

Annex

Amendments to the Conduct of Business sourcebook (COBS)

Insert the following new section, COBS 6.1H, after COBS 6.1G (Re-registration of title to retail investment products). The text is not underlined.

6 Information about the firm, its services and remuneration

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6.1H Platform switching

Application

- 6.1H.1 R This section applies to a *platform service provider* in relation to the transfer, or potential transfer, of a *retail client's units*.

Definitions

- 6.1H.2 R In this section:

- (1) “transfer” means the process of transferring a *client's investment* from existing arrangements with a *platform service provider* (“ceding platform”) to separate arrangements with another *platform service provider* (“receiving platform”), irrespective of whether the assets, rights or interests comprising the *investment* are themselves transferred, or whether any of them are converted, exchanged, sold and replaced by equivalent assets, rights or interests, or realised as part of the process;
- (2) “available scheme” is a *fund* in which *units* are available for investment by the *client* via both the ceding and the receiving platforms;
- (3) “discounted *unit class*” is a *unit class* of an available scheme in respect of which the *fund manager* is remunerated by a lower level of charges than would otherwise apply to the *client's investment* in the available scheme;
- (4) “in-specie transfer” refers to a transfer of the *client's units* which is given effect via re-registration of the ownership of the *units*, whether or not the transfer also involves a *unit class conversion* but in any event without the *fund manager* redeeming the existing *units*;
- (5) “*fund manager*” is the *operator*, or, to the extent not covered by that term, the *AIFM* of the available scheme; and
- (6) “*unit*” includes any right to or interest in a *unit*.

In-specie transfers and unit class conversions

- 6.1H.3 R Where a *client* contacts a *platform service provider* in connection with a potential transfer of their *investment* which is, or includes, *units*, the *platform service provider* must provide the *client* with:
- (1) the option of an in-specie transfer of *units* in an available scheme, provided there are no circumstances outside the control of either the ceding or the receiving platform which would prevent such transfer;
 - (2) the option of, as part of the transfer, converting the *units* in an available scheme into *units* of a discounted *unit* class, provided *units* in such class are available for *investment* by the *client* via the receiving platform; and
 - (3) sufficient information in good time about the options above, where they are applicable, to enable the *client* to make an informed decision about what transfer instructions to give.
- 6.1H.4 R If the *client* instructs the *platform service provider* to proceed with a transfer of *units*, then:
- (1) the ceding and receiving platforms must take all reasonable steps to give effect to the *client*'s transfer instructions efficiently and within a reasonable time, including cooperating with and promptly providing each other with information as necessary;
 - (2) if the *client* has chosen an in-specie transfer in accordance with *COBS* 6.1H.3R(1) and a *unit* class conversion is required to enable or facilitate such transfer, the ceding platform must request the *fund* manager to carry out the relevant *unit* class conversion, and take any other reasonable steps to bring it about; and
 - (3) if the *client* has chosen a discounted *unit* class in accordance with *COBS* 6.1H.3R(2), the receiving platform must request the *fund* manager to carry out, and take any other reasonable steps to bring about, the conversion of the *units* into the appropriate discounted *unit* class.
- 6.1H.5 R The obligation to request a *unit* class conversion in *COBS* 6.1H.4R(2) and (3) only applies to the extent the *platform service provider* is entitled to request it.
- 6.1H.6 R If a *platform service provider* is unable to give effect to all or part of a *client*'s transfer instructions, it must contact the *client* at the earliest opportunity to request further instructions.

