

CONDUCT OF BUSINESS AND CLIENT ASSETS (LIFETIME INDIVIDUAL SAVINGS ACCOUNT) INSTRUMENT 2017

Powers exercised

- A. The Financial Conduct 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 137A (The FCA’s general rules);
 - (2) section 137B (FCA general rules: clients’ money, right to rescind etc);
 - (3) section 137R (Financial promotion rules);
 - (4) section 137T (General supplementary powers); and
 - (5) section 139A (Power of the FCA to give guidance).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 6 April 2017.

Amendments to the Handbook

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

(1)	(2)
Glossary of definitions	Annex A
Conduct of Business sourcebook (COBS)	Annex B
Banking: Conduct of Business sourcebook (BCOBS)	Annex C
Client Assets sourcebook (CASS)	Annex D

Notes

- E. In Annexes B and C to this instrument, the “notes” (indicated by “**Note:**”) are intended for the convenience of readers but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Conduct of Business and Client Assets (Lifetime Individual Savings Account) Instrument 2017.

By order of the Board
6 March 2017

Annex A

Amendments to the Glossary of definitions

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

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

<i>cash-only lifetime ISA</i>	a <i>lifetime ISA</i> which can include only those qualifying investments prescribed in paragraphs 8(2)(a), (b), (h), (j) and (n) to (q) of the <i>ISA Regulations</i> .
<i>lifetime ISA</i>	an <i>individual savings account</i> as prescribed in regulation 4(1ZB) of the <i>ISA Regulations</i> .
<i>lifetime ISA business</i>	a <i>firm's</i> activities, in its capacity as an <i>ISA manager</i> , in connection with a <i>lifetime ISA</i> which is not either or both <i>MiFID business</i> and <i>designated investment business</i> .
<i>lifetime ISA charges</i>	any fee or charge made to a <i>retail client</i> in connection with the opening or operation of a <i>lifetime ISA</i> , whether levied by the <i>firm</i> or any other <i>person</i> , but excluding any fees or charges: <ul style="list-style-type: none"> (a) payable by or on behalf of a <i>retail client</i> to a <i>firm</i> in relation to the provision of a <i>personal recommendation</i> by the <i>firm</i> in respect of the <i>lifetime ISA</i>; and (b) relating to the qualifying investments held in the <i>lifetime ISA</i> (including in relation to the provision of a <i>personal recommendation</i> in respect of those investments).
<i>lifetime ISA government bonus</i>	has the meaning given to “government bonus” in paragraph 1 of the Schedule to the <i>ISA Regulations</i> .
<i>lifetime ISA government withdrawal charge</i>	has the meaning given to “withdrawal charge” in paragraph 9(4) of Schedule 1 to the Savings (Government Contributions) Act 2016.

Amend the following definition as shown.

<i>client money</i>	...
	(2A) ...

(bc) that a *firm* receives or holds for, or on behalf of, a *client* in the course of, or in connection with, its *lifetime ISA business*; or

...

...

Annex B

Amendments to the Conduct of Business sourcebook (COBS)

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

1 Application

1.1 The general application rule

...

- 1.1.1A R This sourcebook does not apply to a *firm* with respect to the activity of *accepting deposits* carried on from an establishment maintained by it, or its *appointed representative*, in the *United Kingdom*, except for *COBS 4.6* (Past, simulated past and future performance), *COBS 4.7.1R* (Direct offer financial promotions), *COBS 4.10* (Systems and controls and approving and communicating financial promotions), *COBS 13* (Preparing product information), ~~and~~ *COBS 14* (Providing product information to clients) and *COBS 15* (Cancellation) which apply as set out in those provisions, *COBS 4.1* and the Banking: Conduct of Business sourcebook (*BCOBS*).

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4 Communicating with clients, including financial promotions

...

4.5 Communicating with retail clients

...

- 4.5.10 G ...

