

28th May 2025

Consumer Investments Distribution Policy
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Submitted via email to: cp25-9@fca.org.uk

RE: Further proposals on product information for Consumer Composite Investments (CCI)

BlackRock¹ is pleased to have the opportunity to respond to the Financial Conduct Authority's follow-on consultation paper on further proposals on product information for Consumer Composite Investments (CCI).

BlackRock supports a regulatory regime that increases transparency, protects investors, and facilitates responsible growth of capital markets while preserving consumer choice and assessing benefits versus implementation costs.

We welcome the opportunity to comment on the issues raised by this Consultation Paper and will continue to contribute to the thinking of the FCA on any issues that may assist in the final outcome.

We welcome further discussion on any of the points that we have raised.

Yours faithfully,

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¹ BlackRock is one of the world's leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

Responses to questions

The wider context

1. Do you have any additional comments on our approach to the Consumer Duty?

As noted in our [response](#) to Consultation Paper 24/30, we support the FCA's approach to develop a disclosure regime that is simple, flexible and fosters innovation. Aligning the principles-based Consumer Duty objectives to the CCI requirements is a sensible approach to ensure harmonisation from inception.

We support the FCA's conclusion² to align the varying definitions of 'retail customers' across the Handbook for consistency, and, as emphasised previously, would suggest alignment with the following definition in the draft handbook text proposed in Appendix 1, Annex B 1A.1 4 of the [Consultation Paper 24/30](#) as "a person to whom an investment is sold, or who is the recipient of an offer or advice about an investment, and who is or would be categorised as a retail client under the rules in COBS 3".

We also note that the FCA has committed to engaging with firms to clarify how the Consumer Duty applies along the distribution chain, in the [FS25/2](#) Feedback Statement. This is welcome, as the initial CCI proposal to permit distributors to create their own product summaries or request changes to manufacturer-produced product summaries risks blurring the lines between the roles of both distributors and manufacturers. Therefore, as part of this clarification, we suggest the FCA consider a clearer delineation between the responsibilities of both manufacturers and distributors, for both legal certainty, and efficiency in the production and control of product information.

Cost Information

2. Do you agree with our proposal to require disclosure of explicit transaction costs? If not, why?

Yes. As stated in our response to CP 24/30, while no single formula can adequately represent the costs of trading across multiple strategies and asset classes for pre-contractual disclosure, explicit costs are the most reliable and useful data at the point of sale.

Although consumers have historically found transaction cost disclosures difficult to understand, we recognise that the shift from pre-CCI to post-CCI cost figures may cause additional confusion. To support a smooth transition, considerable educational efforts will be required—both from the FCA and the wider industry—to help consumers grasp the changes in transaction costs, as well as the broader implications for other impacted areas such as risk, and performance disclosures.

3. Do you agree with our proposal not to require disclosure of implicit transaction costs? If not, why?

Yes, BlackRock welcomes the FCA's proposal to remove the requirement for firms to disclose implicit transaction costs and by extension removing the need to calculate implicit costs with the unsuitable slippage calculation methodology.

² FCA, Feedback Statement [FS25/2](#): Immediate areas for action and further plans for reviewing FCA requirements following introduction of the Consumer Duty, March 2025

This simplified transaction cost calculation reduces the risk of artificially inflating costs, which can mislead investors.

4. Do you agree with our proposal to require the separate disclosure of transaction costs, and their inclusion in the summary cost figure? If not, why?

We support the separate disclosure of transaction costs. However, we disagree with transaction costs being included in a cost summary figure.

The cost summary proposed in CP24/30 would aggregate the total of one off-costs (such as entry and exit costs), ongoing costs and transaction costs over a 12-month period. This combines varying deductions which impact the investor at different parts of their investment journey, and represents a combination of stable, varying, repeated and one-off costs into one figure. As noted in our response to Q26 of CP 24/30, this would not communicate a meaningful or reliable 'total cost' to the consumer, and could potentially undermine the Consumer Duty by obscuring customers understanding of what they will pay in a given period.

Transaction costs are substantively different to ongoing costs. Even with the exclusion of implicit transaction costs, they are representative of the market conditions at one point in time, rather than representative of a consistent ongoing figure. To this end, we suggest the same approach for performance fees and carried interest figures, which were proposed to be separated from other costs in CP 24/30 on the basis that it could be "misleading to suggest these contingent costs would always be incurred", should also be applied to explicit transaction costs.

Rather than providing a cost summary figure, which combines varying costs and charges, we propose that the most useful figure to present prominently to the consumer on an annual basis should be the Ongoing Charges Figure (OCF). This will allow investors to better understand the costs their product is likely to incur on a regular basis, while setting out elements such as explicit transaction costs, performance fee, entry and exit costs separately. This notion is further supported by consumer research undertaken by the Investment Association in conjunction with the Wisdom Council which found that the OCF was the most helpful figure in aiding decision-making, for sophisticated retail investors.³

5. Do you agree with our proposed rewriting of Article 50 requirements? If not, why?

BlackRock supports the proposed alignment of pre- and post- sale cost disclosures with Article 50 cost disclosure to ensure consistency with the CCI proposals as the FCA transfers the assimilated MiFID Org Reg into the Handbook. However, under the existing MiFID Article 50(2), firms would be required to aggregate all costs and charges on a pre- and post- sale basis, and relatedly, under the existing MiFID Article 50(10), must provide clients with an illustration showing the cumulative effect of those costs on the return of the investment.

