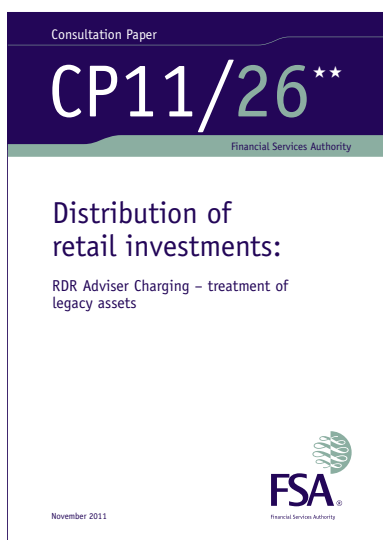


In Summary

Consultation Paper 11/26**



The full CP11/26 can be found at:

www.fsa.gov.uk/pages/Library/Policy/CP/2011/11_26.shtml

Distribution of retail investments:

RDR Adviser Charging – treatment of legacy assets

How your firm may be affected by our proposed changes

We are consulting on draft guidance to help firms understand how 'legacy assets' should be treated under the Retail Distribution Review (RDR) Adviser Charging rules.

Will this affect you – directly or indirectly?

This CP will be of interest to:

- firms advising on retail investment products;
- product providers offering these products; and
- consumers.

Why is this important?

- The Consultation Paper covers the treatment of 'legacy assets' under the RDR Adviser Charging rules. By 'legacy assets' we mean retail investment products purchased by a retail client before the RDR rules come into effect and which the client is still holding when the rules are in force.
- Draft guidance to help firms understand how legacy assets should be treated under the RDR rules is contained in Appendix 1.

What's the background to this?

- Since the beginning of 2011 we have begun to receive an increasing number of queries from firms and trade bodies about legacy commission in connection with Adviser Charging. This led us to review our previous communications on this issue, and it became clear that the effect of the rules that we had made in PS10/6 banning new commission for advised sales of retail investment products had not been properly understood by some firms.
- In March 2011 we circulated a note to trade bodies setting out our understanding of the position, and held discussions with a number of them on this issue. We have taken these discussions into account when preparing this paper.
- Chapter 2 summarises the comments that were made to us, and sets out our view on them. It also explains the approach we have adopted in the draft guidance contained in Appendix 1.

What do you need to do next?

If you would like to comment on our proposals, please read the full Consultation Paper and contact us using the information below. Comments should reach us by 16 January 2012.

What will the FSA do next?

Consultation ends on 16 January 2012. We plan to publish a Policy Statement giving feedback in Q1 2012.

How can I get the full paper?

You can download the full Consultation Paper from:
www.fsa.gov.uk/pages/Library/Policy/CP/2011/11_26.shtml

Or you can order hard copies of the paper by phoning our helpline on 0845 608 2372, quoting reference CP11/26.

Copies are available at £10 each.

Please allow five working days for delivery.

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This newsletter summarises Consultation Paper 11/26. The Financial Services Authority invites comments on this CP. Comments should reach us by 16 January 2012.

- Comments may be sent by electronic submission using the form on the FSA's website at:
www.fsa.gov.uk/pages/library/policy/cp/2011/cp11_26_response.shtml
- Alternatively, please send comments in writing to:

Jenny Frost
 Conduct Policy Division
 The Financial Services Authority
 25 The North Colonnade
 Canary Wharf
 London E14 5HS

Telephone: 020 7066 0348
 Fax: 020 7066 0349
 Email: cp11_26@fsa.gov.uk

It is the FSA's policy to make all responses to formal consultation available for public inspection unless the respondent requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure.

A confidential response may be requested from us under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Tribunal.

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