See you around, KID: our take on the FCA's final rules for CCIs

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The FCA has published its long-awaited final rules for CCIs, which will replace the "rigidly-templated", "complex" and "unclear" PRIIPs and UCITS disclosure framework for UK retail investors.

In this note, we analyse how the FCA has refined its envisaged disclosure framework for CCIs and what practical next steps firms should be taking to be ready for this fundamental change to the retail disclosure landscape in the UK.

"*All I want for Christmas is … final rules on the disclosure framework applicable to investments where the returns received by retail investors are dependent on the performance of indirect investments.*"

Catchy right? (Mariah missed a trick).

The FCA might agree: last year, they slid a Consumer Composite Investments ("**CCI**") consultation paper under the Christmas tree; this year there was a stocking full of CCI Policy Statement for all the good girls and boys wanting to do some retail disclosure homework over the festive period. And if you didn't spend your break delving into the weeds of costs methodologies and past performance charts, fear not because this note is here to help.

The new rules make some helpful changes to the current PRIIPS KID/UCITS KIID requirements – but the regime also goes further than the current rules, to impose Consumer Duty-like product governance and information sharing obligations on firms (including unregulated and overseas-regulated firms).

The new CCI regime will become effective from 8 June 2027 for all CCIs - but manufacturers will be able to switch from preparing a PRIIPs KID/UCITS KIID to a CCI product summary document instead from 6 April 2026.

Although this is intended to give firms flexibility in the switch over to the new regime – an earlier compliance date will have knock on implications (e.g. distributors would need to provide the CCI product summary to UK retail investors instead of a KID/KIID in that case; and manufacturers would need to ensure that the CCI product summary is uploaded onto their website).

The FCA has been clear from the get-go: the CCI regime will scrap "rigidly templated" and "complex" and "unclear" disclosure documents for retail investors and bring forth a "simpler and more flexible system which is tailored to the UK". You can refresh your memory on this objective and the regulator's original proposals by reading our earlier note "RIP to PRIIPs. Hi to CCIs".

The FCA has held fast to this objective in its Policy Statement – it aims to achieve the proliferation of engaging, test-driven retail communications, albeit with standardised anchors for costs, risk/return and performance disclosure. That said, the FCA has made a number of important refinements to its envisaged disclosure framework for CCIs. We have summarised some of the headline in this note below.

Clarifying scope

The FCA has clarified the perimeter of the regime, in particular with respect to corporate bonds and provided more flexibility for taking products out of scope where they are not aimed at retail investors:

> 'Plain vanilla listed bonds' (a new definition for certain simple corporate bonds that will be added to the FCA Handbook from 19 January 2026) and certain other floating rate notes referencing SONIA (or other equivalent risk-free reference rates in any currency) or EURIBOR (or any similar IBOR) are expressly out of scope.

> The FCA has dropped the £50,000 minimum denomination or investment criteria for descoping products as non-retail; instead, a CCI is outside the DISC rules where the offer materials and associated communications clearly state that the product is for professional clients and eligible counterparties only (and not for retail investors) and are clearly not directed to retail investors, and the distribution strategy and approach is consistent with this.

> Closed-ended investment funds ("**CEIFs**"), by contrast, are now clearly confirmed to be in scope.

The FCA defines "retail investor" in this context by reference to the client categorisation rules in COBS 3. The FCA are currently consulting on amending those rules (see our note on this here). If implemented, these changes should make it easier for firms to opt-up more retail clients to elective professional client status, which would then also switch off the CCI requirements in respect of such clients.



Further to clear opposition across the industry to the FCA's proposal to give distributors the ability to draft their own product summaries or amend summaries prepared by manufacturers, the FCA has sought to simplify the regime such that manufacturers and distributors have clearly delineated responsibilities – however, as noted previously, the FCA has also imposed a number of additional conduct obligations on both types of firms, that go further than the current PRIIPs/UCITS regime (e.g. Consumer Duty like product governance and information sharing obligations).

Manufacturers

As with the current PRIIPs/UCITS rules for KIDs/KIIDs, preparation of the CCI product summary (which will replace the KID/KIID as the retail investor facing document) will be the sole responsibility of the manufacturer.

