

**RETAIL DISTRIBUTION REVIEW (ADVISER CHARGING NO 6) INSTRUMENT
2012**

Powers exercised

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

Commencement

- C. This instrument comes into force on 31 December 2012.

Amendments to the Handbook

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

Citation

- E. This instrument may be cited as the Retail Distribution Review (Adviser Charging No 6) Instrument 2012.

By order of the Board
13 December 2012

Annex

Amendments to the Conduct of Business sourcebook (COBS)

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

Requirement to be paid through adviser charges

- 6.1A.6 ~~G~~ ~~Services related to the *personal recommendation* may include, but are not~~
R ~~limited to:~~

'Related service(s)' for the purposes of COBS 6.1A includes:

- (1) *arranging or executing* a transaction which has been recommended to a *retail client* by the *firm*, an *associate* or another *firm* in the same *group* or conducting administrative tasks associated with that transaction; or
- (2) managing a relationship between a *retail client* (to whom the *firm* provides *personal recommendations on retail investment products*) 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 on retail investment products).

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Calculation of the cost of adviser services to a client

- 6.1A.16 G In order to meet its responsibilities under the *client's best interests rule* and *Principle 6* (Customers' interests), 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.

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