

Distributing KIIs – An FSA Modification

The UK's Financial Services Authority has recently issued a modification to the COBS regulations which gives UK firms until 30 June 2012 to ensure full KII distribution requirements are met.

Many groups who wish to publish KIIs before the end of the transitional period will welcome this temporary relief from the full requirements to provide KIIs prior to investment.

According to the FSA: "This modification allows any firm that is required to provide a Key Investor Information (KII) document to a client to do so after the transaction has taken place (as opposed to before), in circumstances where the client has given instructions by a means of distance communication and the firm is not able to provide the document in good time before the transaction is concluded."

(As a reminder, distance communication includes the use of email, internet, voice or text messaging, fax, and written instructions received in the post or delivered to the firm.)

The effect of this important modification is that until July 2012 the manner and timing of the provision of KIIs for a distance contract will be governed by the same rules that currently apply to Simplified Prospectuses. Firms can therefore use current compliant processes for delivery of disclosure documents for postal, telephone deals etc. until July 2012. This gives UK firms who are ready to push the button on production of KIIs, but are struggling to get in place the new distribution processes, a few more months. It also simplifies matters if groups are providing both Simplified Prospectuses and KIIs during the transition period.

After 30 June 2012 the full rules will apply.

A waiver is required to use this modification.

The link below gives full details of this modification and how to apply for it. It is simply a matter of emailing or writing to the Central Waivers Team at:

<http://www.fsa.gov.uk/doing/regulated/notify/waiver/consent/modcobs.shtml>

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