

**CONDUCT OF BUSINESS SOURCEBOOK (PENSION TRANSFERS) (No 3)  
INSTRUMENT 2020**

**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 138C (Evidential provisions); and
  - (4) 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 as follows:
- (1) Part 1 of Annex C and Annex E come into force on 15 June 2020.
  - (2) The remainder of the instrument comes into force on 1 October 2020.

**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
Training and Competence sourcebook (TC)	Annex B
Conduct of Business sourcebook (COBS)	Annex C
Supervision manual (SUP)	Annex D

**Amendments to material outside the Handbook**

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

**Notes**

- F. In Annex A to this instrument, the “note” (indicated by “Editor’s note:”) is included for the convenience of readers but does not form part of the legislative text.

**Citation**

- G. This instrument may be cited as the Conduct of Business Sourcebook (Pension Transfers) (No 3) Instrument 2020.

By order of the Board  
21 May 2020

## Annex A

### Amendments to the Glossary of definitions

**This Annex comes into force on 1 October 2020.**

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

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

*abridged advice* advice in relation to a *pension transfer* that is not *full pension transfer or conversion advice* (see *COBS 19.1A* (Special rules for giving abridged advice)).

*appropriate pension transfer analysis* analysis prepared in accordance with *COBS 19.1.2BR*.

[*Editor's note*: the above definition of “appropriate pension transfer analysis” was previously defined in *COBS 19.1.1-AR* for the purposes of *COBS 19.1* and *COBS Annex 4A, 4B and 4C*. We are now adding it as definition to the main Handbook Glossary so all consequential references to “appropriate pension transfer analysis” should be read as, and amended to, references to “*appropriate pension transfer analysis*”.]

*cash terms* in pounds and pence.

*ceding arrangement* (for the purposes of *COBS 6*, *COBS 9* and *COBS 19*) a *retail client's* existing pension arrangement with *safeguarded benefits*.

[*Editor's note*: the above definition of “ceding arrangement” was previously defined in *COBS 19.1.1-AR* for the purposes of *COBS 19.1* and *COBS 19 Annex 4A, 4B and 4C*. We are now adding it as definition to the main Handbook Glossary so all consequential references to “ceding arrangement” in *COBS 6*, *COBS 9* and *COBS 19*, should be read as, and amended to, references to “*ceding arrangement*”.]

*employer or trustee funded pension advice charge* any form of charge payable by or on behalf of a trustee or an employer to a *firm* in relation to the provision of a *personal recommendation* by the *firm* to members of a defined benefit *occupational pension scheme* (in respect of which that trustee has been appointed to act as trustee or is sponsored by that employer (as applicable)) regarding a *pension transfer* and/or *pension conversion*.

*full pension transfer or conversion advice* advice on *pension transfers* or *pension conversions* (as applicable) given in accordance with *COBS 19.1* (Pension transfers, conversions, and opt-outs).

*future income benefits* the full value of the pension income that would have been paid by the *ceding arrangement* (that is, before any commutation for a lump sum);

[*Editor's note*: the above definition of “future income benefits” was previously defined in *COBS 19.1.1-AR* for the purposes of *COBS 19.1* and *COBS 19 Annex 4A, 4B and 4C*. We are now adding it as definition to the main Handbook Glossary so all consequential references to “future income benefits” should be read as, and amended to, references to “*future income benefits*”.]

*non-DB pension scheme* any pension arrangement that is not a scheme (or is not a section of a scheme) that provides *safeguarded benefits* other than a *guaranteed annuity rate*.

*proposed arrangement* (for the purposes of *COBS 19*), refers to the arrangement with *flexible benefits* to which the *retail client* would move and takes into account the subsequent intended pattern of decumulation;

[*Editor's note*: the above definition of “proposed arrangements” was previously defined in *COBS 19.1.1-AR* for the purposes of *COBS 19.1* and *COBS 19 Annex 4A, 4B and 4C*. We are now adding it as definition to the main Handbook Glossary so all consequential references to “proposed arrangements” in *COBS 19* should be read as, and amended to, references to “*proposed arrangements*”.]

*related services* (for the purposes of *COBS 19.1B*) has the same meaning as in *COBS 6.1A.6R* and *COBS 6.1A.6AG*.

*serious financial difficulty* circumstances that mean a *retail client* is experiencing serious financial difficulty.

*serious ill-health* a medical condition that is likely to reduce the life expectancy of a *retail client* to below age 75.

*transfer value comparator* comparison prepared in accordance with *COBS 19.1.3AR*.

[*Editor's note*: the above definition of “transfer value comparator” was previously defined in *COBS 19.1.1-AR* for the purposes of *COBS 19.1* and *COBS 19 Annex 4A, 4B and 4C*. We are now adding it as definition to the main Handbook Glossary so all consequential references to “transfer value comparator” should be read as, and amended to, references to “*transfer value comparator*”.]

Amend the following definitions as shown.

*adviser charge* any form of charge payable by or on behalf of a *retail client* to a *firm* in relation to the provision of a *personal recommendation* by the *firm* in respect of a *retail investment product*, *pension transfer*, *pension conversion*, *pension opt-out* or *P2P agreement* (or any related service provided by the *firm*) which:

- (a) is agreed between that *firm* and the *retail client* in accordance with the *rules* on adviser charging and remuneration (COBS 6.1A); and
- (b) is not a *consultancy charge*.

*arranging* ...

- (e) (in relation to a *pension transfer*, *pension conversion* or *pension opt-out*) making arrangements for a *retail client* to bring about:
  - (i) (in a *pension transfer* or *pension conversion*) the conclusion of all or part of the *retail client's* subsisting rights in respect of any *safeguarded benefits*; or
  - (ii) a *pension opt-out*.

*guaranteed annuity rate*

an arrangement in a pension scheme to provide benefits whereby, in defined circumstances and irrespective of the prevailing market rate for annuities when those benefits come into payment, a member is entitled to:

- (a) an annuity at a minimum specified rate; or
- (b) benefits equivalent to that annuity at that minimum specified rate, including a minimum guaranteed income under a *retirement annuity* but excluding, for the avoidance of doubt:
  - (i) fixed or guaranteed benefits in an individual pension contract that replaced similar *safeguarded benefits* under a *defined benefits pension scheme*;
  - (ii) an entitlement to a lifetime income paying a guaranteed minimum pension that results from contracting out of the State Earnings Related Pension Scheme; and
  - (iii) a defined benefit minimum that accrues or may accrue at the same time as *money-purchase benefits* under a pension arrangement.

*pension transfer*

~~a transaction, resulting from the decision of a *retail client* who is an individual:~~

- (a) ~~to transfer deferred benefits (regardless of when the *retail client* intends to crystallise such benefits) from:~~
  - (i) ~~an *occupational pension scheme*;~~
  - (ii) ~~an individual pension contract providing fixed or guaranteed benefits that replaced similar benefits under a *defined benefits pension scheme*; or~~
  - (iii) ~~(in the cancellation *rules* (COBS 15)) a *stakeholder pension scheme* or *personal pension scheme*;~~

to:

- (iv) ~~a stakeholder pension scheme;~~
- (v) ~~a personal pension scheme; or~~
- (vi) ~~a deferred annuity policy, where the eventual benefits depend on investment performance in the period up to the date when those benefits will come into payment; or~~
- (vii) ~~a defined contribution occupational pension scheme; or~~

- (b) ~~to require the trustees or manager of a pension scheme to make a transfer payment in respect of any safeguarded benefits with a view to obtaining a right or entitlement to flexible benefits under another pension scheme.~~

(except in COBS 15 (Cancellation)) a transaction, resulting from the decision of a retail client who is an individual, to require a transfer payment in respect of any safeguarded benefits:

- (a) from any pension scheme with a view to obtaining a right or entitlement to flexible benefits under another pension scheme; or
- (b) from an occupational pension scheme with a view to obtaining a right or entitlement to safeguarded benefits under a non-occupational pension scheme; or
- (c) from an individual pension contract providing fixed or guaranteed benefits that replaced similar safeguarded benefits under a pension scheme with a view to obtaining a right or entitlement to safeguarded benefits under a non-occupational pension scheme or under a defined contribution occupational pension scheme.

For the purposes of this definition of “pension transfer”:

- (d) “pension scheme” means an occupational pension scheme or a non-occupational pension scheme; and
- (e) “non-occupational pension scheme” means a stakeholder pension scheme, a personal pension scheme or a deferred annuity contract.

*qualifying scheme*

- (a) *a personal pension scheme or stakeholder pension scheme, which provides money purchase benefits, used by an employer(s) to comply with duties imposed in Part 1, Chapter 1 of the Pensions Act 2008. In summary, these duties are to take necessary steps for particular employees, by a particular time, to make those employees members of a pension scheme which meets the criteria in that Act and in regulations made under that Act;*
- (b) *but such a scheme will not be a qualifying scheme if the only members of that scheme are directors or former directors of the same employer, including at least one third of the current directors of that employer; and*

(c) (in COBS 9.4.11R, COBS 19.1 and COBS 19.2) in addition to the schemes in (a) as qualified by (b), a defined contribution occupational pension scheme that is a qualifying scheme for the purposes of the Pensions Act 2008.

remuneration

(1) (except where (2), ~~(3)~~ or (4) apply) ...

...

(4) (in COBS 19.1B) means any payment or benefit whatsoever:

(a) charged to, or received from, a retail client (directly or indirectly);  
or

(b) received by a firm, or by any person or entity connected with the firm;

for, or in connection with, advice or other services provided by the firm, or by any of its associates that are also a firm.

## Annex B

### Amendments to the Training and Competence sourcebook (TC)

**This Annex comes into force on 1 October 2020.**

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

## 2 Competence

### 2.1 Assessing and maintaining competence

...

Continuing professional development for retail investment advisers

2.1.15 R ...

...

2.1.23 R ...

Continuing professional development for pension transfer specialists

- 2.1.23A R (1) A firm must ensure that a *pension transfer specialist* who has been assessed as competent for the purposes of TC 2.1.1R remains competent by completing a minimum of 15 hours of appropriate continuing professional development in each 12-month period.
- (2) The 15 hours of appropriate continuing professional development must include:
- (a) 9 hours of structured professional development activities; and
- (b) at least 5 hours provided by an external independent provider.
- (3) In the year in which they were assessed as competent, a *pension transfer specialist* need:
- (a) only complete the pro-rated proportion of the 15 hours (and 9 and 5 hours) that reflects the portion of the 12-month period;
- (b) the 12-month period commences:
- (i) immediately on the date the *pension transfer specialist* was assessed as competent; or

- (ii) on another date during the year of the assessment to align with the *pension transfer specialist's* other continued professional learning year or period, if any.
- (4) The appropriate continuing professional development in (1) is in addition to any other continuing professional development completed. Continuing professional development completed by a *pension transfer specialist* in relation to activities other than acting as a *pension transfer specialist* must not be taken into account for the purposes of (1).
- 2.1.23B      G      (1) Appropriate continuing professional development has the same meaning as given in TC 2.1.22G(1) to (5). For this purpose, reference to *retail investment adviser* should be read as if it were a reference to a *pension transfer specialist*.
- (2) An external independent provider is an organisation or person that is not associated with or influenced by the *firm's* own view.
- (3) For examples of structured and unstructured professional development see TC 2.1.20G and TC 2.1.21G.
- 2.1.23C      R      TC 2.1.17R (suspending the continuing professional development requirement) and related *guidance* apply in relation to a *pension transfer specialist* and references to:
- (1) TC 2.1.15R must be read as if it were a reference to TC 2.1.23AR; and
- (2) a *retail investment adviser* must be read as if it were a reference to a *pension transfer specialist*.

Continuing professional development record-keeping

- 2.1.24      R      A *firm* must, for the purposes of TC 3.1.1R (Record keeping), make and retain records of:
- (1) the continuing professional development completed by each:
- (a) *retail investment adviser* (under TC 2.1.15R);
- (b) *pension transfer specialist* (under TC 2.1.23AR);
- and
- (2) the dates of and reasons for any suspension of the continuing professional development requirements under TC 2.1.17R or TC 2.1.23CR.
- 2.1.25      R      A *firm* must not prevent a *retail investment adviser* or a *pension transfer specialist* from obtaining a copy of the records relating to them which are maintained by the *firm* for the purposes of TC 2.1.24R.

...

## Annex C

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

#### Part 1: Comes into force on 15 June 2020.

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

#### 19 Pensions supplementary provisions

##### 19.1 Pension transfers, conversions and opt-outs

...

##### Guidance on estimated transfer value

19.1.3B G If a firm gives advice on conversion or transfer of pension benefits to a retail client under circumstances where the ceding arrangement is expected to be changed, or replaced by another scheme, the firm should:

- (1) prepare a provisional *appropriate pension transfer analysis* and *transfer value comparator* based on the information related to the changed or replacement scheme;
- (2) make reasonable assumptions about the changed or replacement scheme where the benefits are uncertain; and
- (3) set out in a provisional *suitability report* any assumptions and uncertainties to the *retail client*, which should clearly set out that the *personal recommendation* can only be finalised once the transfer value and changed or replacement arrangements are certain.

#### Part 2: Comes into force on 1 October 2020.

#### 2 Conduct of business obligations

...

##### 2.3 Inducements relating to business other than MiFID, equivalent third country or optional exemption business and insurance-based investment products

...

2.3.1 R ...

(1) ...

(2) ...

- (b) ...
  - (i) ...
    - (A) giving a *personal recommendation* in relation to a *retail investment product*, *pension transfer*, *pension conversion*, *pension opt-out* or *P2P agreement*; or

...

