

COBS 6 Annex 3G (Menu described in COBS 6.3)

1. (1) This Annex contains a template for the *menu* for the purposes of COBS 6.3:
- (2) *Firms* should omit the notes and square brackets that appear in the following template. Except to the extent indicated in the notes set out at the end of this Annex, *firms* should use the text, format and type size shown in the templates. In particular, the templates should contain the 'keyfacts' logo, headings and prescribed text in the position and order shown and in accordance with the notes. Subject to this, a *firm* may use its own house style and brand.



[Note 3] Last updated []

[ABC Financial Services plc, 123 Any Street, Some Town, ST21 7QB] [Note 4]

1. The Financial Services Authority (FSA)

The FSA is the independent regulator of financial services. This document is designed by the FSA to be given to consumers considering taking advice on certain financial products. You may use this information to compare value for money, to shop around and to decide which firm to use.

2. Our services [Note 5]

We offer an initial discussion (without charge) when we will describe our services more fully and explain the payment options. If you decide to go ahead, we will:

- gather and analyse personal information about you, your finances, your needs and objectives;
- recommend and discuss any action we think you should take and, with your agreement, arrange relevant investments for you.

3. What are your payment options? [Note 6a]

Not all firms charge for advice in the same way. We will discuss your payment options with you and answer any questions you have. We will not charge you anything until you have agreed how we are to be paid. **We have ticked the payment options we offer.**



Paying by fee. Whether you buy a product or not, you will pay us a fee for our advice and services. If we also receive commission from the product provider when you buy a product, we will pass on the full value of that commission to you in one or more ways. For example, we could reduce our fee; or reduce your product charges; or increase your investment amount; or refund the commission to you. [Note 6(b),(c),(d)]



Paying by commission (or product charges). If you buy a financial product, we will normally receive commission on the sale from the product provider. Although you pay nothing up front, that does not mean our service is free. You still pay us indirectly through product charges. Product charges pay for the product provider's own costs and any commission. These charges reduce the amount left for investment. If you buy direct, the product charges could be the same as when buying through an adviser, or they could be higher or lower. We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier. [Note 6(e)]



Paying by a combination of commission and fee. In some circumstances, we also charge a fee on top of any commission we might receive. [Note 6(f)(g)]

4. How much might our services cost? [Note 7] [Note 8]

If you choose the fee option

We will agree the rate we will charge before beginning work. We will tell you if you have to pay VAT. [Note 9]

Our typical charges are: [Note 10]

Principal/Director/Partner **£150-200 per hour**

Financial adviser **£100-150 per hour**

Administration **£25 per hour**

You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first. [Note 9]

If you choose the combination of commission and fee option [Note 11]

We will charge you a combination of fees and commission. The actual amounts will depend on the service provided to you, but will not exceed the total of the maximum fees set out above and the maximum commission set out in the tables below.

If you choose the commission option

Tables 1 and 2 show examples of the amounts of commission we could receive (or the equivalent we earn through product charges) and compare those amounts with the market average (see notes 1 & 2 at the end of this section 4).

The amounts vary according to: the type of product, the amount you invest, and (sometimes) how long you invest for, or your age when you start the product. We will confirm the actual amount to you before you buy a product.

Table 1 - Commission if you invest monthly [Notes 12-17]

Products	Example term or age	Comparison of costs		Example based on £100 per month
		Our maximum	Market average	
				<i>This shows the maximum costs of our sales and advice for a monthly investment or premium of £100, ignoring any changes in fund value</i>
Savings and investments				
Collective investments (eg unit trusts)	Any	[Note 18]	[Note 20]	[Note 21]
Endowments	10 year term	[Note 18]	[Note 20]	[Note 21]
Protection				
Whole of life assurance	Age 40	[Note 18]	[Note 20]	[Note 21]
Saving for retirement				
Personal and Stakeholder pensions	25 year term	[Note 18]	[Note 20]	[Note 21]
	10 year term	[Note 18]	[Note 20]	[Note 21]

Personal Pension Schemes

Not all types of personal pension scheme are included in the information above about commissions. Instead only the more common types are included, and schemes such as SIPP's are not. Before we start advising you, we will inform you of how much we could be paid if we do recommend one of these products to you.

You can also ask us about commission we might receive on underlying investments we recommend you hold within a SIPP if not contained in the information above.

