

FCA's CCI Framework

What you need to know



FCA's CCI Framework

Scope

The framework applies to both **manufacturers** and **distributors** of a wide range of investment products, including:

Open-ended funds (e.g. PRIIPs, UCITS, NURS, non-PRIIP packaged funds (excluding pensions))	Closed-ended funds (e.g. Investment Companies, VCTs)	Insurance-based Investment Products (IBIPs)
Structured Products	Contracts for Difference (CFDs)	Derivatives & other complex investments



FCA's CCI Framework

Timing

Consultation
19 Dec 2024 – 20 March 2025, with additional 'sub' consultations in early 2025 (transaction costs and transitional provisions)

Final rules
Policy Statement (PS) to be published at some point in 2025. CCI will enter into force at this point

Implementation
2-month transition period for closed-ended funds.
18 months for all other product types. Firms can however begin to apply the CCI rules as soon as it enters into force when the PS is published



FCA's CCI Framework

Requirements

The new framework introduces several changes:

- ✓ **Replaces the PRIIPs KID / UCITS KIID** with a standalone, simplified product summary, plus an accompanying machine-readable file containing the core information per the product summary.
- ✓ The **product summary** is not subject to a fixed, regulator-defined template, enabling flexibility in disclosures. It is, however, subject to standardisation of the information to be contained within it.
- ✓ **Manufacturers** can satisfy the requirements by publishing these on their website and providing to their distributors.
- ✓ The **product summary** must contain basic information (identifiers, strategy, date of revision, complaints/redress and similar), along with risk, past performance and costs & charges information.
- ✓ **Risk** – Replaces the 1-7 scale under PRIIPs/UCITS with a 1-10 scale, based on the standard deviation of returns over a **5-year history**.
- ✓ **Costs & Charges** – broadly consistent with PRIIPs – requires one-off entry/exit costs, ongoing costs, transaction costs and contingent costs (performance/carried interest) to be disclosed. The FCA will however consult further on the transaction cost methodology in **early 2025**.

Eliminates the 'reduction in yield' presentation in PRIIPs, in favour of a simple trailing **12-month** cost impact.
- ✓ **Performance** – eliminates forward-looking performance scenarios as under PRIIPs, in favour of a simple past performance across a **10-year history** (or up to, if 10 years is not available)



FCA's CCI Framework

Key challenges

Flexibility on format and layout is good, however it poses a risk to comparability where investors are faced with multiple formats.	Firms might consider not only the format of presentation, but the ordering of information within this e.g., leveraging insights from behavioural economics
How will the dynamics between manufacturers and distributors play out? Will distributors seek to modify product summaries widely, and if so, how? Will they require additional information?	Firms with UK and EU fund ranges will need to maintain and monitor divergent methodologies across calculation components (risk, performance, costs)
CCI is technology-neutral – will firms seek to move beyond PDFs to a more digital interactive/layered presentation?	The transition period for closed-ended funds is only 12 months (vs. 18 months for all other product types). Expect this to be challenging if it is not amended in the final rules.

Our next steps

Confluence will be adapting our existing end-to-end PRIIPs KID and UCITS KIID production solution to support impacted firms.