Lifetime ISA

- 4.5.11 G Information about relevant risks (*COBS 4.5.2R*) that a *firm* should give a *retail client* in relation to a *lifetime ISA* may include:

(1) an explanation of:

- (a) a *retail client's* eligibility to subscribe to a *lifetime ISA* (including annual subscription limits) and to claim the *lifetime ISA government bonus*;
- (b) the *lifetime ISA government withdrawal charge* and the circumstances in which it might arise; and
- (c) the process by which a *retail client* can transfer a *lifetime*

ISA; and

- (2) warnings that, if the *retail client*:
- (a) incurs a *lifetime ISA government withdrawal charge*, the *retail client* may get back less than they paid in to a *lifetime ISA*;
 - (b) saves in a *lifetime ISA* instead of enrolling in, or contributing to a *qualifying scheme, occupational pension scheme, or personal pension scheme*;
 - (i) the *retail client* may lose the benefit of contributions by an employer (if any) to that scheme; and
 - (ii) the *retail client's* current and future entitlement to means tested benefits (if any) may be affected.

...

4.7 Direct offer financial promotions

- 4.7.1 R (1) Subject to (3) and (4), a *firm* must ensure that a *direct offer financial promotion* that is addressed to, or disseminated in such a way that it is likely to be received by, a *retail client* contains:

...

...

- (4) If a communication relates to a *firm's* business that is not *MiFID* or *equivalent third country business*, this section does not apply:
- (a) to the extent that it is an *excluded communication*;
 - (b) to the extent that it is a prospectus advertisement to which *PR 3.3* applies;
 - (c) if it is *image advertising*;
 - (d) to the extent that it relates to a *deposit* that is not a *cash deposit ISA, cash-only lifetime ISA* or *cash deposit CTF*;
 - (e) to the extent that it relates to a *pure protection contract* that is a *long-term care insurance contract*.

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...

13 Preparing product information

13.1 The obligation to prepare product information

- 13.1.1 R A *firm* must prepare:
- (1) a *key features document* for each *packaged product*, *cash-deposit ISA*, *cash-only lifetime ISA* and *cash-deposit CTF* it produces; and
 - (2) a *key features illustration* for each *packaged product* it produces;
- in good time before those *documents* have to be provided.

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13.3 Contents of a key features document

General requirements

- 13.3.1 R A *key features document* must:
- (1) include enough information about the nature and complexity of the product, how it works, any limitations or minimum standards that apply and the material benefits and risks of buying or investing for a *retail client* to be able to make an informed decision about whether to proceed; ~~and~~
 - (2) explain:

...

 - (e) (for a *personal pension scheme* that is not an *automatic enrolment scheme*) clearly and prominently, that *stakeholder pension schemes* are generally available and might meet the *client's* needs as well as the scheme on offer; and
 - (3) (for a *cash-only lifetime ISA*) include the information set out in COBS 14 Annex 1.

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14 Providing product information to clients

14.1 Interpretation

- 14.1.1 R In this chapter:
- (1) '*retail client*' includes the trustee or *operator* of a *stakeholder pension scheme* or *personal pension scheme* and the trustee of a *money-purchase occupational pension scheme*; and
 - (2) 'sell' includes 'sell, *personally recommend* or *arrange the sale of*' in relation to a *designated investment* and equivalent activities in relation to a *cash-deposit ISA*, *cash-only lifetime ISA* and *cash-*

deposit CTF.

14.2 Providing product information to clients

The provision rules

14.2.1 R A *firm* that sells:

...

(4) a *cash-deposit ISA*, *cash-only lifetime ISA* or *cash-deposit CTF* to a *retail client*, must provide a *key features document* to that *client*;

(4A) a *lifetime ISA*, which is not a *cash-only lifetime ISA*, to a *retail client* must provide to that *client* the information in *COBS 14 Annex 1*;

...

...

After COBS 14.4 (Provision of information by an intermediate Unitholder) insert the following new Annex. The text is not underlined.

14 Lifetime ISA information Annex 1

	This Annex belongs to <i>COBS 13.3.1R(3)</i> and <i>COBS 14.2.1R(4A)</i> .	
	Information which comprises the following:	
1	Features of a lifetime ISA	
1.1	R	An explanation to the <i>retail client</i> of the key features of a <i>lifetime ISA</i> , including:
	(1)	eligibility criteria to open and subscribe to a <i>lifetime ISA</i> ;
	(2)	annual <i>lifetime ISA</i> subscription limits;
	(3)	tax treatment of qualifying investments held in a <i>lifetime ISA</i> ;
	(4)	process for transferring a <i>lifetime ISA</i> ;
	(5)	eligibility for the <i>lifetime ISA government bonus</i> ; and
	(6)	the <i>lifetime ISA government withdrawal charge</i> and the circumstances in which this might be incurred.
1.2	R	The explanation in <i>COBS 14 Annex 1 1.1R(6)</i> should include a warning