- (c) in relation to the carrying on by a *UK UCITS management company* or *EEA UCITS management company* of the *collective portfolio management* activities of investment management and administration for the relevant *scheme* or when carrying on a *regulated activity* in relation to a *retail investment product*, or a *pension transfer*, *pension conversion* or *pension opt-out* or when *advising on P2P agreements*, the payment of the fee or commission, or the provision of the non-monetary benefit is designed to enhance the quality of the service to the *client*; or
- (3) proper fees which enable or are necessary for the provision of *designated investment business*, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by their nature, cannot give rise to conflicts with the *firm's* duties to act honestly, fairly and professionally in accordance with the best interests of its *clients*; or
- (4) *an employer or trustee funded pension advice charge*.

...

2.3.6A G ...

- (1) relating to the provision of a *personal recommendation* on *retail investment products*, *pension transfers*, *pension conversions*, *pension opt-outs* or *P2P agreements*; or

...

2.3.16B R ...

- (1) makes *personal recommendations* to *retail clients* in relation to *retail investment products*, *pension transfers*, *pension conversions*, *pension opt-outs* or *P2P agreements*, and to which *COBS 6.1A* (Adviser charging and remuneration) applies; or

...

...

## 6 Information about the firm, its services and remuneration

...

### 6.1A Adviser charging and remuneration

Application - Who? What?

- 6.1A.1 R (1) This section applies to a *firm* which makes *personal recommendations to retail clients* in relation to *retail investment products, pension transfers, pension conversions, pension opt-outs* or *P2P agreements*.

...

Application - Where?

- 6.1A.3 This section does not apply if the *retail client* is outside the *United Kingdom* except to the extent that the service provided is *advising on conversion or transfer of pension benefits*.

Requirement to be paid through adviser charges

- 6.1A.4 R Except as specified in this section, ~~COBS 6.1A.4AR, COBS 6.1A.4ABR, COBS 6.1A.4ACG, COBS 6.1A.4BR and COBS 6.1A.5AR(1)~~, a *firm* must:

...

Exception: Events before December 2012

- 6.1A.4A R ...

...

Exception: Employer or trustee funded pension advice charge

- 6.1A.4C R A *firm* may receive an *employer or trustee funded pension advice charge*.

Exception: receipt and refund of adviser charges

- 6.1A.5 ...

...

Related and other services

- 6.1A.6 R Related service(s)' for the purposes of COBS 6.1A includes:
- (1) ...
  - (2) managing a relationship between a *retail client* (to whom the *firm* provides *personal recommendations on retail investment products, pension transfers, pension conversions, pension opt-outs* or *P2P agreements*) and a *discretionary investment manager* or providing a

service to such a client in relation to the investments managed by such a manager; or

- (3) recommending a *discretionary investment manager* to a *retail client* (to whom the *firm* provides *personal recommendations* or other services in relation to *retail investment products*, *pension transfers*, *pensions conversions*, *pension opt-outs* or *P2P agreements*).

6.1A.6A G ‘Other services’ in COBS 6.1A.6R(3) includes:

- (1) providing information relating to *retail investment products*, *pension transfers*, *pension conversions*, *pension opt-outs*, *P2P agreements* or *operators of electronic systems in relation to lending to the retail client*, for example, general market research; or

...

...

Calculation of the cost of adviser services to a client

6.1A.16 G ~~In order to~~ To meet its responsibilities under the *client’s best interests rule* and Principle 6 (Customer’s interests);

- (1) a *firm* should consider whether the *personal recommendation* or any other related service is likely to be of value to the *retail client* when the total charges the *retail client* is likely to be required to pay are taken into account;
- (2) a firm that advises on conversion or transfers of pension benefits should consider whether it would be more appropriate to give a retail client abridged advice (under COBS 19.1A) rather than a full pension transfer or conversion advice (under COBS 19.1) taking into account the total charges the retail client is likely to pay.

...

Initial information for clients on the cost of adviser services

6.1A.17 R A *firm* must disclose its charging structure to a *retail client* in writing in good time before making the *personal recommendation* (or providing *related services*) or commencement of the abridged advice process.

...

6.1A.18 A R (1) Where the services to be provided in COBS 6.1A.17R include full pension transfer or conversion advice (other than where the only safeguarded benefit involved is a guaranteed annuity rate), the disclosure required under COBS 6.1A.17R must include a personalised charges communication.

- (2) The personalised charges communication in (1) must include the following:
- (a) the expected amounts payable (in cash terms) for the full pension transfer or conversion advice, and, where applicable, any advice on investments (whether by the firm or any other firm) in connection with the retail client's pension transfer or pension conversion;
  - (b) where the firm is subject to the ban on contingent charging rules (see COBS 19.1B) (Ban on contingent charging)) because the client does not fall within one of the exceptions in COBS 19.1B.9R, a statement that the amount of charges payable in relation to full pension transfer or conversion advice is the same whether or not the advice is to transfer or convert or to remain in their ceding arrangement;
  - (c) the estimated amount of the monthly charge (in cash terms) for ongoing advice and/or services (whether provided by the firm or any other firm) in the first year following the transfer or conversion, assuming that funds remain invested with no growth but taking into account the cost of initial advice;
  - (d) whether and the extent to which the charges in the first year are lower than the charges anticipated in subsequent years;
  - (e) if the charges are significantly lower in the first year compared to subsequent years, the firm must indicate the amount of the monthly charge (in cash terms) in subsequent years until the point at which the charges are no longer expected to vary significantly from year to year; and
  - (f) where relevant, a statement that the expected amounts payable in (a) do not include any amounts that may be payable by the client for any related advice or services they may receive that fall outside the UK regulatory regime.
- (3) Where the firm (or any other firm) offers different types of ongoing advice and/or services with different charging structures, the firm must include in the personalised charges communication, the charges for each type of ongoing advice and/or service it offers.
- (4) Where a firm has reasonable grounds to believe that it is not subject to the ban on contingent charging rules (see COBS 19.1B) because the client falls within one of the exceptions in COBS 19.1B.9R:
- (a) the reasons why the firm considers that the client falls within one of the exceptions, and including a description of the evidence relied on by the firm in support;
  - (b) the amounts payable (in cash terms) if the firm's recommendation is for the client not to transfer or not to

convert their pension, and the amounts payable (including any amounts recoverable by the *firm* (or any other *firm*) as part of ongoing charges) if the advice is to transfer or to convert; and

(c) a statement that:

(i) the reasons set out in (4a) may change after further analysis of the *client's* circumstances; and

(ii) if after further analysis of the *client's* circumstances, the *firm* determines that it is subject to the ban on contingent charging rules because the *client* does not fall within one of the exceptions in COBS 19.1B.9R, then the amount of charges payable in relation to *full pension transfer or conversion advice* is the same whether or not the advice is to transfer or convert or to remain in their *ceding arrangement*.

6.1A.18 R Where the services to be provided in COBS 6.1A.17R include *abridged advice*, the *firm* must disclose to the *client* in writing the amounts payable (in *cash terms*) in each of the following situations:

(1) the *firm* gives *abridged advice* and a *personal recommendation* not to transfer or convert their pension;

(2) the *firm* starts the *abridged advice* process but is unable to take a view on whether it is in the *client's* best interests to transfer or convert without undertaking *full pension transfer or conversion advice*; and

(3) the *firm* gives *abridged advice* followed by *full pension transfer or conversion advice*.

Ongoing payment of adviser charges

6.1A.22 R ...

(1) ...

(2) the *adviser charge* relates to a *retail investment product* or a *pension transfer, pension conversion or pension opt-out* or arrangement with an operator of an electronic system in relation to lending for which an instruction from the *retail client* for regular payments is in place and the *firm* has disclosed that no ongoing *personal recommendations* or service will be provided.

...

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

...

### 9.1 Application and purpose provisions

...

- 9.1.8 G For a *firm* making *personal recommendations* in relation to pensions:
- (1) COBS 19.1 contains additional provisions relevant to assessing suitability and the contents of *suitability reports for full pension transfer or conversion advice*; and
  - (2) COBS 19.1A contains additional provisions relevant to assessing suitability and the contents of *suitability reports for abridged advice*.

...

### 9.3 Guidance on assessing suitability

...

Pension transfers, conversions and opt-outs

- 9.3.6 G *Guidance* on assessing suitability when a *firm* is making a *personal recommendation* for a *retail client* who is, or is eligible to be, a member of a *pension scheme* with *safeguarded benefits* and who is considering whether to transfer, convert or opt-out is contained in COBS 19.1.6G (in respect of full pension transfer or conversion advice or advice on a pension opt-out) and COBS 19.1A.11G (in respect of abridged advice).

...

### 9.4 Suitability reports

...

- 9.4.2A R (1) If a *firm* makes a *personal recommendation* in relation to a *pension transfer* or *pension conversion*, it must provide:
- (a) the client with a suitability report; and
  - (b) (except where the only safeguarded benefit involved is a guaranteed annuity rate) a one page summary at the front of suitability report.

...

## Timing

- 9.4.4 R A *firm* must provide the *suitability report* to the *client*:
- ...
- (2) ... ; ~~or~~
- (2A) in the case of a *pension transfer* or *pension conversion*, in good time before the transaction is effected; or
- (3) in any other case, when or as soon as possible after the transaction is effected or executed.
- ...

...

Additional content for pension transfers and conversions

- 9.4.11 R (1) A *firm* must include a one page summary at the front of the *suitability report* when making a *personal recommendation* in relation to a *pension transfer* or a *pension conversion*, except where the only *safeguarded benefit* involved is a *guaranteed annuity rate*.
- (2) The one page summary must include the following:
- (a) a summary of the *personal recommendation*;
- (b) a statement as to whether the recommendation is in relation to *abridged advice* or *full pension transfer or conversion advice*;
- (c) information about the ongoing advice and/or services (if any) the *firm*, or any other *person*, proposes to provide to the *client* after the execution of the *pension transfer* or *pension conversion*;
- (d) the risks associated with *pension transfers* or *pension conversions* as set out in COBS 19.1.6G(4)(b), and an invitation to the *client* to consider whether they fully understand those risks and, if so, sign the one page summary to confirm that;
- (e) all of the ongoing advice charges, all other ongoing charges and any additional charges expected to be incurred by the *client* if they proceed with the *pension transfer* or *pension conversion*, together with a comparison to the charges and revalued monthly income in the *ceding arrangement* and to the charges in any *default arrangement* in any available *qualifying scheme*; and

- (f) information about the amounts payable (in cash terms) in relation to the initial advice on the pension transfer or pension conversion, and the number of months (rounded up to the nearest whole month) it would take to pay that amount out of the revalued monthly income the client would receive from the ceding arrangement.
- (3) Where the firm only gave abridged advice:
- (a) the information in (2)(c), (d) and (e) is not required;
- (b) the information in (2)(f) must clearly state that this is only relevant if the client wishes to obtain full pension transfer or conversion advice; and
- (c) the one page summary must also set out:
- (i) that the firm has not given full pension transfer or conversion advice, and provide a summary of the difference between it and abridged advice; and
- (ii) that where the full pension transfer or conversion advice is within the scope of the requirement in section 48 of the Pension Schemes Act 2015, no firm can arrange a pension transfer or a pension conversion unless the client receives full pension transfer or conversion advice.
- (4) The summary in (2)(a) must:
- (a) set out whether the recommendation is to effect a pension transfer or pension conversion or to remain in the client's current scheme or arrangement;
- (b) set out where in the suitability report the client can obtain a more detailed explanation of the recommendation;
- (c) invite the client to consider whether they accept or do not accept the recommendation and, if so, sign the one page summary to confirm that; and
- (d) where the firm provides full pension transfer or conversion advice and any advice on investments (whether by the firm or any other person) in connection with the pension transfer or pension conversion, set out the summary of the advice given by the firm and/or any other person for both services.
- (5) The information in (2)(c) must:
- (a) set out that the client is not required to accept ongoing advice and/or services proposed (if any);

- (b) explain that the *client* can opt out of receiving ongoing advice and/or services at any time;
  - (c) set out, in *cash terms*, the monthly and annual charges associated with receiving ongoing advice and/or services whether by the *firm* or any other *person*;
  - (d) where the *firm* proposes that it or another *firm* offers ongoing advice and/or services to the *client*, invite the *client* to consider whether they wish to receive this ongoing advice and/or services proposition, and whether they agree to the associated charges, and if so, sign the one page summary to consent to receiving the services and agree to the charges; and
  - (e) where the *client* declines to sign the one page summary for any of the proposals in (d), set out that the *client* is not required to accept ongoing advice and/or services, and explain that additional charges and/or other amounts may be payable by the *client* if they wish to receive ongoing advice and/or services from another *person*.
- (6) The summary of the anticipated charges associated with the *pension transfer* or *pension conversion* in (2)(e) must include the anticipated first-year charges after the *pension transfer* or *pension conversion* and be set out:
- (a) in *cash terms*;
  - (b) alongside any charges associated with the *client's ceding arrangement* (and presented as nil if there are no charges); and
  - (c) alongside any charges associated with any *default arrangement* in any *qualifying scheme* available to the *client*, if the *client* chose to transfer to that scheme.
- (7) The revalued monthly income in the *ceding arrangement* referred to in (2)(e) must:
- (a) (where the *client* has not passed the normal retirement age) be calculated by:
    - (i) revaluing the *future income benefits* to the date of the *client's* date they would normally be paid in accordance with *COBS* 19 Annex 4B 1R(1)(1); and
    - (ii) discounting the value of the *future income benefits* to the calculation date in accordance with the assumption in *COBS* 19 Annex 4C 1R(4)(d);

(b) (where the *client* has passed the normal retirement age) be calculated in line with the current income in the *ceding arrangement*.