[Note 19]

Table 2 - Commission if you invest a lump sum [Notes 12-17]

Products	Example term or age	Comparison of costs		Example based on £10,000 lump sum
		<i>Our maximum</i>	<i>Market average</i>	<i>This shows the maximum costs of our sales and advice for a lump sum investment of £10,000 ignoring any changes in fund value</i>
Savings and investments				
Collective investments (eg unit trusts)	Any	[Note 18]	[Note 20]	[Note 21]
Investment bond	Any	[Note 18]	[Note 20]	[Note 21]
Saving for retirement				
Personal and Stakeholder pensions	Any	[Note 18]	[Note 20]	[Note 21]
Personal Pension Schemes Not all types of personal pension scheme are included in the information above about commissions. Instead only the more common types are included, and schemes such as SIPP's are not. Before we start advising you, we will inform you of how much we could be paid if we do recommend one of these products to you. You can also ask us about commission we might receive on underlying investments we recommend you hold within a SIPP if not contained in the information above. [Note 19]				
At retirement				
Annuities	Any	[Note 18]	[Note 20]	[Note 21]
Income drawdown	Any	[Note 18]	[Note 20]	[Note 21]

Notes:

1. The market average figures are calculated by the FSA using actual data from a representative sample of regulated firms and are shown in a way that you may compare with our own maximum rates. The market average figures will be updated by the FSA from time to time based on new data.
2. Where a firm sells its own products it calculates its figures according to FSA guidelines. [Note 22]

5. Further information

 [Note 23]

If you need any more help or information

- ask your adviser; or
- visit www.fsa.gov.uk/consumer.

[Note 23]

[Note 3] Last updated []

The following Notes do not form part of the template.

Note 1 **Permission to use the keyfacts logo:** the *Financial Services Authority* has developed a common keyfacts logo to be used on significant pieces of information directed to *clients*. The keyfacts logo and the text 'about our services' may only be used and positioned as shown in the *initial disclosure document* (see *COBS* 6.3.4R). The logo may be re-sized and re-coloured. It may only be used if it is reasonably prominent and its proportions are not distorted. A specimen of the keyfacts logo can be obtained from the *FSA* website http://www.fsa.gov.uk/pubs/other/keyfacts_logo.

Note 2 Insert the name of the *firm* or its *appointed representative* (which in either case may be its *authorised* name or its trading name). A corporate logo or logos may also be included, where illustrated, but should be of equal prominence to 'keyfacts' logo. Where an *appointed representative* is providing the *menu*, then the *appointed representative's* name should be inserted. An appointed representative may include its logo, but this should be in place of, and not in addition to, its principal's logo.

Note 3 Insert the date on which the *menu* was prepared or last amended. This date may be shown either at the top of the front page of the *menu* or at the end of the *menu* after Section 5.

Note 4 Insert the name and address of the head office or, if more appropriate, the principal place of business from where the *firm* or *appointed representative* expects to provide *personal recommendations* to *retail clients* on *packaged products*. The name and address of the *authorised firm* should not be included if the *menu* is to be given by an *appointed representative*, which should insert its own address

Section 2

Note 5 The text in Section 2 is not prescribed, but *firms* may adopt a form of the wording shown. *Firms* should describe the services they offer relating to *packaged products* in their own words, concisely, in plain language and within the space indicated in the template. This description should make clear that the initial discussion (not necessarily the initial meeting) about whether the *client* wishes to use any of the *firm's* services will be without charge. A *firm* may choose to start charging (if appropriate) for the remainder of any or meeting, but only after any discussion on the content of the *menu* has been concluded.

Section 3

Note 6

- a) A *firm* should select, by inserting a tick, the appropriate boxes which show the service that the *firm* expects to provide to the *client*. If the *menu* is provided by an *appointed representative*, the service selected should be that offered by the *appointed representative*.
- b) The "Paying by fee" option should be included in each *menu* even if the *firm* is not offering a purely *fee* based option - in which case, the box and prescribed text should be included, but without a tick.
- c) A *firm* which holds itself out as acting independently in the provision of *personal recommendations* on *packaged products* should, in accordance with *COBS* 6.2, offer a *retail client* the "Paying by fee" option.

