Article

# FCA Proposes Key Simplifications Under CCI Framework in Latest Consultation (CP25/9)

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On 16 April 2025, the FCA published a subsequent consultation (to **CP24/30**) on certain specific provisions under the incoming CCI framework (**CP 25/9**), which runs through to 28 May 2025.

Within the same update, the FCA indicates that it expects to publish the final rules via a policy statement in late 2025. As such, if we interpret this as most likely in Q4, this indicates an approximate application date between Q2 and Q3 2027 for most firms, and between Q4 2026 – Q1 2027 for closed-ended listed investment companies (if no further changes in the transition period are announced).

## Implicit Transaction Costs Scrapped: A Win for In-Scope Firms

While the topics covered are relatively limited, the key headline here is the **FCA's proposal to remove the requirement on firms to calculate and disclose implicit transaction costs** (i.e., via the 'slippage' methodology). This is a hugely positive update for in-scope firms that finally applies a healthy dose of pragmatism to retail product disclosures.

The FCA acknowledges that implicit 'slippage' costs can be imprecise and hard to measure accurately, with market movements being largely outside the control of firms. As such, they favour a simplification here with explicit costs being simpler to measure and more decision-useful.

## Clarity and Consistency Through Explicit Cost Disclosure

The FCA proposes that explicit costs are disclosed separately from other ongoing costs (in line with the proposals set out in CP 24/30) and that they should be based on an average over 36 months where possible or otherwise estimated on a 'reasonable basis'.

## MiFID Org Reg Amendments Aim to Eliminate Duplication

Elsewhere, the FCA is proposing **amendments related to the MiFID Org Reg**, which are broadly intended to avoid overlaps and duplication vs. the incoming CCI rules for a more consistent approach. Ultimately, the types of CCI product costs and charges required to be aggregated for MiFID pre- and post-sale disclosures should be the same as those required to be disclosed in the CCI product summary.

As part of this rewrite, the FCA is proposing to delete Article 51 of the MiFID Org Reg entirely, as it deems this unnecessary relative to the other changes being proposed.

## Transition Periods: No Immediate Change, but 'Lite' Early Adoption Option

On **transitional provisions**, the FCA does not immediately make any changes to the headline transition periods, instead referencing that they are reviewing the feedback as part of the initial consultation CP24/30. As we've outlined previously, the more limited transition period of 12 months for Investment Companies is a challenging inconsistency vs. all other CCI product types and should be aligned for a single transition period.

What the FCA does clarify, however, is that they plan to retain the option for firms to move to the CCI regime ahead of the transition period-end, but this will be a 'lite' application of the rules focusing on the product summary only; for example, the machine-readable data transmission between manufacturers and distributors will not be required.

## UCITS Get a Direct Path to CCI

Additionally, the FCA confirms that UCITS will not at any point need to produce a PRIIPs KID, instead moving straight to the CCI rules at the end of the transition period. This appears to aid in clarifying the approach given the final Policy Statement is now expected to be published post the end of June 2025 (meaning the 18-month transition period would extend beyond the end of 2026 UCITS exemption period (from PRIIPS)).

Otherwise, much of this proposal is intended to address points of admin around the FCA's handbook. However, what is clarified is that master UCITS will not be required to provide a product summary to their feeder UCITS, and both Authorised Contractual Schemes (ACS) and Qualified Investor Schemes (QIS) will be out of scope of the regime.

## Next Steps and Industry Engagement

All-in-all, a positive step in the right direction here from the FCA, particularly on the headline item of the removal of implicit cost requirements. This will be a welcome point of relief for the breadth of in-scope firms.

For now, we continue to monitor for updates relating to the main consultation CP24/30 and will provide further commentary when we can. Equally, given the FCA's move here, it will be interesting to see which direction the EU may go in with respect to the PRIIPs modernisation proposal, for which we're anticipating further details in 2025.

In the meantime, we are working on prototyping the product summary design and layout aspects - an area we will engage on further across our valued clients.

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