- 9.4.12 G (1) If the *personal recommendation* to the *client* is to remain in the *ceding arrangement*, and the *client* declines to sign the one page summary to confirm that they intend to accept the *personal recommendation* in accordance with COBS 9.4.11R(4)(c), the *firm* should follow the insistent *client* guidance in COBS 9.5A (Additional guidance for firms with insistent clients).
- (2) If the *client* declines to sign the one page summary of the advice to confirm their understanding of the risks in COBS 9.4.11R(2)(d), the *firm* should take further steps to establish whether the *client* has fully understood the risks, and if not, consider changing its *personal recommendation*.
- (3) The other ongoing charges in COBS 9.4.11R(2)(e) include (but are not limited to):
- (a) ongoing product charges, including those in relation to *investments* within the product;
- (b) discretionary fund management charges; and/or
- (c) platform charges.
- (4) The additional charges in COBS 9.4.11R(2)(e) include initial product charges, charges associated with accessing existing funds or moving funds to a different scheme.

...

## 9.5 Record keeping and retention periods for suitability records

...

- 9.5.2 R ...
- (2) if relating to a *life policy, personal pension scheme, or stakeholder pension scheme* or benefits in a *defined contribution occupational pension scheme* (unless otherwise falling in (1) above), five years; and

...

## 15 Cancellation

...

### 15.1 Application

...

Definitions15.1.2 R In this section:

- (a) “pension transfer” means a transaction, resulting from the decision of a retail client who is an individual to require a transfer payment of benefits from a pension scheme to:
- (i) benefits under a non-occupational pension scheme; or
  - (ii) (for transfers from a non-occupational pension scheme) benefits under a defined contribution occupational pension scheme;
- (b) “non-occupational pension scheme” means a stakeholder pension scheme, a personal pension scheme or a deferred annuity contract; and
- (c) “pension scheme” means an occupational pension scheme or a non-occupational pension scheme.

...

**15.2 The right to cancel**

Cancellable contracts

15.2.1 R ...

- a contract for a ~~pension transfer~~ pension transfer

...

...

**15.3 Exercising a right to cancel**

...

Record keeping

15.3.4 R ...

- (1) indefinitely in relation to a ~~pension transfer~~ pension transfer, *pension opt-out* or *FSAVC*;

...

...

**15 Exemptions from the right to cancel**  
**Annex 1**

...

Exemptions for certain pension arrangements (the ‘cancellation substitute’)

- 1.5 R There is no right to cancel:
- (1) a contract for or funded (wholly or in part) from a ~~*pension transfer*~~  
pension transfer; or

...

...

## 19 Pensions supplementary provisions

### 19.1 Pension transfers, conversions and opt-outs

Application

...

- 19.1.- R Except where a firm is providing abridged advice (see COBS 19.1A), this  
1A This section applies to a firm which:
- (1) gives advice on pension transfers, pension conversions and pension  
opt-outs to a retail client; or
- (2) arranges pension transfers, pension conversions or pension opt-outs,
- in relation to:
- (1) a pension transfer from a scheme with safeguarded benefits;
- (2) a pension conversion; or
- (3) a pension opt-out from a scheme with safeguarded benefits or  
potential safeguarded benefits.

...

Definitions

- 19.1.1- R ~~In this section and in COBS 19 Annex 4A, 4B and 4C:~~  
A
- (a) ~~“appropriate pension transfer analysis” refers to the analysis prepared~~  
~~in accordance with COBS 19.1.2BR;~~

- (b) ~~“ceding arrangement” refers to the *retail client*’s existing pension arrangement with *safeguarded benefits*;~~
- (c) ~~“future income benefits” refers to the full value of the pension income that would have been paid by the ceding arrangement (that is, before any commutation for a lump sum);~~
- (d) ~~“proposed arrangement” refers to the arrangement with *flexible benefits* to which the *retail client* would move and takes into account the subsequent intended pattern of decumulation;~~
- (e) ~~“transfer value comparator” refers to a comparison prepared in accordance with *COBS 19.1.3AR*. [deleted]~~

...

Personal recommendation for pension transfers and conversions

19.1.1C R ...

- (5) Prior to making a *personal recommendation* to effect a *pension transfer* or *pension conversion*, a *firm* must obtain evidence that the *client* can demonstrate that they understand the risks to them of proceeding with the *pension transfer* or *pension conversion*.

19.1.1D G (1) *COBS 9* contains suitability requirements which apply if a *firm* makes a *personal recommendation* in relation to *advice on conversion* or *transfer of pension benefits*.

- (2) (a) *COBS 9* requires a *firm* to obtain from the *client* necessary information for the *firm* to be able to make a recommendation. The necessary information includes ensuring that the *client* has the necessary experience and knowledge to understand the risks involved in the transaction. If a *client* does not understand the risks and/or the *firm* does not have evidence that the *client* can demonstrate their understanding, then it is likely not to be appropriate, under the *COBS 9* requirements, to make a recommendation to transfer or convert.
- (b) The *firm* should make a clear record of the steps it has taken to satisfy itself on reasonable grounds that it has adequate evidence of the *client*’s demonstration of their understanding of the risks.
- (3) When a *firm* is obtaining evidence as to whether the *client* can demonstrate that they understand the risks involved in the *pension transfer* or *pension conversion*, it should tailor its approach according to the experience, financial sophistication and/or vulnerability of each individual *client*.

...

...

- 19.1.2B R To prepare an appropriate transfer analysis a *firm* must:
- (1) assess the benefits likely to be paid and options available under the *ceding arrangement*;
  - (2) compare (1) with those benefits and options available under the *proposed arrangement*; ~~and~~
  - (3) where the *proposed arrangement* is a *personal pension scheme*, *stakeholder pension scheme* or *defined contribution occupational pension scheme* that is not a *qualifying scheme*, and a *qualifying scheme* is available to the *retail client*, compare the benefits and options available under the *proposed arrangement* with the benefits and options available under the *default arrangement* of the *qualifying scheme*; and
  - ~~(3)~~ undertake the analysis in (1), ~~and~~ (2) and (3) in accordance with
  - (4) *COBS* 19 Annex 4A and *COBS* 19 Annex 4C.

...

## Transfer value comparator

- 19.1.3A R (1) ...
- (2) The *firm* must provide the *transfer value comparator* to the *retail client* in a durable medium using the format and wording in *COBS* 19 Annex 5 and using the notes set out in *COBS* 19 Annex 5 1.2R. ~~and:~~
    - (a) ~~where the *retail client* has 12 months or more before reaching normal retirement age, use the notes set out at *COBS* 19 Annex 5 1.2R; or~~
    - (b) ~~where the *retail client* has less than 12 months before reaching normal retirement age, use the notes set out at *COBS* 19 Annex 5 1.3R.~~
  - (3) When the *retail client* has passed the normal retirement age of the *ceding arrangement*, the *firm* must provide a *transfer value comparator* applying the retirement age assumed in the calculation of the transfer value.
  - (4) Where the *ceding arrangement* allows the *retail client* to take their benefits at an age below the scheme's normal retirement age, with no reduction for early payment and where no consent is required, then the *firm* must provide a *transfer value comparator* assuming that the *retail client* will retire at this age.

...

## Guidance on assessing suitability

19.1.6 G ...

- (7) Where a *qualifying scheme* is available to the *retail client*, a *firm* considering making a *personal recommendation* to effect a *pension transfer* to a *personal pension scheme*, *stakeholder pension scheme* or *defined contribution occupational pension scheme* that is not a *qualifying scheme*:
- (a) should start by assuming that it will not be as suitable as a transfer to the *default arrangement* of an available *qualifying scheme*; and
- (b) will need to be able to demonstrate clearly that, as at the time of the *personal recommendation*, it is more suitable than a transfer to the *default arrangement* of an available *qualifying scheme*.
- (8) For the purposes of (7):
- (a) a *qualifying scheme* is available to the *retail client* where it accepts transfers from other schemes into its *default arrangement*; and
- (b) where more than one *qualifying scheme* is available to the *retail client*, the *firm* should consider the available *qualifying scheme* that the *retail client* most recently joined, but may, in addition, also consider any of the other *qualifying schemes* available to the *retail client*.
- (9) To demonstrate (7)(b) the *firm* may, subject to (10), take into account one or more of the following considerations:
- (a) the *retail client* provides evidence of experience at making active investment choices as a self-investor or as an *advised investor* (except in relation to investments in the *default arrangement* of a *qualifying scheme* or in a mortgage endowment policy or similar product);
- (b) where the *retail client* wishes to access the funds within 12 months of entering into pension decumulation and the *qualifying scheme* does not offer the *retail client* a decumulation option that would enable the *retail client* to achieve their desired outcome.
- (10) In taking into account the considerations in (9), as well as any other considerations that the *firm* may decide to take into account when demonstrating 7(b), the *firm* should also consider:

- (a) whether those considerations are so important to the *client* as to outweigh other considerations in favour of the *default arrangement* of the available *qualifying scheme*; and
  - (b) why the outcome sought by transferring to a *personal pension scheme*, *stakeholder pension scheme* or *defined contribution occupational pension scheme* that is not a *qualifying scheme* cannot be achieved by transferring to the *qualifying scheme*.
- (11) The presence of one or more of the following circumstances should not be taken as sufficient to demonstrate that the *personal recommendation* in (7) is suitable:
- (a) one of the *retail client's* objectives is to have access to a wider range of investment options than available under the *default arrangement* of the *qualifying scheme*;
  - (b) the transfer is to take place more than 12 *months* before the *retail client* enters into pension decumulation; and/or
  - (c) the *retail client* will enter into pension decumulation within the next 12 *months*, but the *retail client* has not yet decided whether or how they will access their funds.

...

Record keeping and suitability reports Arranging without making a personal recommendation

- 19.1.7C R If a firm arranges a *pension transfer*, *pension conversion* or *pension opt-out* for a *retail client* without making a *personal recommendation* in relation to the *pension transfer*, *pension conversion* or *pension opt-out* it must:
- (1) make a clear record of the fact that ~~no~~ the firm has not given that *personal recommendation* was given to that the *client*; and
  - (1A) where the *pension transfer* or *pension conversion* is within the scope of the requirement in section 48 of the Pension Schemes Act 2015:
    - (a) not proceed with the arrangements until it has received confirmation, from the *firm* that gave the advice to the *retail client*, that the *retail client* has received a *personal recommendation* in accordance with the requirements of *COBS 19.1* (and that it was not *abridged advice*); and
    - (b) if the client has received a *personal recommendation*, ask whether or not the recommendation was to transfer or convert; and
    - (c) retain clear records showing evidence of (a) and (b);

(1B) where the recommendation in (1A) was not to transfer or convert the retail client's subsisting rights in respect of safeguarded benefits, the firm arranging the pension transfer or pension conversion must:

- (a) warn the retail client that they are acting against advice not to transfer or convert;
- (b) ask the retail client whether they understand the consequences of acting against advice;
- (c) where the retail client does not understand the consequences of acting against advice, refuse to arrange the pension transfer or conversion and instead refer the retail client back to the firm that advised them not to transfer or convert for an explanation of that advice; and
- (d) retain a record of the communications with the retail client that evidence compliance with the requirements in (a) to (c);

(2) retain ~~this record~~ the records in (1), (1A) and (1B) indefinitely.

19.1.7D G Where the advice referred to in COBS 19.1.7CR(1A) was abridged advice, the firm being asked to arrange the transfer or conversion should not ask the advising firm for confirmation of the abridged advice given. The firm is not permitted to arrange the relevant pension transfer or pension conversion where the advice given was abridged advice.

19.1.7E R Where the firm that has given advice to a retail client is asked by a firm arranging a pension transfer or pension conversion that is within the scope of the requirement in section 48 of the Pension Schemes Act 2015 to:

- (a) provide a confirmation that the retail client has received a personal recommendation in accordance with the requirements of COBS 19.1 (and that it was not abridged advice); and
- (b) if the client has received a personal recommendation, confirm whether or not the recommendation was to transfer or convert,

the advising firm must provide the requested information to the firm arranging a pension transfer or pension conversion as soon as reasonably practicable.

#### Suitability reports

19.1.8 G If a firm provides a suitability report to a retail client in accordance with ~~COBS 9.4.1R~~ COBS 9.4.2AR it should include:

...

...

- 19.1.9A** **R** Prior to finalising the *firm's personal recommendation*, a *firm* seeking evidence that the *client* can demonstrate their understanding of the risks in accordance with COBS 19.1.1CR(5) must:
- (1) make a clear record of either:
    - (a) the evidence showing that the *client* demonstrated that they understood the risks involved in effecting a *pension transfer* or *pension conversion* and the steps taken by the *firm* to obtain that; or
    - (b) if the *firm* could not obtain evidence that the *client* could demonstrate that understanding and the *firm* did not change to a recommendation not to transfer, the steps taken by the *firm* to obtain the evidence and clear evidence and explanation of how the *firm* satisfied itself on reasonable grounds that it was still suitable to continue to make the same *personal recommendation*; and
  - (2) retain the records in (1) indefinitely.

After COBS 19.1 (Pension transfers, conversions, and opt-outs) insert the following new sections, COBS 19.1A and 19.1B. The text is not underlined.

## **19.1A Abridged advice on pension transfers and pension conversions**

### Application

- 19.1A.1 **R** This section applies to a *firm* which gives *abridged advice* in relation to a *pension transfer* or *pension conversion* to a *retail client*.
- 19.1A.2 **R** A *firm* may not give *abridged advice* to the extent that the *safeguarded benefits* involved are *guaranteed annuity rates*.

### Options when providing abridged advice

- 19.1A.3 **R** A *firm* giving a *retail client* *abridged advice* must either:
- (1) make a *personal recommendation* that the *client* remains in their *ceding arrangement*; or
  - (2) do all of the following:
    - (a) inform the *client* that they are unable to take a view on whether it is in the *client's* best interests to transfer or convert without undertaking *full pension transfer or conversion advice*, even when the *firm* considers that it may be in the *client's* best interests;

- (b) check if the *client* wants the *firm* to provide *full pension transfer or conversion advice* and check that the *client* understands the associated cost; and
- (c) (if the *firm* has reason to believe that the *client* is suffering from *serious ill-health* or experiencing *serious financial difficulty*) make the *client* aware of the implications for the level of *adviser charges* if the *client* proceeded to *full pension transfer or conversion advice*.