In addition to the product summary, manufacturers will also be required to provide distributors with "underlying core information disclosures" (in machine-readable format) and sufficient information about e.g. the target market and distribution strategy for the CCI in good time before the CCI is made available for distribution to retail investors. Manufacturers should therefore consider whether the information disclosures they currently provide to distributors (other than the KID/KIID) for CCIs in the UK, need to be supplemented or adapted to meet these new requirements.

In addition, manufacturers (including unregulated and overseas manufacturers) will be required to review and update both the CCI product summary and the "underlying core information disclosures" annually, and whenever a material change occurs.

Manufacturers that are not FCA regulated (i.e. unregulated or overseas regulated manufacturers) will be subject to high-level Consumer Duty-like product governance rules (e.g., obligations to have a product approval process and a consumer risk assessment), certain FCA principles of business (e.g. acting with integrity, due skill, care and diligence, having adequate risk management systems and being open and cooperative with the FCA) and also complaints-handling requirements.

Additionally, all manufacturers are subject to certain Consumer Duty-like information sharing obligations with distributors.



Distributors

As with the current PRIIPs/UCITS rules for KIDs/KIIDs, distributors will be required to ensure that the CCI product summary is made available to investors *pre sale*. Distributors must also provide consumers with sufficient product information to meet their information needs, and give them such information as is necessary to help them make an effective, timely and properly informed decision about the product. To clarify its expectations, the FCA has explained that distributors must highlight at a minimum the following information from the CCI product summary to retail investors:

> a brief explanation of the product;

> the ongoing costs figure of the product (see below), and other costs relevant to the product (for example, one-off costs); and

> the risk and return score of the product and a brief explanation of the product's risk and return profile, including any required warnings for the product

Distributors must provide the retail investor with a copy of the product summary in a durable medium at the time the sale is concluded or as soon as reasonably practicable afterwards and, in any case, before the retail investor is bound by any agreement to buy or otherwise invest in the CCI.

Similar to the updated obligations for manufacturers, distributors in scope of the UK CCI rules, will be subject to additional conduct obligations that go further than the current PRIIPs/UCITS rules. For example, the FCA has imposed an explicit obligation on distributors to raise concerns with manufacturers "promptly and appropriately" where they identify that a product summary, core information disclosure, or additional product communication contains (or may contain) information that is in any material respect misleading, inaccurate or out of date. They are also expected to inform other firms in the distribution chain about this concern.

Additionally, distributors that are not FCA regulated (i.e. unregulated or overseas regulated manufacturers) will be subject to certain FCA principles of business (e.g. acting with integrity, due skill, care and diligence, having adequate risk management systems and being open and cooperative with the FCA) and also complaints-handling requirements.



The FCA has overhauled the way ongoing and transaction costs are presented, with an emphasis on clarity and avoiding misleading aggregation. The key headline number is now the "ongoing costs figure" (OCF), which must be shown both as a percentage and as a pounds-and-pence number.

One-off costs and explicit transaction costs must still be disclosed clearly but must no longer be added into the OCF. By way of recap, implicit transaction costs (which have remained a controversial aspect of the PRIIPs rules) do not need to be disclosed, as per the April consultation.

On the disclosure of "pull-through costs" (i.e. costs incurred by underlying investment products that a CCI invests in, such as in a fund of funds structure, with an 'investor' CCI fund investing in multiple underlying funds) – the FCA has dropped their initial proposal to exempt passive funds from disclosing pull-through costs. In relation to CEIFs, firms must disclose their costs transparently but are not required to add pull through costs to the investor fund's OCF — manufacturers must instead calculate and show a weighted average cost-to-NAV ratio for such CEIF holdings.

No CCIs will be required to include gearing costs or real-asset maintenance costs, in the ongoing costs figures.

Performance fees and carried interests must also be disclosed in the product summary concisely in plain English with at least one illustrative example of how much the performance fee and/or carried interest (as applicable) could amount to if applied, paid or levied, based on a hypothetical investment of £10,000 and reasonable assumptions about the performance of the CCI.