		that:
	(1)	the <i>lifetime ISA government withdrawal charge</i> recovers any <i>lifetime ISA government bonus</i> and any investment growth on that bonus plus an additional amount; and
	(2)	if the <i>lifetime ISA government withdrawal charge</i> is incurred, the <i>retail client</i> could receive back less than they paid in.
2		Additional factors for a retail client to consider when deciding whether to invest in a lifetime ISA
2.1	R	An explanation to the <i>retail client</i> of:
	(1)	the different savings objectives for which the <i>lifetime ISA</i> is intended, being house purchase and/or saving for retirement, either in the alternative or in combination; and
	(2)	the types of qualifying investments which can be held in the <i>lifetime ISA</i> being sold by the <i>firm</i> .
2.2	R	A warning that if a <i>retail client</i> saves in a <i>lifetime ISA</i> instead of enrolling in, or contributing to, a <i>qualifying scheme, occupational pension scheme</i> or <i>personal pension scheme</i> :
	(1)	the <i>retail client</i> may lose the benefit of contributions by an employer (if any) to that scheme; and
	(2)	the <i>retail client's</i> current and future entitlement to means tested benefits (if any) may be affected.
2.3	G	The explanation in <i>COBS 14 Annex 1 2.1R</i> should:
	(1)	encourage a <i>retail client</i> to consider their <i>lifetime ISA</i> subscription level and choice of qualifying investment in relation to their savings objectives, their expected investment horizon and their financial circumstances as a whole, including other provision for retirement; and
	(2)	inform the <i>retail client</i> that the factors in (1) may change over time and that the <i>retail client</i> should regularly review their <i>lifetime ISA</i> subscription and/or qualifying investments.
3		Example outcome of retirement saving by a retail client in a lifetime ISA
3.1	R	A descriptive heading such as ‘What a lifetime ISA might be worth at age 60?’
3.2	R	A completed version of the table in <i>COBS 14 Annex 1 3.5R</i> .
3.3	R	An explanation, positioned adjacent to this table on the same page, stating

		that:	
		(1)	the table is designed to:
		(a)	help the <i>retail client</i> understand what the value of a <i>lifetime ISA</i> might be at age 60, depending on the age at which saving starts and assuming the maximum annual subscription at the beginning of each tax year up to age 50 and receipt of the <i>lifetime ISA government bonus</i> ; and
		(b)	provide information for a <i>retail client</i> who is saving for retirement in a <i>lifetime ISA</i> and so may not be relevant to a <i>retail client</i> whose saving objective for a <i>lifetime ISA</i> is house purchase; and
		(2)	the estimated outcomes in Columns 4 and 5:
		(a)	are based on standardised rates of return which may not reflect:
		(i)	actual or expected returns; or
		(ii)	the <i>retail client's</i> choice of qualifying investment for a <i>lifetime ISA</i> (accompanied by an indication of how the <i>retail client</i> can access information relating to the qualifying investments which the <i>retail client</i> may purchase from the <i>firm</i>); and
		(b)	include the effect of <i>lifetime ISA charges</i> and inflation on estimated outcomes from a <i>lifetime ISA</i> ; and
		(3)	Column 6 shows the effect of <i>lifetime ISA charges</i> and inflation on the returns from a <i>lifetime ISA</i> which the <i>retail client</i> can use to compare the <i>lifetime ISA charges</i> applicable to other <i>lifetime ISAs</i> and charges applicable to longer-term savings products.
3.4	R	The explanations in <i>COBS 14 Annex 1 3.3R(2)</i> and <i>COBS 14 Annex 1 3.3R(3)</i> must include a statement that <i>lifetime ISA charges</i> taken into account in the table:	
		(1)	may vary over time; and
		(2)	exclude any fee or charge:
		(a)	payable by or on behalf of a <i>retail client</i> to a <i>firm</i> in relation to the provision of a <i>personal recommendation</i> by the <i>firm</i> in respect of the <i>lifetime ISA</i> ; and
		(b)	relating to the qualifying investments held in the <i>lifetime ISA</i> (including in relation to the provision of a <i>personal recommendation</i> in respect of those investments).