Guidance about proceeding from abridged advice to full pension transfer or conversion advice

- 19.1A.4 G This *guidance* applies where a *firm* has given *abridged advice* to a *retail client* and the *client* wishes to proceed to *full pension transfer or conversion advice*.
- (1) Where the outcome of the *abridged advice* was a *personal recommendation* that the *client* remains in their *ceding arrangement*, the *FCA's* expectation is that in most cases the outcome of *full pension transfer or conversion advice* will be a *personal recommendation* that the *client* remains in their *ceding arrangement*.
  - (2) Where the outcome was a statement that the *firm* was unable to take a view on whether it would be in the *client's* best interests to transfer or convert without undertaking *full pension transfer or conversion advice*, the *FCA's* expectation is that the outcome of *full pension transfer or conversion advice* could still be a *personal recommendation* that the *client* remains in their *ceding arrangement*.

Inability to provide confirmation for the purposes of section 48 of the Pension Schemes Act 2015

- 19.1A.5 R A *firm* must not provide a confirmation for the purposes of section 48 of the Pension Schemes Act 2015 unless it has provided *full pension transfer or conversion advice*.

Prohibition

- 19.1A.6 R A *firm* must not carry out *appropriate pension transfer analysis* and/or prepare a *transfer value comparator* and/or consider the *proposed arrangement* when providing *abridged advice* to a *retail client*.

Requirement to use a pension transfer specialist

- 19.1A.7 R A *firm* must ensure that *abridged advice* is given or checked by a *pension transfer specialist*.
- 19.1A.8 G Where a *firm* uses a *pension transfer specialist* to check its proposed *abridged advice* it should have regard to the *guidance* in *COBS 19.1.1BG*.

Relevant guidance about assessing suitability

- 19.1A.9 G If a *firm* provides a suitability report to a *retail client* in accordance with COBS 9.4.2AR it should include (in addition to the requirements in COBS 9.4):
- (1) a summary of the advantages and disadvantages of its *personal recommendation*; and
  - (2) a summary of any other material information that would assist the client in understanding the basis of the advice.
- 19.1A.10 R A *firm* must not arrange a transaction for a *client* where only *abridged advice* has been given.
- 19.1A.11 G
- (1) This *guidance* relates to a *firm's* obligations to assess suitability in accordance with COBS 9.2.1R to 9.2.3R.
  - (2) A *firm* should start by assuming that a *pension transfer* or *pension conversion* will not be suitable.
  - (3) For the purposes of the provision of *abridged advice*, the factors a *firm* should take into account include:
    - (a) the *retail client's* intentions for accessing pension benefits;
    - (b) the *retail client's* attitude to, and understanding of the risk of, giving up *safeguarded benefits* for *flexible benefits*, taking into account the following factors:
      - (i) the risks and benefits of staying in the *ceding arrangement*;
      - (ii) the risks and benefits of transferring from the *ceding arrangement* into an arrangement with *flexible benefits*;
      - (iii) the *retail client's* attitude to certainty of income in retirement;
      - (iv) whether the *retail client* would be likely to access funds in an arrangement with *flexible benefits* in an unplanned way;
      - (v) the likely impact of (iv) on the sustainability of the funds over time;
      - (vi) the *retail client's* attitude to, and experience of, managing *investments* or paying for *advice on investments* so long as the funds last; and
      - (vii) the *retail client's* attitude to any restrictions on their ability to access funds in the *ceding arrangement*;

- (c) the *retail client's* realistic retirement income needs including:
    - (i) how they can be achieved;
    - (ii) the role played by *safeguarded benefits* in achieving them; and
    - (iii) the consequent impact on those needs of a *pension transfer* or *pension conversion*, including any trade-offs in broad terms;
  - (d) alternative ways to achieve the *retail client's* objectives instead of the *pension transfer* or *pension conversion*;
  - (e) the *retail client's* attitude to, and understanding of, investment risk;
- (4) If a *firm* uses a risk profiling tool or software to assess a *retail client's* attitude to the risk in (3)(b) it should:
- (a) check whether the tool or software is capable of taking into account at least those factors listed in (3)(b)(i) to (vii); and
  - (b) ensure that those factors which are not included are factored into the *firm's* assessment of the *client's* attitude to risk.
- (5) When a *firm* asks questions about a *retail client's* attitude to the risk in 3(b) it should ensure they are fair, clear and not misleading in accordance with *COBS 4*.

#### Guidance about charging for *abridged advice*

- 19.1A.12 G (1) A *firm* may provide *abridged advice* to a *retail client* free of charge. However, if they do, and the conclusion is that they are unable to give a *personal recommendation* without carrying out *full advice on pension transfers or conversions*, a *firm* will need to ensure it is able to demonstrate how it still complies with *Principle 8* (Conflicts of interest), and the *rules* on contingent charging (*COBS 19.1B*).
- (2) A *firm* that charges a *client* twice for what is, in essence, the same service is likely to be acting inconsistently with *Principle 2*, *Principle 6* and *Principle 8*. As a result, a *firm* will be expected to offset the *adviser charges* paid by a *retail client* for the provision of *abridged advice* from the amount it would have otherwise charged that *retail client* for the provision of *full pension transfer or conversion advice*.

## 19.1B Ban on contingent charging for pension transfers and conversions

### Application

- 19.1B.1 R This section applies to a *firm* in relation to the provision of:
- (1) *advice on conversion or transfer of pension benefits* except where:
    - (a) the only *safeguarded benefit* involved is a *guaranteed annuity rate*; or
    - (b) it is *abridged advice*;
  - (2) *investment advice* or other services in connection with a *pension transfer* or *pension conversion* (including, but not limited to, implementing and arranging a *pension transfer* or *pension conversion*);
  - (3) ongoing advice or other services in relation to rights or interests in a *non-DB pension scheme* derived in whole or part from a *pension transfer* or *pension conversion*; or
  - (4) any related services.

Purpose

- 19.1B.2 G The purpose of this section is to ensure that *firms'* charging structures, either individually or taken together with other *associates*, do not create any potential for a conflict of interest relating to, or an incentive to recommend or effect, a *pension transfer* or a *pension conversion* to a *retail client*.

Ban on contingent charging

- 19.1B.3 R Except as specified in *COBS* 19.1B.9(1) or (2), a *firm* must ensure that both the methodology for calculating any part of, and the total value of, the *firm's adviser charges, employer or trustee funded pension advice charge* or *remuneration* do not vary depending on whether or not:
- (1) the *firm* makes a *personal recommendation* to a *retail client* to effect a *pension transfer* or a *pension conversion*; and/or
  - (2) the *retail client* effects a *pension transfer* or a *pension conversion*; and/or
  - (3) (in relation to ongoing advice or other services in relation to the *retail client's* rights or interests in a *non-DB pension scheme*) the rights or interests in the *non-DB pension scheme* include sums derived from a *pension transfer* or a *pension conversion*.
- 19.1B.4 R Where:
- (1) one *firm* carries out multiple services for a particular *retail client*; and/or

- (2) a *firm* and one or more *firms* that are its *associates* (including any other *firm* providing *investment advice* in relation to a *proposed arrangement*) are involved then,

*COBS 19.1B.3R* applies to the *firm* in relation to both the methodology for calculating any part of, and the total value of, the *adviser charges, employer or trustee funded pension advice charge* and/or *remuneration* of the *firm* and, where applicable, any of those *associates*.

- 19.1B.5 R (1) A *firm* must not allow itself to be part of any charging structure or arrangement (operated by the *firm* or any *associate*) which could create a potential incentive to any *firm* or any *firm* that is its *associate* to recommend or arrange a *pension transfer* or a *pension conversion* to or for a *retail client* or otherwise could circumvent the *rules* in this section.
- (2) This includes charging structures in relation to the pricing of other goods or services provided to the *client* or a connected *person* at any time by any *firm* involved in the *pension transfer* or *pension conversion* arrangements, or by any *associate* of the *firm*.

#### Examples of unacceptable practices

- 19.1B.6 G The following *evidential provisions* provide examples of charging arrangements the *FCA* considers will breach the *rules* in this section.
- 19.1B.7 E (1) A *firm* should not charge and/or receive *adviser charges, employer or trustee funded pension advice charges* and/or *remuneration*, that are higher, when taken together, if the recommendation is to effect a transfer or conversion than if the recommendation is not to do so.
- (2) A *firm* and/or any of its *associates* that are *firms* should not charge and/or receive *remuneration* of a higher amount for their ongoing advice or services in relation to the funds in a *non-DB pension scheme* than they charge or receive where the funds are not derived from a *pension transfer* or a *pension conversion*.
- (3) A *firm* should not purport to charge a *retail client* the same for advice that recommends a *pension transfer* or a *pension conversion* as it would for advice that does not recommend a transfer or conversion, but not take reasonable steps to enforce payment of the full amount of the charge by the *retail client* where the advice is not to transfer or convert.
- (4) A *firm* should not charge a lower amount for any other services provided, or to be provided, by the *firm* or an *associate* to the *retail client* or, anyone connected to the *retail client*, if the *client* is advised not to transfer or convert.
- (5) A *firm* should not subsequently vary its *adviser charges, employer or trustee funded pension advice charge* and/or *remuneration* for advice

and/or *related services* so that in practice they become dependent on the outcome of a *personal recommendation* or whether the *retail client* effects a *pension transfer* or a *pension conversion*.

- (6) A *firm* should not charge less in relation to *full pension transfer* or *conversion advice* (including charges for *abridged advice*) than it would do if it provided *investment advice* on the investment of the same size of pension funds but which did not include funds from a *pension transfer* or a *pension conversion*. This does not apply in relation to *full pension transfer* or *conversion advice* where part of the charge is payable by an *employer* or *trustee funded advice charge*.
- (7) A *firm* should not undertake some services related to *full pension transfer* or *conversion advice*, such as parts of *appropriate pension transfer analysis* or *transfer value comparator*, then decline to advise further and not charge for the work undertaken.
- (8) Contravention of:
  - (a) either of (1) or (2) may be relied upon as tending to establish contravention of *COBS 19.1B.3R*; and
  - (b) any of (3) to (7) may be relied upon as tending to establish contravention of *COBS 19.1B.5R*.

#### Guidance about charging for full pension transfer or conversion advice

- 19.1B.8 G (1) A *firm* may provide *full pension transfer* or *conversion advice* to a *retail client* free of charge in exceptional cases, even if they do not fall within the exceptions in *COBS 19.1B.9R(1)* or (2). This may be, for example, where the *firm* is acting entirely pro-bono on humanitarian grounds, or is helping a close family friend, where the *firm* can demonstrate that the *rules* on contingent charging in this chapter are not being breached. For example, where all of the related services provided (by the *firm* or any *associate*) are also free of charge. The *firm* will also need to show that the advice was free of charge irrespective of whether or not the advice results in a recommendation to transfer or convert.
- (2) Where a *firm* has provided a *retail client* with *abridged advice* and with *full pension transfer* or *conversion advice*, it should charge the *retail client* taking into account the guidance in *COBS 19.1A.12G(2)*.

#### Exceptions to the ban on contingent charging

- 19.1B.9 R A *firm* need not comply with *COBS 19.1B.3R* or *COBS 19.1B.5R* in relation to *full pension transfer* or *conversion advice* if it has satisfied itself, on reasonable grounds and based on adequate supporting evidence, that the *retail client* is unable to pay for *full pension transfer* or *conversion advice* without using funds that are not reasonably available, and is either:
  - (1) suffering from *serious ill-health*; or

- (2) (a) experiencing *serious financial difficulty* or likely would be if they had to pay for *full pension transfer or conversion advice* on a non-contingent basis; and
- (b) would be able to access their pension fund immediately after a *pension transfer* or a *pension conversion* has taken effect.
- 19.1B.10 R A *firm* that charges a *retail client* in relation to *full pension transfer or conversion advice* on a contingent basis in reliance on COBS 19.1B.9R(1) or (2), must ensure that the methodology for calculating, and the total value of, the *firm's* and any *associate's adviser charges, employer or trustee funded pension advice charge* or *remuneration* for that advice, any related service, and any ongoing advice or other services in relation to the *retail client's* rights or interests in a *non-DB pension scheme*, is not higher than if they had charged the *retail client* in relation to *full pension transfer or conversion advice* on a non-contingent basis.
- 19.1B.11 G A *client* is likely to meet the requirements for *serious ill-health* where:
- (1) the *retail client* has a particular medical condition, as shown by reliable medical reports or records; and
- (2) there are reputable sources of medical information to evidence that the medical condition in question results, in the majority of cases, in a life expectancy below age 75.
- 19.1B.12 G A *client* is likely to meet the requirement that they are unable to pay for *full pension transfer or conversion advice* without using funds that are not reasonably available where the amount of their reasonably available savings and investments is below the cost of *full pension transfer or conversion advice*.
- 19.1B.13 G The types of circumstances in which a *client* is likely to be able to show they are experiencing *serious financial difficulty* include where continuing to pay domestic bills and credit commitments is a heavy burden on the *client* and the *client* has missed payments for any credit commitments and/or any domestic bills in any three or more of the last six *calendar months*.
- Examples of unacceptable reasons for relying on an exception to the ban on contingent charging
- 19.1B.14 G The following *evidential provisions* provide examples of what the *FCA* considers to be unacceptable reasons for relying on the *serious financial difficulty* and *serious ill health* exceptions and which, if relied on by a *firm*, the *FCA* considers will breach the *rules* in this section.
- 19.1B.15 E (1) A *firm* should not be satisfied that a *client* meets the requirements for *serious ill-health* where a *client* is only able to demonstrate an expected reduced life expectancy due to lifestyle factors (for example smoking or drinking alcohol) and not a medical condition.