- d) A *firm* which offers a "contingent" *fee* based option should modify the wording by the "Paying by fee" option to explain (clearly and in plain language) how the contingent *fee* arrangement will operate. A *firm* could use the following example description: "If you buy a financial product, you will pay us a fee for our advice and services. But if no sale is made, you will not have to pay us anything."
- e) The "Paying by commission (or product charges)" option should be included in each *menu* even if the *firm* is not offering this option - in which case, the box and the prescribed text should be included, but without a tick. In this option, reference to "commission" means *commission* and *commission equivalent*.
- f) A *firm* should only include the "Paying by a combination of commission and fee" option in the *menu* where this option is actually offered to the *client* to whom the *menu* is given.
- g) The text that accompanies the "Paying by a combination of commission and fee" option is not prescribed. However, a *firm* should insert a clear plain language description of how its maximum remuneration is calculated using both the *fee* and the *commission* information provided in Section 4 of the *menu*.

Section 4 – Information on headings and text to include

Note 7 In Section 4, if a *firm* offers more than one payment option to the *client* to whom the *menu* is given, then it should include the:

1. headings "If you choose the fee option", "If you choose the commission option" and "If you choose the combination of commission and fee option"; and
2. accompanying text relating to each option offered.

Note 8 If a *firm* offers only one payment option to the *client* to whom the *menu* is given, then all three prescribed headings ("If you choose the fee option", "If you choose the commission option" and "If you choose the combination of commission and fee option") can be omitted, but the relevant text for the option offered should be included.

Section 4 – Information for firms offering payment by fees

Note 9 If a *menu* contains information relating to *fees*, then a *firm* should ensure that the following statements are included:

1. "We will agree the rate we will charge before beginning work. We will tell you if you have to pay VAT."
2. "You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first."

Note 10 The text for describing a *firm's fee* charging arrangements is not prescribed, but should be clear and in plain language. A *firm* should provide numerical statements of the amount or rate of its *fees* and these should be expressed in pounds sterling or another appropriate currency, where relevant. A *firm* may describe actual hourly rates where possible or typical hourly rates.

Examples of statements which *firms* may use are:

Hourly Rate

We will agree the rate we will charge before beginning work. Our typical charges are:

Principal/Director/Partner £00-000 per hour

Financial adviser £00-000 per hour

Administration £00 per hour

Your adviser will tell you if you have to pay VAT.

Lump Sum

We will agree what we will charge you before beginning work. Our typical charges are:

Individual financial review £00

Your adviser will tell you if you have to pay VAT.

Percentage of funds under management

We will agree what we will charge you before beginning work. Our typical charges are:

Investment management agreement

0% per year of the value of the investments you ask us to manage

Your adviser will tell you if you have to pay VAT.

Section 4 – Information for firms offering payment by a combination of commission (or equivalent) and fees

Note 11 If a *menu* contains information relating to the combination of *commission* (or *equivalent*) and *fee* option, a *firm* should:

1. set out its maximum *fee* amount in the fee section of Section 4;
2. set out its maximum *commission* (or *equivalent*) amount in the commission section of Section 4; and
3. ensure that the maximum amount of *fee* and *commission* (or *equivalent*) does not exceed the total of both options.

The text for describing a *firm's* charging arrangements where a *firm* offers the combination of *commission* (or *equivalent*) and *fees* option is not prescribed, but a *firm* should describe correctly (clearly and in plain language) its usual way of charging a combination of *fee* and *commission*. *Firms* may use a form of the wording set out in the following examples:

1. Where we charge a combination of fees and commission, our maximum rates are set out in the fee information section above and the commission section below.
2. We charge a consultation fee of up to £x, and, if you buy a financial product, we will also retain commission within the amounts set out in the commission tables below.
3. We will charge you a combination of fees and commission. The actual amounts will depend on the service provided to you, but will not exceed the total of the maximum fees set out above and the maximum commission set out in the tables below.
4. We charge an annual fee as described in the fee information set out above. If we arrange for you to purchase a financial product, then we will also retain commission which will be within the maximum commission amounts set out in

the tables below.

Section 4 – Information for firms offering payment by commission (or equivalent)

Note 12 If a *menu* contains information relating to *commission*, then a *firm* should set out information concerning *commission (or equivalent)* in the tabular format prescribed. The headings for Tables 1 and Table 2; the headings and sub-headings for each column; the product headings in each row of the first column; and the example term and age set out in the second column of each table are all prescribed and should not be amended. If the boxes entitled 'Personal and Stakeholder pensions' are included, the positioning and wording of those boxes is prescribed and should not be amended.