3.5	R	This table belongs to <i>COBS</i> 14 Annex 1 3.2R.					
		1	2	3	4	5	6
		Age saving in a lifetime ISA started	Total amount paid in by lifetime ISA saver/ investor	Total amount paid in, plus lifetime ISA government bonus	Estimated outcome at age 60 from 0% return	Estimated outcome at age 60 from x% return	Charges and estimated inflation would reduce a x% return to
			£	£	£	£	%
		18					
		25					
		30					
		35					
		40					
3.6	R	In preparing the table in <i>COBS</i> 14 Annex 1 3.5R, <i>firms</i> must:					
		(1)	Round all sterling amounts down to the nearest whole pound.				
		(2)	Complete Column 2 on the basis of:				
			(a)	the <i>retail client</i> attaining each age listed in Column 1 in the tax year in respect of which the <i>retail client</i> is proposing to make a <i>lifetime ISA</i> subscription; and			
			(b)	a maximum annual <i>lifetime ISA</i> subscription being made on 6 April of that tax year and each subsequent tax year, up to and including the tax year in which the <i>retail client</i> would reach age 50 (based on each assumed age in (a)).			
		(3)	Complete Column 3 on the basis of:				
			(a)	subscriptions as calculated in Column 2; and			
			(b)	receipt by the <i>retail client</i> of the <i>lifetime ISA government bonus</i> on:			
			(i)	5 April 2018 for the tax year 2017/18 (where relevant); and			
			(ii)	6 April of each subsequent tax year, up to and			

					including the tax year in which the <i>retail client</i> would reach age 50 (based on each assumed age in 2(a)).
		(4)	Complete Columns 4 and 5 on the basis of:		
			(a)	investment of the <i>retail client's</i> assumed subscriptions and the <i>lifetime ISA government bonus</i> , as calculated for the purposes of Columns 2 and 3;	
			(b)	(for Column 4) a nominal annual rate of return of 0%;	
			(c)	(for Column 5) a nominal annual rate of return equal to the maximum intermediate rate of return 'x' given in <i>COBS 13 Annex 2 2.3R</i> ; and	
			(d)	the outcome in sterling in real terms:	
			(i)	based on the nominal annual rate of return in the relevant column;	
			(ii)	net of the intermediate rate of price inflation given in <i>COBS 13 Annex 2 2.5R</i> ;	
			(iii)	net of the effect of any <i>lifetime ISA charges</i> ; and	
			(iv)	compounded annually at the end of each tax year, up to and including the tax year in which the <i>retail client</i> would reach age 60 (based on each assumed age in 2(a)).	
		(5)	Complete Column 6 on the basis of a percentage rate 'y' (rounded to the nearest tenth of 1%), where 'y' is the annual rate of return which must be applied to each amount shown in Column 3 and compounded annually over the relevant period to achieve the sterling amount shown in Column 5.		
4	Projections				
4.1	R	Where a <i>firm</i> chooses to provide a <i>projection</i> , including a <i>personal projection</i> , in relation to investing in a <i>lifetime ISA</i> in addition to the information in <i>COBS 14 Annex 1 3</i> (Example outcome of retirement saving by a retail client in a lifetime ISA), a <i>firm</i> must ensure that:			
		(1)	the information in <i>COBS 14 Annex 1 3</i> is displayed at least as prominently as the <i>projection</i> ;		
		(2)	where a <i>firm</i> that communicates a <i>projection</i> for a <i>lifetime ISA</i> in relation to its <i>MiFID or equivalent third country business</i> , the <i>projection</i> complies with the future performance rule in <i>COBS 4.6.7R</i> ; and		

		(3)	where a <i>firm</i> that communicates a <i>projection</i> for a <i>lifetime ISA</i> which is not in relation to its <i>MiFID</i> or <i>equivalent third country business</i> , the <i>projection</i> must be either a <i>standardised deterministic projection</i> or a <i>stochastic projection</i> in accordance with <i>COBS 13 Annex 2</i> .
5	Qualifying investments		
5.1	G	The information which a <i>firm</i> provides to a <i>retail client</i> in accordance with this Annex is intended to inform the <i>retail client</i> about the implications of that <i>retail client</i> saving and/or investing in a <i>lifetime ISA</i> (as opposed to saving and/or investing outside a <i>wrapper</i> or in a different <i>wrapper</i> or <i>pension wrapper</i>). A <i>firm</i> must still take into account and comply with any other requirements of this sourcebook in connection with the sale by the <i>firm</i> of qualifying investments to be held in a <i>lifetime ISA</i> .	