- (2) A *firm* should not be satisfied that a *client* meets the requirements for *serious financial difficulty* where a *client* is experiencing *serious financial difficulties* because of incurring non-essential expenditure.
- (3) A *firm* should not be satisfied that a *client* will be able to access their pension fund immediately after a *pension transfer* or *pension conversion* (relevant to *serious financial difficulty*) unless the *client* has been able to demonstrate to the satisfaction of the *firm* the basis on which they would be able to access their pension fund immediately after a *pension transfer* or *pension conversion*.
- (4) A *firm* should not be satisfied that a *client* is unable to pay for *full pension transfer or conversion advice* where a *client* is able to access reasonably available savings or investments to pay for *full pension transfer or conversion advice* but does not wish to access these to pay for advice.

19.1B.16 R Contravention of any of *COBS* 19.1B.15E (1) to (4) may be relied upon as tending to establish contravention of *COBS* 19.1B.9R and therefore *COBS* 19.1B.3R or *COBS* 19.1B.5R.

Additional record-keeping requirements for a firm relying on an exception in *COBS* 19.1B.9R(1) or (2)

19.1B.17 R In addition to any other record-keeping requirements to which the *firm* is subject, a *firm* charging a *retail client* on a contingent basis in reliance on one of the exceptions in *COBS* 19.1B.9R(1) or (2) must make and retain indefinitely a record of the evidence it relied upon to satisfy itself that all the relevant requirements in *COBS* 19.1B.9R were met in relation to the *retail client*.

...

## 19.2 Personal pensions, FSAVCs and AVCs

...

### Suitability

- 19.2.2 R When a *firm* prepares a *suitability report* it must:
- (1) (in the case of a *personal pension scheme*), explain why it considers the *personal pension scheme* to be at least as suitable as a *stakeholder pension scheme*; ~~and~~
  - (2) (in the case of a *personal pension scheme*, *stakeholder pension scheme* or *FSAVC*) explain why it considers the *personal pension scheme*, *stakeholder pension scheme* or *FSAVC* to be at least as suitable as any facility to make additional contributions to an *occupational pension scheme*, *group personal pension scheme* or

*group stakeholder pension scheme* which is available to the *retail client*; and

- (3) (in the case of a *pension transfer*, other than where the only *safeguarded benefit* involved is a *guaranteed annuity rate*, where the *proposed arrangement* is a *personal pension scheme*, *stakeholder pension scheme* or *defined contribution occupational pension scheme* that is not a *qualifying scheme*) explain why, at the time of the *personal recommendation*, it considers the *proposed arrangement* to be more suitable than the *default arrangement* of an available *qualifying scheme*.

...

## 19 Appropriate pension transfer analysis Annex 4A

This annex belongs to COBS 19.1.2BR.

...

### Cashflow model

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5 Where a *firm* prepares a cashflow model, it must:

- (1) produce the model in real terms in line with the CPI inflation rate in COBS 19 Annex 4C1R (4)(d);
- (2) (if the net income is being modelled) ensure that the tax bands and tax limits applied are based on reasonable assumptions;
- (3) take into account all relevant tax charges that may apply in both the *ceding arrangement* and the *proposed arrangement*; and
- (4) include stress-testing scenarios to enable the *retail client* to assess more than one potential outcome.

## 19 Transfer value comparator Annex 4B

This annex belongs to COBS 19.1.3AR.

R

1 ~~Where the *retail client* has 12 months or more before reaching the normal retirement age under the rules of the *ceding arrangement* the~~ The *firm* must:

...

R

2 ~~Where the *retail client* has less than 12 months before reaching normal retirement age under the rules of the ceding arrangement, the estimated value needed today to purchase the future income benefits using a *pension annuity* must be determined as the amount in COBS 19 Annex 4B 1R(2) multiplied by the ratio of (1) and (2) where:~~

- (1) ~~is the open market cost of purchasing a *pension annuity* which offers increases in payment which are the nearest match to those in the ceding arrangement; and~~
- (2) ~~(2) is the value of the *pension annuity* in (1) where the cost is determined in accordance with the assumptions in COBS 19 Annex 4C 1R(2). [deleted]~~

G

- 3 (1) ~~COBS 19 Annex 4B 2R requires *firms* to adjust the estimated cost of purchasing the future income benefits using a *pension annuity* to a market related rate by allowing for the ratio of current market pricing to the theoretical value of the annuity which is the nearest match.~~
- (2) ~~The *pension annuity* which is the nearest match for the scheme benefits should usually be taken as an index linked *pension annuity* unless it can be shown that the majority of the benefits are not index linked in some way. [deleted]~~

## 19 Assumptions

### Annex 4C

This annex belongs to COBS 19.1.2BR and COBS 19.1.3AR.

Assumptions

R

1

...

- (2) The assumptions are:

...

(h) the transfer value comparator should be calculated on the basis that:

- (i) a female member of the scheme has a male spouse or partner who is 3 years older; or

- (ii) a male scheme member has a female spouse or partner who is 3 years younger.

...

Rate of return and charges

2 ...

- (2) The rates of return for valuing *future income benefits* between the date of calculation and the date when the *future income benefits* would normally come into payment must be based on the fixed coupon yield on the UK FTSE Actuaries Indices for the appropriate term.

(2A) The fixed coupon yields in (2) are derived using the appropriate term from one of the following indices:

- (a) up to 5 years;  
 (b) up to 5-10 years;  
 (c) up to 10-15 years; or  
 (d) over 15 years.

- (3) The product charges prior to *future income benefits* coming into payment must be assumed to be: 0.75%  
0.4%

(4) The fixed coupon yields in (2) are updated on the 6<sup>th</sup> day of each month based on the yield that applied on the 15<sup>th</sup> day of the previous month.

...

## **19** **Format for provision of transfer value comparator**

### **Annex**

### **5R**

This annex belongs to *COBS* 19.1.3AR.

1

- 1.1 The first page of the *transfer value comparator* must follow the format and wording shown in Table 1, except that alternative colours may be used in the chart and the scale of the charts may be changed (as long as the y-axis starts at £0). Note that the figures in Table 1 are used for illustration only. The second page of the *transfer value comparator* must contain the notes set out in Table 2.

- 1.2 ~~Where *COBS* 19 Annex 4B-1R applies (where the *retail client* has 12 months or more before reaching normal retirement age), the second page of the transfer value comparator must contain the notes set out at Table 2. [deleted]~~

1.3 ~~Where COBS 19 Annex 4B 2R applies (where the retail client has less than 12 months before reaching normal retirement age), the second page of the transfer value comparator must contain the notes set out at Table 3. [deleted]~~

...

**Table 2**

This table belongs to COBS 19 Annex 5 1.2R.

*Notes*

1. *The estimated replacement cost of your pension income is based on assumptions about the level of your scheme income at normal retirement age (or the retirement age assumed in the calculation of the transfer value if you have passed the normal retirement age or the earliest age at which you can take unreduced benefits without consent being required) and the cost of replacing that income (including spouse’s benefits) for an average healthy person using today’s costs.*
2. *The estimated replacement value takes into account risk free investment returns after any product charges that you might be expected to pay.*

3. <i>No allowance has been made for taxation or adviser charges prior to benefits commencing.</i>
<b>Table 3 [deleted]</b>
<del>This table belongs to COBS 19 Annex 5 1.3R.</del>
<i>Notes</i>
<del>1. The estimated replacement cost of your pension income is based on the current level of your scheme income and the approximate cost of replacing that income (including spouse’s benefits) for an average healthy person from an insurer operating in the UK annuity market. The approximation recognises that it may not be possible to find an exact match for your benefits in the form of an annuity income.</del>
<del>2. It may be possible to get a better deal for your particular circumstances by shopping around.</del>
<del>3. The estimated replacement value takes into account any charges you might be expected to pay.</del>
<del>4. No allowance has been made for taxation.</del>

Amend the following as shown.

**TP 2 Other Transitional Provisions**

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the		Transitional provision	Transitional provision: dates in force	Handbook provisions:

	transitional provision applies				coming into force
2.2	...	...	...	...	...
<u>2.-2B</u>	<u>COBS 9.4.11R(2) e) and COBS 9.4.11R(6) (c)</u>	<u>R</u>	In relation to a particular <i>client</i> , a <i>firm</i> need not comply with the requirements in <i>rules</i> in column (2) relating to charges in any <i>default arrangement</i> in any available <i>qualifying scheme</i> , where the <i>firm's</i> work for the <i>client</i> on advice on <i>pension transfer</i> or <i>pension conversion</i> commenced prior to 1 October 2020 and is completed before 1 January 2021.	<u>1 October 2020 to 31 December 2020</u>	<u>1 October 2020</u>
<u>2.-2A</u>	<u>COBS 9.4.12G(3) and COBS 9.4.12G(4)</u>	<u>G</u>	In relation to a particular <i>client</i> , a <i>firm</i> need not consider the <i>guidance</i> in column (2) to the extent that it relates to the charges in any <i>default arrangement</i> in any available <i>qualifying scheme</i> , where the <i>firm's</i> work for the <i>client</i> on advice on <i>pension transfer</i> or <i>pension conversion</i> commenced prior to 1 October 2020 and is completed before 1 January 2021.	<u>1 October 2020 to 31 December 2020</u>	<u>1 October 2020</u>
2.2A	...	...	...	...	...
...					

2.2E	...	...	...	...	...
<u>2.EA</u>	<u>COBS 19.1.2BR (3) and COBS 19.1.2BR(4)</u>	<u>R</u>	<u>In relation to a particular client, the rules in column (2) do not apply in relation to the default arrangement of the qualifying scheme where a firm's work for the client on advice on pension transfer or pension conversion commenced prior to 1 October 2020 and is completed before 1 January 2021.</u>	<u>1 October 2020 to 31 December 2020</u>	<u>1 October 2020</u>
<u>2.EB</u>	<u>COBS 19.1.6(7) to COBS 19.1.6(11)</u>	<u>G</u>	<u>In relation to a particular client, a firm need not consider the guidance in column (2) where a firm's work for the client on advice on pension transfer or pension conversion commenced prior to 1 October 2020 and is completed before 1 January 2021.</u>	<u>1 October 2020 to 31 December 2020</u>	<u>1 October 2020</u>
...					
2.8F	...	...	...	...	...
<u>2.8F-B</u>	<u>COBS 19.1B.3R, COBS 19.1B.4R, and COBS 19.1B.5R.</u>	<u>R</u>	<u>The rules in column (2) do not apply in relation to a firm's adviser charges, employer or trustee funded pension advice charge, or remuneration incurred in respect of work that is commenced prior to 1 October 2020 and is completed before 1 January 2021 where:</u> <u>(1) a firm agreed in writing to be engaged</u>	<u>1 October 2020 to 31 December 2020</u>	<u>1 October 2020</u>

			<p>by a <i>retail client</i> before <u>1 October 2020</u>; or</p> <p>(2) (in the case of an <i>employer or trustee funded pension advice charge</i>) a <i>firm</i> agreed in writing to be engaged by the employer or the trustee before <u>1 October 2020</u>; and</p> <p>(3) (in either case) the <i>firm</i> agreed in writing to provide <i>full pension transfer or conversion advice</i> on a contingent basis.</p>		
<u>2.8F-A</u>	<u>COBS 19 Annex 4AR(5)</u>	<u>R</u>	<p>In relation to a particular <i>client</i>, the <i>rule</i> in column (2) does not apply where a <i>firm's</i> work for the <i>client</i> on advice on <i>pension transfer or pension conversion</i> commenced prior to <u>1 October 2020</u> and is completed before <u>1 January 2021</u>.</p>	<u>1 October 2020 to 31 December 2020</u>	<u>1 October 2020</u>
2.8FA	...	...	...	...	...

## Annex D

## Amendments to the Supervision manual (SUP)

**This Annex comes into force on 1 October 2020.**

In this Annex, underlining indicates new text and strikethrough indicates deleted text.

## 16 Reporting requirements

...

### 16.12 Integrated Regulatory Reporting

...

16.12.22 R The applicable *data items* referred to in SUP 16.12.4R are set out according to type of *firm* in the table below:

Description of <i>data item</i>	<i>Firms' prudential category and applicable data item (note 1)</i>				
	<i>IFPRU</i>	<i>BIPRU firm</i>	<i>Exempt CAD firms</i> subject to <i>IPRU(INV)</i> Chapter 13	<i>Firms</i> (other than <i>exempt CAD firms</i> ) subject to <i>IPRU(INV)</i> Chapter 13	<i>Firms</i> that are also in one or more of RAGs 1 to 6 and not subject to <i>IPRU(INV)</i> Chapter 13
...					
Adviser charges	...				
<u>Pension Transfer Specialist advice</u>	<u>Section M RMAR</u> (see note 30)	<u>Section M RMAR</u> (see note 30)	<u>Section M RMAR</u> (see note 30)	<u>Section M RMAR</u> (see note 30)	<u>Section M RMAR</u> (see note 30)
...					
<u>Note 30</u>	<u>Only applicable to <i>firms</i> in relation to advice on the merits of a <i>pension transfer</i> or a <i>pension conversion</i> from pension arrangements with <i>safeguarded benefits</i> (other than <i>guaranteed annuity rates</i>).</u>				

...

16.12.23 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.22AR are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	Frequency				
	Unconsolidated <i>BIPRU investment firm</i> and <i>IFPRU investment firm</i>	Solo consolidated <i>BIPRU investment firm</i> and <i>IFPRU investment firm</i>	<i>UK Consolidation Group</i> or <i>defined liquidity group</i>	Annual regulated business revenue up to and including £5 million	Annual regulated business revenue over £5 million
COREP/ FINREP	...				
...					
Section K RMAR					
<u>Section M RMAR</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>	<u>Half yearly</u>
...					

