u>
<u>“ICOBs”</u>	<u>relevant conduct of business obligations</u>
<u>“IDD manufacturer product governance requirements (PROD 4.2, equivalent requirements of another EEA State or directly applicable requirements of the IDD POG Regulation)”</u>	<u>PROD 4.2 or equivalent requirements of another EEA State</u>
<u>“insurance-based investment products”</u>	<u>pathway investment</u>
<u>“insurance distributor”</u>	<u>distributor</u>
<u>“insurance distribution activities”</u>	<u>distribution activities</u>
<u>“insurance intermediary and an insurance undertaking”</u>	<u>firms</u>
<u>“insurance product”</u>	<u>pathway investment</u>
<u>“‘manufacturer’ and ‘manufacturers’ within the meaning of Article 2 of this Delegated Regulation”</u>	<u>manufacturer</u>
<u>“manufacturing”</u>	<u>manufacturing</u>
<u>“premiums”</u>	<u>costs and charges</u>
<u>“shall”</u>	<u>must</u>

...

After PROD 1.5 (Application of PROD 5) insert the following new section, PROD 1.6. The text is not underlined.

## **1.6 Application of PROD 6**

1.6.1 R *PROD 6 applies to a firm:*

- (1) that *manufactures or distributes pathway investments* in connection with its operating of a *retail client’s personal pension scheme or stakeholder pension scheme*;
- (2) within the scope of *PROD 4* when *manufacturing pathway investments*, other than in connection with its operating of a *retail*

*client's personal pension scheme or stakeholder pension scheme, as guidance with respect to that manufacturing activity;*

- (3) *within the scope of PROD 3 when manufacturing pathway investments, other than in connection with its operating of a retail client's personal pension scheme or stakeholder pension scheme, as guidance with respect to that manufacturing activity.*

Amend the following as shown.

#### **4 Product governance: IDD and pathway investments**

...

After PROD 5 (Extended warranties sold with rent-to-own agreements: customer information and deferred opt-in) insert the following new chapter, PROD 6. The text is not underlined.

### **6 Product governance: additional provisions for pathway investments**

#### **6.1 General**

- 6.1.1 R This chapter does not affect the application of other requirements in the *FCA Handbook* or *EU regulations* applying to *firms* within the scope of this chapter. *Firms* within the scope of *PROD 1.3* (Application of PROD 3), *PROD 1.4* (Application of PROD 4), *PROD 3* (Product governance: MiFID) and *PROD 4* (Product governance: IDD) must continue to comply with those provisions.

#### **6.2 Manufacture of pathway investments**

- 6.2.1 R A *manufacturer* must review its *pathway investments* at least annually to ensure that the *pathway investments*:

- (1) remain consistent with the needs, characteristics and objectives of their identified target market, taking into account the *investment pathway* options in *COBS 19.10.17R(1)*; and
- (2) are being *distributed* to their target market.

- 6.2.2 G A *firm* to which the record-keeping rules in *SYSC 3* (Systems and controls) or *SYSC 9* (Record-keeping) apply should maintain, in relation to its *manufacture of pathway investments*, a record of the process undertaken to approve each *pathway investment*, and of the review conducted for each *pathway investment* to comply with *PROD 6.2.1R*.

#### **6.3 Distribution of pathway investments**

- 6.3.1 R A *firm* must not *distribute a pathway investment* unless it is compatible with the needs, characteristics and objectives of those *retail clients* that fall

within the *pathway investment's* target market, taking into account the *investment pathway* options in COBS 19.10.17R(1).

- 6.3.2 R When carrying out the compatibility assessment referred to in *PROD* 6.3.1R, *firms* must take into account:
- (1) the price and complexity of the *pathway investment*; and
  - (2) where the *firm* is referring *retail clients* to be transferred to the *personal pension scheme* or *stakeholder pension scheme* operated by another *firm*, they must also take into account:
    - (a) the charges and other product features of that other *firm's* drawdown product;
    - (b) the financial strength of that other *firm*; and
    - (c) the reliability and efficiency of that other *firm* in relation to its dealings with *retail clients*.
- 6.3.3 R A *firm* must review the distribution arrangements for the *pathway investments* it distributes at least on a two-yearly basis to ensure:
- (1) the distribution arrangements are still valid and up to date; and
  - (2) the *pathway investments* remain compatible with, and are being *distributed* to, their target market in accordance with *PROD* 6.3.1R.
- 6.3.4 G A *firm* to which the record-keeping rules in SYSC 3 or SYSC 9 apply should maintain, in relation to its *distribution* of *pathway investments*, a record of the process undertaken to select each *pathway investment*, and of the review conducted for each *pathway investment* to comply with *PROD* 6.3.3R.