Amend the following as shown.

15 Cancellation

...

15.2 The right to cancel

Cancellable contracts

15.2.1 R A *consumer* has a right to cancel any of the following contracts with a *firm*:

Cancellable contract	Cancellation period	Supplementary provisions
Life and pensions:		
<ul style="list-style-type: none"> • a <i>life policy</i> (including a <i>pension annuity</i>, a <i>pension policy</i> or within a <i>wrapper</i>) • a contract to join a <i>personal pension scheme</i> or a <i>stakeholder pension scheme</i> • a <i>pension contract</i> • a contract for a <i>pension transfer</i> • a contract to vary an existing <i>personal</i> 	30 calendar days	<p>For a <i>life policy</i> effected when opening or transferring a <i>wrapper</i>, the 30 calendar day right to cancel applies to the entire arrangement</p> <p>For a contract to buy a <i>unit</i> in a <i>regulated collective investment scheme</i> within a <i>pension wrapper</i>, the cancellation right for 'non-life/pensions (advised but not at a distance)' below may</p>

<i>pension scheme or stakeholder pension scheme</i> by exercising, for the first time, an option to make <i>income withdrawals</i> ;		apply Exemptions may apply (see <i>COBS 15 Annex 1</i>)
<u>Lifetime ISAs (advised but not at a distance):</u>		
• a <i>non-distance contract to open or transfer a lifetime ISA</i>	30 calendar days	These rights arise only following a <i>personal recommendation</i> of the contract (by the <i>firm</i> or any other <i>person</i>). <u>Exemptions may apply (see <i>COBS 15 Annex 1</i>)</u>
Cash deposit ISAs:		
• a contract for a <i>cash deposit ISA</i>	14 calendar days	Exemptions may apply (see <i>COBS 15 Annex 1</i>)
Non-life/pensions (advised but not at a distance): a <i>non-distance contract</i> ... ;		
<ul style="list-style-type: none"> • to buy a <i>unit</i> in a <i>regulated collective investment scheme</i> (including within a <i>wrapper</i> or <i>pension wrapper</i>) • to open or transfer a child trust fund (<i>CTF</i>) • to open or transfer an <i>ISA (other than a lifetime ISA)</i> • for an <i>Enterprise Investment Scheme</i> 	14 calendar days	<p>These rights arise only following a <i>personal recommendation</i> of the contract (by the <i>firm</i> or any other <i>person</i>).</p> <p>For a <i>unit</i> bought when opening or transferring a <i>wrapper</i> or <i>pension wrapper</i>, the 14 calendar day right to cancel applies to the entire arrangement.</p> <p>Exemptions may apply (see <i>COBS 15 Annex 1</i>).</p>
Non-life/pensions (at a distance): a <i>distance contract</i> , relating to ... ;		
<ul style="list-style-type: none"> • <i>accepting deposits</i> • <i>designated investment business</i> • <i>issuing electronic money</i> 	14 calendar days	Exemptions may apply (see <i>COBS 15 Annex 1</i>)

...

...

15.3 Exercising the right to cancel

...

Record keeping

- 15.3.4 R The *firm* must make adequate records concerning the exercise of a right to cancel or withdraw and retain them:
- (1) indefinitely in relation to a *pension transfer, pension opt-out* or *FSAVC*;
 - (2) for at least five years in relation to a *life policy, pension contract, personal pension scheme, stakeholder pension scheme* or *lifetime ISA*; and
 - (3) for at least three years in any other case.

15.4 Effects of cancellation

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Payment for the service provided before cancellation

- 15.4.2 R (1) This *rule* applies in relation to a *distance contract* that is not a *life policy, personal pension scheme, cash deposit ISA, cash-only lifetime ISA* or *CTF*.
- (2) When the *consumer* exercises ~~his~~ their right to cancel ~~he~~ they may be required to pay, without any undue delay, for the service actually provided by the *firm* in accordance with the contract. The performance of the contract may only begin after the *consumer* has given ~~his~~ their approval. The amount payable must not:
- (a) exceed an amount which is in proportion to the extent of the service already provided in comparison with the full coverage of the contract; and
 - (b) in any case be such that it could be construed as a penalty.
- (3) The *firm* may not require the *consumer* to pay any amount on the basis of this *rule* unless it can prove that the *consumer* was duly informed about the amount payable, in conformity with the distance marketing disclosure rules. However, in no case may the *firm* require such payment if it has commenced the performance of the contract before the expiry of the cancellation period without the *consumer's* prior request.