16.12.24 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.23R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
COREP/ FINREP	...					
Section K RMAR	...					
<u>Section M RMAR</u>					<u>30 business days</u>	
...						

...

The form (Annual questionnaire for authorised professional firms) referred to in SUP 16 Annex 9R is amended as shown.  
**FIN –APF – Authorised Professional Firms Questionnaire**

...

**Professional indemnity insurance**

8 Is the firm’s professional indemnity insurance policy compliant with regulatory requirements?

9 Please provide details of the firm’s current policy/policies

M	N	O	P	Q
Business line subject to	Po <del>l</del> icy excess Level of	Po <del>l</del> icy Business line category subject to	Time period of policy exclusion	Type of exclusion
policy excess	policy excess	policy excess	policy exclusion	exclusion

exclusio  
n

--	--	--	--	--	--	--

...

The guidance notes (Guidance notes for completion of annual questionnaire for authorised professional firms in SUP 16 Annex 9R) referred to in SUP 16 Annex 9AG are amended as shown.

...

**16 Annex  
9AG**      **Guidance notes for completion of annual questionnaire for authorised professional firms in SUP 16 Annex 9R**

...

**Data elements**

...

**Professional indemnity insurance**

...

**9M PII detailed information: business line**

The *firm* should select the business line to which each policy relates from the available list. If the policy relates to all business, the *firm* should select 'all'.

**9N PII detailed information: policy excess**

**an  
d  
9O**

The *firm* should enter the value of any excess applicable to the relevant policy and the business line to which that excess relates.

**~~9O~~ PII detailed information: policy exclusions**

**9P  
to  
9R**

If there are any exclusions in the *firm*'s PII policy which relate to types of business that the *firm* has carried out in the past or during the lifetime of the policy, these should be selected from the available list showing the business line to which the exclusion relates, the time period it covers and type of exclusion.

...

The form (Retail Mediation Activities Return ('RMAR') referred to in SUP 16 Annex 18AR is amended as shown.

**SECTION E: PII Self-Certification**

...

**3** Has your firm renewed its PII cover since the last reporting date?

**3A** Has there been a change to the basis of your firm's PII cover since the last reporting date?

**4 Professional Indemnity Insurance Details**

...

**L**

**M**

**N**

**P**

**Q**

PII detailed information

<u>Business line category subject to policy excess</u>	<u>Policy excess (Sterling)</u>	<u>Policy Business line category subject to policy exclusions</u>	<u>Time period to which the policy exclusion(s) relates</u>	<u>Type of exclusion</u>

...

**Section M: Pension Transfer Specialist advice**

	<b><u>Qualifying question</u></b>	[Yes/No]
1.	<u>Has the firm or its appointed representatives provided advice to retail clients on converting or transferring from defined benefits (DB) pension schemes or other pensions with safeguarded benefits (excluding guaranteed annuity rates) in the reporting period?</u>	[Yes/No]
<b><u>Part 1 – Business model</u></b>		
2.	<u>How many retail clients in total did the firm and its appointed representatives provide with only full pension transfer or conversion advice?</u>	[number]
3.	<u>How many retail clients in total did the firm and its appointed representatives provide with abridged advice?</u>	[number]
4.	<u>How many pension transfer specialists were employed by, or working under the responsibility of, the firm and its appointed representatives at the end of the reporting period? Please provide the full-time equivalent numbers.</u>	[number]
5.	<u>How many introductions for advice on pension transfers and pension conversions were accepted by the firm, or its appointed representatives, from other authorised firms?</u>	[number]
6.	<u>How many introductions for advice on pension transfers and pension conversions were accepted by the firm, or its appointed representatives, from introducer firms that were not authorised?</u>	[number]

7.	Of the total <u>retail clients</u> in Question 2, how many did the <u>firm</u> and its <u>appointed representatives</u> provide with <u>full pension transfer or conversion advice</u> but not on the investment of proceeds of the transfer or the conversion?	[number]
<b>Part 2 – Appointed representatives</b>		
8.	Of the <u>retail clients</u> who were reported under Question 2, how many were advised by an <u>appointed representative</u> of the <u>firm</u> ?	[number]
9.	Of the <u>retail clients</u> reported in Question 3, how many were given <u>abridged advice</u> by an <u>appointed representative</u> of the <u>firm</u> ?	[number]
10.	Focusing on the <u>appointed representative</u> that gave <u>full pension transfer or conversion advice</u> to the most <u>retail clients</u> , how many <u>retail clients</u> did they advise?	[number]
<b>Part 3 – Personal recommendations to transfer</b>		
11.	Of the <u>retail clients</u> reported in Question 2, how many did the <u>firm</u> and its <u>appointed representatives</u> provide with a <u>personal recommendation</u> to transfer or convert their pension?	[number]
12.	Of the <u>retail clients</u> in Question 11, what was the total transfer value of the <u>pension transfers</u> and <u>pension conversions</u> ?	[monetary value]
13.	Of the <u>retail clients</u> reported in Question 11, what was the total revenue derived from <u>initial advisory charges</u> for <u>full pension transfer or conversion advice</u> , including advice on the investment of the proceeds?	[monetary value]
14.	Of the <u>retail clients</u> reported under Question 11, how many satisfied the requirement for one or more of the exceptions to	

	the ban on contingent charging and so charged in full or partially on a contingent basis?	
<b>Part 4 – Personal recommendations not to transfer</b>		
15.	Of the <i>retail clients</i> reported in Question 2, how many did the <i>firm</i> and its <i>appointed representatives</i> provide with a <i>personal recommendation</i> not to transfer or convert their pension after receiving <i>full pension transfer or conversion advice</i> ?	[number]
16.	Of the <i>retail clients</i> reported in Question 3, how many did the <i>firm</i> and its <i>appointed representatives</i> provide with a <i>personal recommendation</i> not to transfer or convert their pension after receiving <i>abridged advice</i> ?	[number]
17.	Of the <i>retail clients</i> reported in Question 15, what was the total transfer value of the <i>pension transfers</i> and <i>pension conversions</i> ?	[monetary value]
18.	Of the <i>retail clients</i> reported in Question 15, what was the total revenue derived from the <i>initial advisory charges</i> for <i>full pension transfer or conversion advice</i> on the <i>pension transfers</i> and <i>pension conversions</i> ?	[monetary value]
19.	Of the <i>retail clients</i> reported in Question 16, what was the total revenue derived from <i>abridged advice</i> on <i>pension transfers</i> and <i>pension conversions</i> ?	[monetary value]
20.	For how many <i>retail clients</i> did the <i>firm</i> arrange a <i>pension transfer or pension conversion</i> on an <i>insistent client</i> basis after providing <i>full pension transfer or conversion advice</i> ?	[number]
21.	Of the <i>retail clients</i> that satisfied the requirement for one or more of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, what was the	

	<p><u>total initial revenue derived from the <i>firm</i> accepting to process the <i>pension transfers</i> or <i>pension conversions</i> on a non-insistent client basis (including providing advice on the investment of the proceeds)?</u></p>	
<p><u>22.</u></p>	<p><u>Of the <i>retail clients</i> that satisfied the requirement for one of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis what was the total initial revenue derived from the <i>firm</i> accepting to process the <i>pension transfers</i> or <i>pension conversions</i> on an insistent client basis (including providing advice on the investment of the proceeds)?</u></p>	<p>[monetary value]</p>
<p><b><u>Part 5 – Ongoing services</u></b></p>		
<p><u>23.</u></p>	<p><u>How many <i>retail clients</i> did the <i>firm</i> arrange a <i>pension transfer</i> or <i>pension conversion</i> for?</u></p>	<p>[number]</p>
<p><u>24.</u></p>	<p><u>Of the <i>retail clients</i> in Question 23, how many agreed to an ongoing advice service provided by the <i>firm</i> or its <i>appointed representatives</i>?</u></p>	<p>[number]</p>
<p><b><u>Part 6 – Charging structures</u></b></p>		
<p><u>25.</u></p>	<p><u>Of the <i>retail clients</i> reported in Question 2, how many were advised under a charging structure which meant the <i>advisory charge</i> was only payable if the <i>retail client</i> proceeded with the transfer or conversion? (charging fully or partially contingent on a transfer or conversion taking place).</u></p>	<p>[number]</p>
<p><u>26.</u></p>	<p><u>Of the <i>retail clients</i> reported under Question 2, how many were advised under a charging structure which meant that the <i>advisory charge</i> remained the same whether or not the <i>retail</i></u></p>	<p>[number]</p>

	<u>client proceeded with the transfer or conversion? (charging completely non-contingent)</u>	
<b>Part 7 – Product and investment solutions</b>		
<u>27.</u>	<u>How many retail clients proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of 0.75% or less?</u>	[number]
<u>28.</u>	<u>How many retail clients proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of more than 0.75% and less than or equal to 1.5%?</u>	[number]
<u>29.</u>	<u>How many retail clients proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of more than 1.5%?</u>	[number]
<u>30.</u>	<u>How many retail clients proceeded to transfer into a solution that had higher ongoing charges than their workplace pension?</u>	[number]
<u>31.</u>	<u>How many retail clients proceeded to transfer into a workplace pension?</u>	[number]
<u>32.</u>	<u>How many retail clients proceeded to transfer or convert where the investment solution included investments subject to regulatory restrictions on retail distribution?</u>	[number]
<u>33.</u>	<u>How many retail clients proceeded to transfer into a qualifying recognised overseas pension scheme (QROPs) or another overseas pension scheme?</u>	[number]

<b><u>Part 8 – Guidance</u></b>		
<u>34.</u>	How many <i>retail clients</i> were provided with guidance (eg through a triage service) in the reporting period?	[number]
<u>35.</u>	Of the <i>retail clients</i> reported under Question 2, how many were provided with guidance (eg through a triage service)?	[number]

...

The guidance notes (Notes for completion of the Retail Mediation Activities Return ('RMAR')) referred to in SUP 16 Annex 18BG are amended as shown.

...

**16**      **Notes for completion of the Retail Mediation Activities Return ('RMAR')**  
**Annex**  
**18BG**

**Introduction: General notes on the RMAR**

...

**NOTES FOR COMPLETION OF THE RMAR**

...

**Section E Professional indemnity insurance**

...

Guide for completion of individual fields

Part 1

...	
Has the firm renewed its PII cover since the last reporting date?	<p>This question will ensure that a <i>firm</i> does not fill in Part 2 of the PII section of the <i>RMAR</i> each time it reports, if the information only changes annually. <u>Where the <i>RMAR</i> form requires information which a <i>firm</i> has not submitted previously then this should be completed in the first submission period after those changes have come into force.</u></p> <p>If the <i>firm</i> is reporting for the first time, you should enter 'yes' here and complete the data fields.</p> <p>You should only enter 'n/a' if the <i>firm</i> is exempt from the PII requirements for all the regulated activities forming part of the <i>RMAR</i>.</p>
<u>Has the basis of your PII cover changed since the last reporting date?</u>	<p><u>You should select 'yes' or 'no' to identify whether there has been a change in the cover in your <i>firm's</i> PII policy or policies since the last reporting date. If you enter 'yes' then you should specify any changes</u></p>

	<u>to the level of excess, period of cover or exclusion(s) in the relevant data fields.</u>
--	---

Part 2

...	
Increased excess(es) for specific business types (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)	<p>If the prescribed excess limit is exceeded for a type or types of business, the type(s) of business to which the increased excess applies and the amount(s) of the increased excess should be stated here.</p> <p><u>Firms should record each business type subject to an increased excess separately.</u></p> <p>(Some typical business types include <u>advice on non-mainstream pooled investments, endowments, FCAVCs, splits/zeros, precipice bonds, income drawdown, lifetime mortgages, discretionary management, delegated authority work.</u>)</p>
Policy exclusion(s) (only in relation to exclusions you have had in, <del>the</del> or will have during, the period covered by the policy)	<p>If there are any exclusions in the <i>firm's</i> PII policy which relate to any types of <del>businesses</del> <u>business</u> or activities that the <i>firm</i> has carried out either in the past or during the lifetime of the policy, enter the business type(s) to which the exclusions relate here.</p> <p><u>Firms should record each business type or activity subject to an exclusion separately.</u></p> <p><u>If no exclusions apply to the <i>firm's</i> PII policy, <i>firms</i> should state this here (eg 'No exclusions apply to this policy).</u></p> <p>(Some typical business types include <u>advice on non-mainstream pooled investments, endowments, FCAVCs, splits/zeros, precipice bonds, income drawdown, lifetime mortgages, discretionary management.</u>)</p>
<u>Time period to which the policy exclusion(s) relate</u>	<u>For any exclusions in the <i>firm's</i> PII policy, the <i>firm</i> should select whether the exclusion applies to types of business or activities carried out in the past ('past business'), during the period covered by the policy ('future business) or both ('past and future business').</u>

<p><u>Type of exclusion(s) (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)</u></p>	<p>The <i>firm</i> should enter the type of exclusion from the drop-down list. Some typical types include the volume of business or activity covered by the policy, the specific type of a particular business/activity covered by the policy and sub-limits to the level of indemnity for particular types of business/activity.</p> <p>If the type of exclusion is not listed firms should select 'other'.</p>
<p>...</p>	
<p>Insurer name (please select from the drop-down list)</p>	<p>The <i>firm</i> should select the name of the <i>insurance undertaking</i> or Lloyd's syndicate providing cover <u>named on the schedule or certificate of insurance</u>. If the PII provider is not listed you should select 'other'. <del>and enter the name of the <i>insurance undertaking</i> or Lloyd's syndicate providing cover in the free text box.</del></p> <p>If a policy is underwritten by more than one <i>insurance undertaking</i> or Lloyd's syndicate, you should select 'multiple' and state the names of all the <i>insurance undertakings</i> or Lloyd's syndicates in the free text box <u>the name of the lead insurer on your schedule or certificate of insurance</u>.</p>
<p>...</p>	

...