Obligations on firms where retail clients are not acting in their interests

- 6.3.5 R Where a *firm* (A) refers *retail clients* to another *firm* (B), where B can offer a *pathway investment* to the *retail client* if the *retail client* transfers to the *personal pension scheme* or *stakeholder pension scheme* operated by B, both A and B must comply with *PROD* 6.3.6R.
- 6.3.6 R Where:
- (1) A becomes aware of a pattern of *retail clients* choosing to stay with A and not transferring to B; and
  - (2) A considers that this choice is unlikely to be in the interests of those *retail clients*, having regard to their objectives and characteristics; then
  - (3) A must promptly inform B of its concerns in (1) and (2); and

- (4) A and B must each take reasonable steps to minimise the potential harm to *retail clients*.

6.3.7 G Reasonable steps for the purposes of *PROD* 6.3.6R may include A and B making it easier for *retail clients* to transfer to *the personal pension scheme* or *stakeholder pension scheme* operated by B.

## Annex D

## Amendments to the Perimeter Guidance manual (PERG)

In this Annex, underlining indicates new text.

**8 Financial promotion and related activities**

...

**8 Annex Examples of what is and is not a personal recommendation and advice**

**1**

...

(F) Miscellaneous		
(1) Example	(2) Is there a personal recommendation?	(3) Is this regulated advice for someone other than a firm with an appropriate authorisation?
...		
<p><u>(31) A firm offers pathway investments in accordance with the requirements in COBS 19.10.14R to 19.10.21R.</u></p> <p><u>The firm interacts with the customer online or in writing.</u></p> <p><u>At step 3 the firm offers the customer a pathway investment that it manufactures.</u></p>	No	<p><u>Essentially this process involves the firm filtering its investment products based on the investment objectives of the fund. This will generally not be regulated advice for the reasons in PERG 8.30A.12G.</u></p>
<p><u>(32) Same as (31) except the firm offers the customer a pathway investment manufactured by another firm and available for investment in the retail client's drawdown fund.</u></p>	No	<p><u>This process amounts to filtering as described in example F(31). Therefore, the firm will generally not be giving regulated advice, for the reasons in PERG 8.30A.13G.</u></p>

<p><u>(33) Same as (31) except that a <i>firm</i> offers <i>pathway investments</i> that have been designed for <i>retail clients</i> in various age groups. The <i>firm</i> offers different <i>pathway investments</i> to <i>retail clients</i> who select the same <i>investment pathway</i> option, based on the age of each <i>retail client</i>.</u></p> <p><u>The <i>firm</i> informs the <i>retail client</i> that this is the <i>pathway investment</i> for the relevant <i>investment pathway</i> option and it has been designed for people in the relevant age range. The <i>firm</i> makes clear to the <i>retail client</i> that it is describing the <i>pathway investment's</i> design and investment objectives, and is not presenting the <i>pathway investment</i> as suitable for the <i>retail client</i>.</u></p>	<p><u>No, so long as the <i>firm</i> is merely describing the design and investment objectives of the investment and is not presenting the investment as suitable for the <i>retail client</i>.</u></p>	<p><u>This process involves the <i>firm</i> filtering its investment products based on the investment objectives and target age range of the fund. This will generally not be regulated advice for the reasons in <i>PERG</i> 8.30A.12G, so long as the <i>firm</i> is merely describing the design and investment objectives of the investment and is not presenting the investment as suitable for the <i>retail client</i>.</u></p>
<p><u>(34) A <i>firm</i> offers <i>pathway investments</i> in accordance with the requirements in <i>COBS</i> 19.10.14R to 19.10.21R.</u></p> <p><u>The <i>firm</i> interacts with the customer on the telephone or face to face.</u></p> <p><u>At step 3 the <i>firm</i> offers the customer a <i>pathway investment</i> that it manufactures.</u></p>	<p><u>See the answer to example F(24)</u></p>	<p><u>See the answer to example F(24)</u></p>
<p><u>(35) Same as (34) except that a <i>firm</i> offers the customer a <i>pathway investment</i> manufactured by another <i>firm</i> and available for investment in the <i>retail client's</i> drawdown fund.</u></p>	<p><u>See the answer to example F(24)</u></p>	<p><u>See the answer to example F(24)</u></p>

<p><u>(36) A firm gives a cash warning to a retail client in accordance with the requirements in COBS 19.10.38R and the guidance in COBS 19.10.39G.</u></p>	<p><u>No. This is not a recommendation to buy, sell, subscribe for, exchange, redeem, hold or underwrite a particular investment; or exercise or not exercise any right conferred by such an investment to buy, sell, subscribe for, exchange or redeem such an investment.</u></p>	<p><u>No. This is not advice on the merits of buying, holding or selling a particular investment.</u></p>
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