

# CP 23/26: Implementing the Overseas Funds Regime

12.02.2024

## *The UK insurance and long-term savings market and the ABI*

*The Association of British Insurers is the voice of the UK's world-leading insurance and long-term savings industry.*

*A productive and inclusive sector, our industry supports towns and cities across Britain in building back a balanced and innovative economy, employing over 350,000 individuals in high-skilled, lifelong careers, two-thirds of whom are outside of London. Our members manage investments of £1.6 trillion, pay over £17.2 billion in taxes to the Government and support communities and businesses across the UK by enabling trade, risk-taking, investment and innovation.*

*We are also a global success story, the largest sector in Europe and the fourth largest in the world. The ABI represents over 200 member companies, including most household names and specialist providers, giving peace of mind to customers across the UK.*

## Executive summary

We are responding to the questions in Chapter 5 on additional disclosures regarding lack of FSCS and FOS coverage. The ABI is supportive of including these disclosures in the form proposed under the existing regulatory disclosure framework (eg onshored PRIIPs Regulation and UCITS Directive).

As part of the future disclosure framework for Consumer Composite Investments (CCIs), firms should continue to disclose this redress information to retail investors. However, in line with our response to DP 22/6: Future Disclosure Framework we recommend that distributors have flexibility to present and deliver the information on redress at the point within the customer journey assessed as most likely to contribute to consumer understanding. This may be at point of sale or earlier. Therefore, if further work is taken forward to develop proposals for enhanced digital disclosure of redress information, we think this should be included as part of Future Disclosure Framework work programme and ultimately enable distributor flexibility to present and deliver redress disclosure.

## Responses to questions 9 - 12

**Question 9: Do you agree that our rules for financial promotions for OFR recognised schemes should require a statement about the scope of the FOS and FSCS in relation to the scheme? If so, does the proposed disclosure contain the right information for investors? Please explain any alternative disclosure proposal.**

1. Yes, it is valuable information for consumers to understand and signposting to advice seems appropriate. We support this disclosure being as succinct and expressed as plainly as possible because there is a risk that this information could negatively impact the effectiveness of overseas fund promotions (relative to domestic).

**Question 10: Do you agree that the prospectus of an OFR recognised scheme should include statements about the scope of the FOS and FSCS in relation to the scheme, and the possible availability of alternative redress options? If so, does the proposed disclosure contain the right information for investors? Please explain any alternative disclosure proposal.**

2. Yes, the fund prospectus is an appropriate place to have disclosure on access to alternative redress options given the overseas fund scheme operator will be closest to this information within the distribution chain.



**Question 11: Do you agree that the supplementary UCITS information provided to retail investors at point of sale should provide the same information as the prospectus, concerning complaints and compensation rights? Please explain any alternative disclosure proposal.**

3. We are comfortable with this same information being provided to the retail customer at point of sale in supplementary documentation.

**Question 12: Do you agree that we should carry out further work to develop proposals for enhanced digital disclosure of redress arrangements for OFR recognised schemes? If so, do you have any views on the content and format of information to be communicated to investors and how the disclosure could be effectively integrated into digital interactions with consumers?**

4. While we support the disclosure of this redress information within a future disclosure framework, firms are best placed to integrate disclosure into digital interactions, so we do not support a prescriptive approach to enhanced digital disclosure of redress arrangements.
5. In line with our response to DP 22/6 Future Disclosure Framework workstream, we would support firms having the flexibility to present and deliver disclosure at the appropriate points within the customer journey. This may well be as a pop-up risk warning prior to point of sale; or at point of sale. Firms will be learning from their application of the Consumer Duty consumer understanding outcome and can bring those lessons to the disclosure of this key information for the consumer.
6. Therefore, while we agree further work should be done, we believe it should be taken forward as part of Future Disclosure Framework workstream and ultimately enable distributor flexibility to present and deliver disclosure.