**Section M Pension Transfer Specialist advice**

The data in this section should only relate to advice on *pension transfers* or *pension conversions*, meaning advice on the merits of a *pension transfer* or a *pension conversion* from *defined benefits pension schemes* or other *safeguarded benefits* but excluding transfers from or conversions of *safeguarded benefits that are guaranteed annuity rates*. A *retail client* transferring or converting multiple defined benefit pensions should be counted as a single *retail client* within RMA-M.

For this *guidance* on section M, all questions below relate to activity in the reporting period.

Guide for completion of individual fields

<p><u>Qualifying question</u></p>
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	<p><u>Has the <i>firm</i> or its <i>appointed representatives</i> provided advice to <i>retail clients</i> on converting or transferring from <i>defined benefits (DB) pension schemes</i> or other pensions with <i>safeguarded benefits</i> (excluding <i>guaranteed annuity rates</i>) in the reporting period?</u></p>	<p>This should include advice that was either <u><i>full pension transfer or conversion advice</i> or <i>abridged advice</i></u>.</p> <p><u>If the answer to the qualifying question is no, then no further questions need to be answered.</u></p>
<p><u>Part 1 – Business model</u></p>		
	<p><u>How many <i>retail clients</i> in total did the <i>firm</i> and its <i>appointed representatives</i> provide with only <i>full pension transfer or conversion advice</i>?</u></p>	<p>This should only include the total number of <i>retail clients</i> that were provided with <u><i>full pension transfer or conversion advice</i></u>, including those that were recommended not to transfer or convert. It should exclude <i>retail clients</i> that were only provided with <u><i>abridged advice</i></u>.</p>
	<p><u>How many <i>retail clients</i> in total did the <i>firm</i> and its <i>appointed representatives</i> provide with <i>abridged advice</i>?</u></p>	<p>This should include the total number of <i>retail clients</i> that were provided with <u><i>abridged advice</i></u>, including those that were recommended not to transfer or convert and those that proceeded to take <u><i>full pension transfer or conversion advice</i></u>.</p>
	<p><u>How many <i>pension transfer specialists</i> were employed by, or working under the responsibility of, the <i>firm</i> and its <i>appointed representatives</i> at the end of the reporting period? Please provide the full-time equivalent numbers.</u></p>	<p>This should include all <u><i>pension transfer specialists</i></u> providing advice under the authorisation of the <i>firm</i> completing this return. This should not include <u><i>pension transfer specialists</i></u> working alongside the <i>firm</i>, but under responsibility of another authorised <i>firm</i>. Please express as full-time-equivalent numbers eg an individual working 4 out 5 days per week should be recorded as 0.80 FTE. Data must be entered to 2 decimal places.</p>
	<p><u>How many introductions for advice on <i>pension transfers</i> and <i>pension conversions</i> were accepted by the <i>firm</i>, or its <i>appointed representatives</i>, from other authorised <i>firms</i>?</u></p>	<p>This should include introductions for <u><i>full pension transfer or conversion advice</i> and <i>abridged advice</i></u>. This should not include introductions from <u><i>firms</i> or individuals</u> that are not authorised.</p>
	<p><u>How many introductions for advice on</u></p>	<p><u>This should include introductions for <i>full pension transfer or conversion advice</i> and</u></p>

	<u>pension transfers and pension conversions were accepted by the firm, or its appointed representatives, from introducer firms that were not authorised?</u>	<u>abridged advice</u> . This should not include referrals not done by way of business, for example by friends or family. Nor should it include referrals from <u>UK accredited accountancy or legal firms</u> that are regulated by a <u>designated professional body</u> .  For more information on introducers, please see our website: <a href="https://www.fca.org.uk/news/news-stories/investment-advisers-responsibilities-accepting-business-unauthorised-introducers-lead-generators">https://www.fca.org.uk/news/news-stories/investment-advisers-responsibilities-accepting-business-unauthorised-introducers-lead-generators</a>
	<u>Of the total retail clients in Question 2, how many did the firm and its appointed representatives provide with full pension transfer or conversion advice but not on the investment of proceeds of the transfer or conversion?</u>	This is specifically looking for the number of <u>retail clients</u> where the choice of investment for the proceeds of the transfer has been recommended by another authorised <u>firm</u> or chosen by the <u>retail client</u> (whether based on information provided by an introducer or not).
<u>Part 2 – Appointed representatives</u>		
<u>8</u>	<u>Of the retail clients who were reported under Question 2, how many were advised by an appointed representative of the firm?</u>	This is specifically looking for the number of <u>retail clients</u> advised by the <u>firm's appointed representatives</u> .
<u>9</u>	<u>Of the retail clients reported in Question 3, how many were given abridged advice by an appointed representative of the firm?</u>	As with Question 8, this is specifically looking for the number of <u>retail clients</u> advised by <u>appointed representatives</u> .
<u>10</u>	<u>Focusing on the appointed representative that gave full pension transfer or conversion advice to the most retail clients, how many retail clients did they advise?</u>	<u>Firms</u> should identify the <u>appointed representative</u> that provided <u>full pension transfer or conversion advice</u> to the <u>highest number of retail clients</u> .
<u>Part 3 – Personal recommendations to transfer</u>		
<u>11</u>	<u>Of the retail clients reported in Question 2, how many did the firm and its appointed</u>	This should include the total number of <u>retail clients</u> that were provided with <u>full pension transfer or conversion advice</u> ,

	<u>representatives provide with a personal recommendation to transfer or convert their pension?</u>	<u>excluding those that were recommended not to transfer or convert.</u>
12	<u>Of the retail clients in Question 11, what was the total transfer value of the pension transfers and pension conversions?</u>	This should be the total transfer value of <i>pension transfers</i> and <i>pension conversions</i> collected by the <i>principal firm</i> and <i>appointed representatives</i> from those <i>retail clients</i> provided with a <i>personal recommendation</i> to transfer or convert their pension (as reported under Question 11).
13	<u>Of the retail clients reported in Question 11, what was the total revenue derived from initial advisory charges for full pension transfer advice, including advice on the investment of the proceeds?</u>	This should be the total revenue collected by the <i>principal firm</i> and <i>appointed representatives</i> for the <i>initial advisory charges for full pension transfer or conversion advice</i> . This should include all <i>initial charges for the full pension transfer or conversion advice, including the investment advice on the proposed destination where relevant, and arranging a pension transfer or pension conversion</i> . It should exclude any <i>ongoing charges the retail client has agreed to pay</i> . It should also exclude any <i>separate initial charges for abridged advice</i> .
14	<u>Of the retail clients reported under Question 11, how many satisfied the requirement for one or more of the exceptions to the ban on contingent charging and so charged in full or partially on a contingent basis?</u>	This should include the total number of <i>retail clients</i> that were provided with a <i>personal recommendation to transfer or convert their pension, that were also charged in full or partially on a contingent basis</i> .  <i>Only retail clients that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption may be charged in full or partially on a contingent basis.</i>
<u>Part 4 – Personal recommendations not to transfer</u>		
15	<u>Of the retail clients reported in Question 2, how many did the firm and its appointed representatives provide with a personal recommendation not to transfer or convert their pension</u>	This should include the total number of <i>retail clients</i> that were provided with a <i>personal recommendation NOT to transfer or convert their pension after receiving only full pension transfer or conversion</i>

	<u>after receiving full pension transfer or conversion advice?</u>	advice. This should not include <i>abridged advice</i> recommendations.
16	<u>Of the retail clients reported in Question 3, how many did the firm and its appointed representatives provide with a personal recommendation not to transfer or convert their pension after receiving abridged advice?</u>	This should include the total number of <i>retail clients</i> that were provided with a <i>personal recommendation NOT</i> to transfer or convert their pension after receiving <i>only abridged advice</i> . This should not include <i>full pension transfer or conversion advice</i> recommendations.
17	<u>Of the retail clients reported in Question 15, what was the total transfer value of the pension transfers and pension conversions?</u>	This should include the total transfer revenue of <i>retail clients</i> provided with a <i>personal recommendation not to transfer or convert their pension after receiving full pension transfer or conversion advice</i> .
18	<u>Of the retail clients reported in Question 15, what was the total revenue derived from the initial advisory charges for full pension transfer or conversion advice on the pension transfers and pension conversions?</u>	This should be the revenue collected by the <i>principal firm and appointed representatives</i> . This should not include transfer revenue from <i>abridged advice</i> recommendations.
19	<u>Of the retail clients reported in Question 16, what was the total revenue derived from abridged advice on pension transfers and pension conversions?</u>	This should be the revenue collected by the <i>principal firm and appointed representatives</i> .
20	<u>For how many retail clients did the firm arrange a pension transfer or conversion on an insistent client basis after providing full pension transfer or conversion advice?</u>	<i>Retail clients</i> should only be considered <i>insistent clients</i> if the <i>firm</i> or its <i>appointed representatives</i> initially provided a <i>personal recommendation not to transfer</i> following <i>full pension transfer or conversion advice</i> .
21	<u>Of the retail clients that satisfied the requirement for one or more of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, what was the total initial revenue derived from the firm accepting to process the pension transfers or pension conversions on a non-insistent client basis (including providing</u>	This should be the total initial revenue derived from <i>retail clients</i> that satisfy the requirement for one of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, and that <b>WERE NOT</b> processed on an <i>insistent client basis</i> .  <u>Only retail clients that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption</u>

	<u>advice on the investment of the proceeds)?</u>	<u>may be charged in full or partially on a contingent basis.</u>
22	<u>Of the <i>retail clients</i> that satisfied the requirement for one or more of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis what was the total initial revenue derived from the <i>firm</i> accepting to process the <i>pension transfers</i> or <i>pension conversions</i> on an insistent client basis (including providing advice on the investment of the proceeds)?</u>	<p><u>This should be the total initial revenue derived from <i>retail clients</i> that satisfy the requirement for one of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, and that <b>WERE</b> processed on an insistent client basis.</u></p> <p><u>Only <i>retail clients</i> that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption may be charged in full or partially on a contingent basis.</u></p>
<u>Part 5 – Ongoing services</u>		
23	<u>How many <i>retail clients</i> did the <i>firm</i> arrange a <i>pension transfer</i> or <i>pension conversion</i> for?</u>	<p><u>This should be measured at the point of receiving the <i>retail client's</i> request to arrange a <i>pension transfer</i> or <i>pension conversion</i>.</u></p> <p><u>This should include:</u></p> <ul style="list-style-type: none"> <li>• <u>those advised to transfer or convert by the <i>firm</i> or its <i>appointed representatives</i> (as reported in Question 11);</u></li> <li>• <u>insistent client transfers or conversions (as reported in Question 20); and</u></li> <li>• <u>any <i>retail client</i> that did not receive advice on the transfer or conversion by the <i>firm</i> (for example, for less than £30k pots or those transfers or conversions executed by the <i>firm</i> where the <i>retail client</i> had received advice from a different <i>firm</i>).</u></li> </ul>
24	<u>Of the <i>retail clients</i> in Question 23, how many agreed to an ongoing advice service provided by the <i>firm</i> its <i>appointed representatives</i>?</u>	<u>This should be the total number of <i>retail clients</i> that the <i>firm</i> arranged a <i>pension transfer</i> or <i>pension conversion</i> for, that also agreed to an ongoing advice service provided by the <i>firm</i> or its <i>appointed representatives</i>?</u>

<u>Part 6 – Charging structures</u>		
<u>25</u>	<u>Of the <i>retail clients</i> reported in Question 2, how many were advised under a charging structure which meant the advisory charge was only payable if the retail client proceeded with the transfer or conversion (charging fully or partially contingent on a transfer or conversion taking place)?</u>	<u>This should be the total number of <i>retail clients</i> that were eligible one or more of the exemptions to the ban on contingent charging and charged in full or partially on a contingent basis.</u>
<u>26</u>	<u>Of the <i>retail clients</i> reported under Question 2, how many were advised under a charging structure which meant that the advisory charge remained the same whether or not the <i>retail client</i> proceeded with the transfer or conversion? (charging completely non-contingent)</u>	<u>This should be the total number of <i>retail clients</i> that were not eligible for one or more of the exceptions to the ban on contingent charging and charged in full on a non-contingent basis. This excludes <i>retail clients</i> who only received <i>abridged advice</i>.</u>
<u>Part 7 – Product and investment solutions</u>		
<u>27</u>	<u>How many <i>retail clients</i> proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of 0.75% or less?</u>	<u>This should include all charges associated with the ongoing investment eg discretionary fund management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should not include <i>retail clients</i> that did not plan to have any money remain invested, such as those immediately making a full encashment or purchasing an annuity with the full balance of the transfer.</u>
<u>28</u>	<u>How many <i>retail clients</i> proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of more than 0.75% and less than or equal to 1.5%?</u>	<u>This should include all costs associated with the ongoing investment eg discretionary fund management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should not include <i>retail clients</i> that did not plan to have any money remain invested, such as those</u>

		<u>immediately making a full encashment or purchasing an annuity with the full balance of the transfer.</u>
29	<u>How many retail clients proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of more than 1.5%?</u>	<u>This should include all costs associated with the ongoing investment eg discretionary fund management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should not include retail clients that did not plan to have any money remain invested, such as those immediately making a full encashment or purchasing an annuity with the full balance of the transfer.</u>
30	<u>How many retail clients proceeded to transfer into a solution that had higher ongoing charges than their workplace pension?</u>	<u>This should include retail clients advised to transfer and insistent client transfers. This should not include retail clients that planned to immediately withdraw the full balance on transfer. It should also not include retail clients without a workplace pension or where the workplace pension would not accept a transfer.</u>
31	<u>How many retail clients proceeded to transfer into a workplace pension?</u>	<u>This question refers to those retail clients that proceeded to transfer to a workplace pension covered by 0.75% charge cap.</u>
32	<u>How many retail clients proceeded to transfer or convert where the investment solution included investments subject to regulatory restrictions on retail distribution?</u>	<u>This should include retail clients advised to transfer and insistent client transfers. For investments subject to restrictions on retail distribution see COBS 9.3.5G: <a href="https://www.handbook.fca.org.uk/handbook/COBS/9/3.html?date=2016-03-07">https://www.handbook.fca.org.uk/handbook/COBS/9/3.html?date=2016-03-07</a></u>
33	<u>How many retail clients proceeded to transfer into a qualifying recognised overseas pension scheme (QROPs) or another overseas pension scheme?</u>	<u>This should include retail clients advised to transfer and insistent client transfers.</u>
<u>Part 8 – Guidance</u>		
34	<u>How many retail clients were provided with guidance (eg</u>	<u>This should include retail clients that were provided with guidance from the principal firm and its appointed representative only.</u>

	<u>through a triage service) in the reporting period?</u>	
35	<u>Of the retail clients reported under Question 2, how many were provided with guidance (eg through a triage service)?</u>	<u>This should include the total number of retail clients that the firm and its appointed representatives provided with full pension transfer or conversion advice that were also provided with guidance.</u>

...