Finally, the FCA has transposed Article 50 of the MiFID Org Regulation into its Handbook without intending to make substantive amendments at this stage. A broader MiFID review will take place in 2026.



Risk and return

Manufacturers should devise a "risk and return" metric based on standard deviation of returns using 10 years of data (rather than 5 years, as was previously proposed), and provide a concise narrative setting out both risks and potential returns. This replaces the proposed "risk score" concept in order to "balance the messaging on investing and reflect the potentially higher return from taking higher risk over the long term."

Moreover, products holding illiquid assets or with limited redemption features (such as CEIFs and LTAFs) will no longer automatically receive a score of 9. Instead, such products must add at least one point to the calculated risk and return score in recognition of the product's liquidity constraints, unless the score is already at 9.

The FCA has recognised that simulating past performance would be difficult for structured products given their unique features, and has therefore proposed that structured products will be required to use a value-at-risk equivalent volatility ("**VEV**") methodology to calculate volatility.

Past performance

The presentation of past performance information has been adjusted to make charts more informative and better reflect product history. In particular, graphs must now show monthly (rather than quarterly) data points in order to more accurately reflect investment volatility. This more granular approach will require firms to ensure they have appropriate pipelines to gather in the necessary data.

The consultation paper had proposed that where a CCI is the result of a merger of two or more funds, and has less than 10 years of past performance, manufacturers should be required to disclose past performance information for all of the pre-merger funds . This has been removed following industry feedback, based on which the FCA concluded that this detailed disclosure is unlikely to be decision-useful for retail investors.

Financial promotion implications

The Consumer Composite Investments (Designated Activities) (Amendment) Order 2025 was laid before Parliament on 18 December 2025. It comes into force on 6 April 2026.

The Order provide temporary exemptions from the financial promotion restriction and the scheme promotion restriction of FSMA 2000, allowing a PRIIPs KID to continue to be produced for the duration of the transitional period for the new CCI regime.

The FCA does not, however, indicate in its Policy Statement that it will introduce a broad financial promotion exemption for CCI product summaries or core information documents. On the one hand this is unsurprising, given the FCA has given firms discretion to prepare their own disclosures without conforming to a prescriptive template; on the other hand, this approach may create additional complexity, and firms will need to think carefully about CCIs in the context of their overarching financial promotion compliance framework.



One of the stated aims of the new rules is to clarify the scope of the regime in relation to corporate bonds. The legacy UK PRIIPs regime was complex and uncertain in this area.

In the context of the proposals to encourage certain issuers to issue 'plain vanilla listed bonds' in low denominations to enable access to UK retail investors, bonds that fall within this definition will be expressly out of scope of the CCI regime. Further details of the types of debt securities that are and are not in scope, and the impact of particular features are set out in the amendments to DISC. However, subject to some minor clarifications (for example as noted above with respect to risk-free rates or IBORs) the scoping is broadly aligned with the existing understanding of the UK PRIIPs scope and DISC rules.

The non-retail CCI exemption replaces the current DISC guidance for when a PRIIP is not 'made available' to a retail investor. This exemption (as described above) removes the denomination requirement and better reflects existing market practice for excluding UK retail investors and take products out of scope.

The 18-month implementation period proposed by the FCA in its original consultation remains in place (and is also available for closed-ended investment companies, for whom the FCA had previously proposed a shorter 12-month implementation period). However, from **6 April 2026**, manufacturers may choose either to use a new CCI product summary or to continue with the existing KID/KIID, and distributors must continue to provide whichever disclosure applies.

Full implementation of the CCI framework will take effect on **8 June 2027**. Manufacturers, in particular, will need to think carefully about the optimal timetable for transitioning from the UK KID/KIID to CCI documentation. A practical approach may be to align this with annual reviews of existing KID/KIIDs, provided the necessary internal processes are in place to gather relevant data, prepare compliant documentation and provide machine-readable files. As noted above, transitioning to a CCI product disclosure document early, will have knock on implications for both manufacturers and distributors.



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