[**Note:** article 7(1), (2) and (3) of the *Distance Marketing Directive*]

...

15 Exemptions from the right to cancel Annex 1

	...	
	Exemptions for ISAs, CTFs and EISs (non-distance)	
1.9	R	There is no right to cancel a non- <i>distance contract</i> :
	(1)	to open or transfer an <i>ISA</i> (mini or maxi and including all components whatever the underlying investment, but not a <i>cash deposit ISA</i> or an <i>ISA</i> containing a <i>life policy</i>); or
	(2)	to open or transfer a <i>CTF</i> ; or
	(3)	[deleted]
	(4)	for an <i>EIS</i> ;
		provided that:
	(5)	(for an <i>EIS</i> or <i>ISA</i> <u>which is not a <i>lifetime ISA</i></u>) the right to cancel is replaced with a seven calendar day, pre-contract right to withdraw the <i>consumer's</i> offer; or
	<u>(5A)</u>	<u>(for a <i>lifetime ISA</i>) the right to cancel is replaced with a fourteen calendar day, pre-contract right to withdraw the <i>consumer's</i> offer; or</u>
	(6)	the contract relates to an <i>EIS</i> or a non- <i>packaged product ISA</i> (<u>which is not a <i>lifetime ISA</i></u>) or <i>CTF</i> and is entered into following an explanation that neither a right to cancel nor a right to withdraw will apply given in accordance with the relevant rules on pre-contractual disclosure; or
	(7)	(for an <i>ISA</i> or <i>EIS</i>) the contract entered into is a second or subsequent <i>ISA</i> or <i>EIS</i> on substantially the same terms (such as mini-to-mini <i>ISA</i> or maxi-to-maxi <i>ISA</i>) as an <i>ISA</i> or <i>EIS</i> purchased from the same <i>ISA manager</i> or <i>EIS manager</i> in the previous tax year.
	...	

Annex C

Amendments to the Banking Conduct of Business sourcebook (BCOBS)

In this Annex, underlining indicates new text.

2 Communications with banking customers and financial promotions

2.4 Structured deposits, cash deposit ISAs and cash deposit CTFs

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- 2.4.2 G If a *financial promotion* relates to a *cash deposit ISA*, *cash-only lifetime ISA* or *cash deposit CTF*, COBS 4.7.1R (Direct offer financial promotions) also applies.

...

4 Information to be communicated to banking customers

4.1 Enabling banking customers to make informed decisions

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- 4.1.2 G ...

(2A) ...

- (c) In the case of a *savings account* that is a *cash deposit ISA*, *cash-only lifetime ISA* or a *cash deposit CTF*, the *firm* may include the summary box in a *key features document* provided to the *banking customer* in line with the *rules* and *guidance* in COBS 13 and COBS 14.

- (d) In preparing the summary box, a *firm* should have regard to the provisions of BCOBS 2.2A.1R as if they were *guidance*.

...

...

- 4.1.7 G If the *retail banking service* is a *cash deposit ISA*, *cash-only lifetime ISA* or a *cash deposit CTF*, the rules in COBS 13.1 (Preparing product information) and COBS 14.2 (Providing product information to clients) also apply.

...

6 Cancellation

6.1 The right to cancel

Introduction

- 6.1.1 R Except as provided for in *BCOBS* 6.1.2R, a *banking customer* has a right to cancel a contract for a *retail banking service* (including a *cash deposit ISA* but excluding a *cash-only lifetime ISA*) without penalty and without giving any reason, within 14 calendar days.

[**Note:** article 6(1) of the *Distance Marketing Directive* in relation to *distance contracts*]

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- 6.1.3 G ...

- 6.1.3A G *Firms are reminded that the cancellation rules in COBS 15 apply to the cancellation by a banking customer of a cash-only lifetime ISA.*

...

Annex D

Amendments to the Client Assets sourcebook (CASS)

In this Annex, underlining indicates new text.

7 Client money rules

...

7.10 Application and purpose

7.10.1 R This chapter applies to a *firm* that receives *money* from or holds *money* for, or on behalf of, a *client* in the course of, or in connection with, its:

...

(4) *innovative finance ISA business*; and/or

(5) *lifetime ISA business*,

unless otherwise specified in this section.

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