The form (Data items for SUP 16.12) referred to in SUP 16 Annex 24R is amended as shown.

**FSA031**

**Capital Adequacy (for exempt CAD firms subject to IPRU(INV) Chapter 9)**

...

**Part 4** (Regulatory capital test to be completed by all firms)

29

...

...

Professional Indemnity Insurance

33

...

34

Does your firm conduct insurance distribution activities?

34A

Has your firm renewed its PII cover since the last reporting date?

34B

Has there been a change to the basis of your PII cover since the last reporting date?

35

...

J

K

L

M

N

PII detailed information

<u>Business line subject to policy excess (from list)</u>	<u>Policy excess</u>	<u>Business line category subject to policy exclusion(s)</u>	<u>Time period of policy exclusion(s)</u>	<u>Type of exclusion(s)</u>
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...

**FSA032**

**Capital Adequacy (for exempt CAD firms subject to IPRU(INV) Chapter 13)**

- ...
- 34 Does your firm conduct insurance distribution activities?
- 35 Has your firm renewed its PII cover since the last reporting date?
- 35A Has there been a change to the basis of your PII cover since the last reporting date?
- 36 ...
- ...
- 38 ... J K L M N

PII detailed information

<u>Business line subject to policy excess</u>	<u>Policy excess</u>	<u>Policy Business line category subject to policy exclusions</u>	<u>Time period of policy exclusion(s)</u>	<u>Type of exclusion(s)</u>
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...

The guidance notes (Guidance notes for data items in SUP 16 Annex 24R) referred to in SUP 16 Annex 25G are amended as shown.

**16 Annex 25G Guidance notes for data items in SUP 16 Annex 24R**

...

**FSA031 – Capital Adequacy (for exempt CAD firms subject to IPRU(INV) Chapter 9)**

...

...		
<p><i>Professional Indemnity Insurance</i></p> <p>This section requires each firm to confirm it is in compliance with the prudential requirements in relation to professional indemnity insurance (PII). Data is required in relation to all PII policies that a firm has in place, up to a limit of ten (this is provided in columns A-H). If a firm has more than ten policies, it should report only on the ten largest policies by premium. For each insurer, if there are any business lines with <u>different excess or different exclusions</u>, then they should be reported in columns J and K, <u>for excess</u>, and in columns L to N, <u>for exclusions</u> (so there can be multiple entries in columns J and K, and L to N, for each insurer).</p>		
...		

Business line	35J	For policies that cover all business lines, firms should select 'All' from the list provided (to follow). Where the policy contains different excess for different business lines, firms should identify these business lines from the list (or the closest equivalent) and report the (highest) excess for that business line in data element 35K. Once these 'non-standard' excesses have been identified, the remaining business lines should be reported under 'All other'. (Some typical business types include pensions, endowments, FSAVCs, splits/zeros, precipice bonds, income drawdown, lifetime mortgages, discretionary management).
Policy excess	35K	For policies that cover all business lines with no difference in excesses, this should be the excess applicable. Otherwise, it should contain the highest excess for each business line that differs.
Policy exclusion	35L to 35M	<p><u>If there are any exclusions in the firm's PII policy, the business type(s) to which they relate should be entered here in data element 38M (from the drop-down menu).</u></p> <p><u>For any exclusions in the firm's PII policy, the firm should enter in data element 38N whether the exclusion applies to types of business or activities carried out in the past ('past business'), during the period covered by the policy ('future business') or both ('past and future business').</u></p> <p><u>For any restrictions or limitations in the firm's PII policy which relate to any types of business or activities that the firm has carried out either in the past or will undertake during the period covered by the policy, the firm should enter in data element 38O the type of restriction or limitation from the drop-down list. (Some typical policy restriction/limitation types include the volume of business or activity covered by the policy, the specific type of a particular business/activity covered by the policy and sub-limits to the level of indemnity for particular types of business/activity.)</u></p> <p><u>If the type of restriction or limitation is not listed firms should select 'other'.</u></p>

...

### FSA032 – Capital Adequacy (for exempt CAD firms subject to IPRU(INV) Chapter 13)

...

...		
<p><i>Professional Indemnity Insurance</i></p> <p>This section requires each firm to confirm it is in compliance with the prudential requirements in relation to professional indemnity insurance (PII). Data is required in relation to all PII policies that a firm has in place, up to a limit of ten (this is provided in columns A-H). If a firm has more than ten policies, it should report only on the ten largest policies by premium. For each insurer, if there are any business lines with different excess <u>or different exclusions</u>, then they should be reported in columns J – L, <u>for excess, and in columns L to N, for exclusions</u> (so there can be multiple entries in columns J, <u>and K</u>, and L <u>to N</u>, for each insurer).</p>		
...		
Has your firm renewed its PII cover since the last reporting date?	35A	This is either 'Yes' or 'No'.
<u>Has there been a change to the basis of your PII cover since the last reporting date?</u>	<u>35AA</u>	<u>This is either 'Yes' or 'No'.</u>
...		
Business line	38J	For policies that cover all business lines, firms should select 'All' from the list provided (to follow). Where the policy contains different excess for different business lines, firms should identify these business lines from the list (or the closest equivalent) and report the (highest) excess for that business line in data element 38K. Once these 'non-standard' excesses have been identified, the remaining business lines should be reported under 'All other'.  (Some typical business types include pensions, endowments, FSAVCs, splits/zeros, precipice bonds, income drawdown, lifetime mortgages, discretionary management).
Policy excess	38K	For policies that cover all business lines with no difference in excesses, this should be the excess applicable. Otherwise, it should contain the highest excess for each business line that differs.
Policy exclusions	38L <u>to 38N</u>	If there are any exclusions in the firm's PII policy, the business type(s) to which they relate should be entered here <u>in 38L</u> . This is a free text field.

		<p><u>For any exclusions in the firm’s PII policy, the firm should enter in 38M whether the exclusion applies to types of business or activities carried out in the past (‘past business’), during the period covered by the policy (‘future business) or both (‘past and future business’).</u></p> <p><u>For any restrictions or limitations in the firm’s PII policy which relate to any types of business or activities that the firm has carried out either in the past or will undertake during the period covered by the policy, the firm should enter in 38N the type of restriction or limitation from the drop-down list. Some typical policy restriction/limitation types include the volume of business or activity covered by the policy, the specific type of a particular business/activity covered by the policy and sub-limits to the level of indemnity for particular types of business/activity.</u></p> <p><u>If the type of restriction or limitation is not listed firms should select ‘other’.</u></p>
...		

...

[**Note:** the FSA previously provided firms in the Supervision Manual (Retail Mediation Activities Return) Instrument 2006 (FSA 2006/14) with an indication of the available insurers which could be selected in the online version of the RMAR Section E. We have included below the various options which are to be made available for the revised drop-down menus in RMAR Section E. These lists will also be used for FIN –APF – Authorised Professional Firms Questionnaire, FSA 031 and FSA 032.]

**Drop-down list for ‘Insurer name’**

[Please Select]

Acapella Syndicate 2014 (Managed by Pembroke Managing Agency Limited)

Ace

Aegis Syndicate 1225 at Lloyd’s

AIG Europe Ltd

American International Group (AIG)

Amtrust at Lloyd's 1861

AmTrust Europe Limited

Antares Syndicate 1274

Arch Insurance Company (Europe) Ltd

Arch Underwriting at Lloyd’s 2012

Argo Managing Agency

Assicurazioni Generali SpA (Branch of overseas firm)

Atrium Underwriting

Aviva

AXA insurance UK

Axis Specialty Europe SE / Axis Syndicate 1686 at Lloyd’s

Beazley (Lloyd’s Syndicate or Limited Company)

Brit (Lloyd’s Syndicate or Limited Company)

Canopus Managing Agents (previously Trenwick)

Catlin Insurance Company Ltd

Channel Syndicate at Lloyd’s 2015

Chartis UK  
Chaucer Insurance Company  
Chubb European Group SE  
CNA Insurance  
DCH Syndicate at Lloyd's 386  
DTW Syndicate at Lloyd's 1991  
DUAL Corporate Risks  
Eureko Insurance Ireland Ltd  
Everest at Lloyd's 2786  
Golgate Insurance Company  
Great Lakes Insurance SE (UK Branch)  
HCC (Lloyd's syndicate)  
HCC International Insurance Company Plc  
HDI Global Specialty SE  
Hiscox (Lloyd's Syndicate or Limited Company)  
Liberty Managing Agency limited (4472; 5381)  
Liberty Mutual Insurance Europe  
Markel (Lloyd's Syndicate)  
Markel International Insurance Company Ltd  
MS Amlin  
MS Amlin Syndicate 2001  
Munich Re Syndicate at Lloyd's 457  
Named Underwriters at Lloyd's  
Navigators Syndicate at Lloyd's 1221  
Neon Syndicate at Lloyd's 2468  
Omnyy LLP  
Other

Probitas Syndicate at Lloyd's 1492  
QBE at Lloyd's (5386; 5334)  
QBE International Insurance Limited  
Royal and Sun Alliance plc  
The Griffin Insurance Association Limited  
Travelers Insurance Company  
W R Berkley Syndicate at Lloyd's 1967  
XL Insurance Company SE  
Zurich Insurance PLC (Branch of overseas firm)  
Allianz Global Corporate & Specialty SE  
China Re Syndicate at Lloyd's 2088  
Pembroke Syndicate at Lloyd's 4000  
International General Insurance Company (UK) Ltd (IGI)  
QIC Europe Limited  
Sompo International Insurance Ltd  
Starr International (Europe) Ltd  
Starr Managing Agents Limited  
Travelers Insurance DAC  
Travelers at Lloyd's 5000  
XL Insurance Company UK Limited

**Drop-down list for any column requiring 'Business line category'**

[Please Select]

All business lines [for excess only]

No exclusions apply to this policy [for exclusions only]

General insurance and pure protection - Standard/general

General insurance and pure protection - Commercial

General insurance and pure protection - Critical illness

General insurance and pure protection - Income protection

General insurance and pure protection - Delegated authority business

General insurance and pure protection - Other GI and pure protection type

Mortgages - Standard/general

Mortgages - Impaired credit

Mortgages - Self certification

Mortgages - Endowments

Mortgages - Equity release

Mortgages - Other mortgage type

Retail investments - Standard/general

Retail investments - Income drawdown/withdrawal

Retail investments - Investment bonds

Retail investments - Personal pensions and AVCs

Retail investments - Structured products

Retail investments - DB pension transfers/safeguarded benefits

Retail investments - NMPI/NRRS

Retail investments - Other retail investment type

Other FCA regulated business

**Drop-down menu for PII exclusion time period**

[Please Select]

Past business

Future business

Past and future business

**Drop-down menu for PII exclusion type**

[Please Select]

All business

Volume of business

Type of consumer

Type of business

Sub-limit of cover

Jurisdiction of insurers used

Rating of insurer used

Other

## Annex E

### Amendments to the Perimeter Guidance manual (PERG)

**This Annex comes into force on 15 June 2020.**

In this Annex, underlining indicates new text.

#### 8 Financial promotion and related activities

...

#### 8.30A Pre-purchase questioning (including decision trees)

...

##### 8.30A.1 G ...

6

- (3) The table in PERG 12 Annex 1 includes an example of when the use of pre-purchase questioning (including, decision trees) in the course of a triage conversation with customers is likely to be *advice on conversion or transfer of pension benefits*.

...

#### 12 Guidance for persons running or advising on personal pension schemes

...

#### 12 Examples of what is and is not advising on conversion or transfer of pension Annex 1 benefits

Examples	Is this advising on conversion or transfer of pension benefits?
<i>Firm A</i> has a triage conversation with customers. It gives them factual information about <i>safeguarded benefits</i> and <i>flexible benefits</i> and describes the requirement to take <i>advice on conversion or transfer of pension benefits</i> and the cost of transfer. In addition, the <i>firm</i> explains the features of pension schemes with <i>flexible benefits</i> and pension schemes with <i>safeguarded benefits</i> that make them more or less suitable for general groups of people. The <i>firm</i> also explains the cash equivalent transfer value.	
...	
<u>(6) Before or during the course of the triage conversation with customers, the firm uses a form of pre-purchase</u>	<u>Yes. This is likely to be advice as the pre-purchasing questioning process accumulates personalised information tailored to individual</u>

<p><u>questioning (such as decision trees and RAG-rated questionnaires) as set out in PERG 8.30A.</u></p> <p><u>The <i>firm</i> leaves it to the customer to decide whether or not to take advice.</u></p>	<p><u>customers, which is presented in such a way that is objectively likely to influence the customer's decision to transfer or convert their <i>safeguarded benefits</i>.</u></p>
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