As outlined in Question 4 and in our response to CP24/30, we are not in support of an aggregated cost summary figure (whether pre- or post- sale) as it does not acknowledge the variation in frequency, function and nature of the different costs combined, and therefore risks being unhelpful to the consumer's decision-making process. Moreover, the MiFID II cumulative impact illustration is conceptually similar to the Reduction in Yield (RIY) metric under the former PRIIPs requirements, which the FCA have already proposed to remove.

³ Investment Association and The Wisdom Council, May 2025. Consumer Roundtable: A discussion on investment decision making and the disclosure of costs and charges on funds.

We ask that the FCA consider removing both of these elements as part of the wider review of MiFID requirements referred to in CP25/9 3.8, to ensure consistency and clarity for consumers throughout the distribution process.

6. Do our draft rules replacing Article 50 achieve the intended rationalisation and alignment with proposed CCI rules? If not, why?

Please see our response to Question 5.

7. Do you agree with our proposal to delete Article 51 of the MiFID Org Reg (COBS 14.3A.11)? If not, why?

We agree with the FCA's proposal to delete Article 51, as the final CCI rules will cover all relevant costs for consumers.

Consequential Handbook amendments, transitional provisions and complaints handling

8. Do you agree with the proposed options available to firms during the transition period? If not, why?

We welcome the FCA's clarification that UCITs manufacturers will not need to transition from providing a KIID to a PRIIPs KID at any point before the final CCI requirements apply.

However, we reiterate, as outlined in our response to CP 24/30, that the transition period for all products in scope of the CCI regime should be harmonised to at least two years for the following reasons:

- The broad review of MiFID II rule amendments is still outstanding. Given these amendments will play a key role in determining the cost and charges information that investors will see. Without clear guidance on these proposed amendments, both consumers and firms will still possess an incomplete view of the impact of the new regime on the distribution chain. Further to this, the industry will need sufficient time to review and determine the impact on implementation.
- The 18-month timeline will be effectively shorter than it currently appears, for product manufacturers in particular. Distributors rely on manufacturers to provide the necessary information for compliance, meaning manufacturers must be operationally prepared well ahead of the deadline. This preparation ensures that the finished product can be delivered to distributors in time for them to make required disclosures and other operational updates, such as changes to their product filtering processes.

In addition to this, the proposed 12-month transition period for listed closed-ended investment companies (LCICs) is also insufficient. Although the FCA did issue forbearance in November 2024, exempting LCICs from applying PRIIPs requirements, many investment company manufacturers continued to comply with a number of requirements, such as producing PRIIPs KIDs, due to concerns around the relationship of this forbearance with the Consumer Duty.

Moreover, many firms manufacture products categorised across the full range of PRIIPs, UCITS, NURS and LCICs. The FCA's clarification to allow UCITS manufacturers to continue to use a UCITS KII was to "ensure that firms have the full transition period to prepare for new processes introduced under CCIs". This objective would therefore be undermined with a 12-month transition period for LCICs, as it would similarly require these same manufacturers to run parallel implementation processes for different products in scope.

9. Do you identify any potential problems with or omissions from our proposed consequential amendments to the Handbook?

The newly proposed DISC 2A.3.6R rule states that:

“A firm may satisfy its obligations under DISC 2A.3.1R by providing the *product summary* to a person who is legally empowered (solely or jointly with others) to make investment decisions on behalf of the *retail investor*.”

As currently drafted, this could apply to several entities, including discretionary managers, contradicting the FCA’s own intention for the product summary as stated in proposal 4.26 to “be presented to retail investors only.” We propose the scope of the rule should be clarified to apply specifically to individuals with powers of attorney rather than to discretionary managers.

Additionally, we support the FCA’s proposal 4.25 to exempt Authorised Contractual Schemes (ACS) and Qualified Investor Schemes (QIS) from the CCI requirements, recognising that their distribution is already restricted from a general retail investor base by the eligibility criteria set out in COBS 4.12B.7R. However, we note that distributors may still need a form of standardised disclosure to access key information on costs, performance, and other metrics. We therefore encourage the FCA to collaborate with both distributors and manufacturers to develop a proportionate alternative.

10. Do you agree with our approach to complaints handling for unauthorised persons and our proposal for simplified requirements on unauthorised firms within scope of CCI rules to implement complaints handling procedures? If not, why?

No comment.

Use of FSMA Powers

11. Do you agree with our proposal to extend the policies and procedures in DEPP which relate to the exercise of powers under Part 11 and Part 14 to breaches of CCI requirements? If not, why?

No comment.

12. Do you agree with our proposal that decisions to take enforcement action under Part 14, together with determinations of applications under section 206B (4), should be taken by the RDC? If not, why?

No comment.

13. Do you agree with our proposal that Executive Procedures is the right mechanism for making decisions when giving directions or determining an application to vary or revoke a direction? If not, why?

No comment.

Cost Benefit Analysis

14. Do you agree with our Cost Benefit Analysis? If not, why?

No comment.