Note 13 Each *menu* should refer to the range of packaged products which the *firm* expects to be relevant for the particular *client* or group of *clients* to whom the *menu* is likely to be given. Where this stated range does not contain a product that is included in the templates, then a *firm* may delete the appropriate product row from the tables in its *menu*.

Note 14 The text and information contained in the commission section of Section 4 should be included if a *firm* reasonably expects to provide those services to a *retail client* receiving the *menu* in respect of any of the following product groups.

Regular contribution business

The following product groups relate to regular contribution investments (including annual and quarterly premium contracts) and include any non-contractual top-ups or increments (to existing regular contribution investments) which generate *commission (or equivalent)*.

- a) Collective investments
Any *regulated collective investment scheme* or *investment trust savings scheme*.
- b) Endowments
A *life policy* that pays a sum of *money* on the survival of the life assured to a specific date or, if earlier, on death.
- c) Whole of life assurance
A *life policy* which, disregarding any benefit payable on surrender, secures a capital sum only on death or either on death or on disability, but does not include term assurance.
- d) Personal and stakeholder pensions
Any *personal pension scheme*, *FSAVC* scheme or *stakeholder pension scheme* (other than a *SIPP*, *personal pension product*, *personal pension deposit*, *group personal pension scheme* or *stakeholder pension scheme* arranged on a group basis for the employees of a particular employer). (See Note 18)

Lump sum business

The following product groups relate to single contribution business, including *commission (or equivalent) generating, non-contractual, top-ups or increments to existing lump sum investments*.

- a) Collective investments
Any *regulated collective investment scheme*.
- b) Investment bond
A single premium *whole of life assurance* policy or endowment policy.

- c) Personal and stakeholder pensions
Any *personal pension scheme*, *FSAVC* scheme or *stakeholder pension scheme* (other than a *SIPP*, *personal pension product*, *personal pension deposit*, *group personal pension scheme* or *stakeholder pension scheme* arranged on a group basis for the employees of a particular employer). (See Note 18)
- d) Annuities
A *pension annuity* or purchased life annuity.
- e) Income drawdown
A *pension contract* effected for the purpose of *income withdrawal* from a pension fund.

- Note 15** A *firm* which conducts business with *retail clients* in relation to any *packaged products* not falling within any of the product groups for which maximum commission is disclosed on the *menu*, may provide a *client* with information about *commission* (or *equivalent*) relating to that business by way of a separate annex. For the purpose of the *rules*, any such information does not form part of a *firm's menu*.
- Note 16** Having regard to the nature of the business which a *firm* reasonably expects to conduct with the *clients* to whom the *menu* will be provided, a *firm* should (i) present information about *commission* receivable on regular monthly payments in accordance with Table 1; and (ii) present information about *commission* receivable on lump sums in accordance with Table 2. The information should be presented in the two separate but sequential Tables 1 and 2.
- Note 17** Where a *firm* reasonably expects not to conduct either regular contribution or lump sum business with the *clients* to whom the *menu* will be provided, it may exclude the relevant table so that its *menu* contains only the table relevant to the type of business it expects to conduct.
- Note 18** For each product group shown a *firm* should disclose the maximum amount or rate of *commission* (or *equivalent*) where applicable under *COBS* 6.4 which it reasonably expects it would retain in respect of the sale of a *packaged product* falling within the product group. The maximum rate or amount should be ascertained in accordance with the procedure set out in *COBS* 6 Annex 4G.
- Note 19** Where a *firm* expects to advise on *SIPPs*, *personal pension products* or *personal pension deposits*, in addition to a product listed in Note 14, this box and prescribed wording should be included.
- Note 20** For each product group shown a *firm* should disclose the corresponding market average calculated and published by the FSA and in accordance with the procedure set out in *COBS* 6 Annex 4G.
- Note 21** For each product group illustrated a *firm* should include an example in accordance with *COBS* 6 Annex 4G.
- Note 22** The two notes shown at the end of Section 4 of the *menu* should be included as shown if the *menu* contains information relating to *commission*.

Section 5

Note 23 A *firm* should not alter the text in Section 5.