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10% Depreciation Rule

Of particular interest to: firms providing portfolio management services

On September 30, 2020, the FCA extended its COVID-19 supervisory flexibility over 10% depreciation notifications for a further 6 months until 30 March 2021 with some amendments.

The FCA states that it will not take action for breach of COBS 16A.4.3 EU for services offered to retail investors provided that the firm has:

- **issued at least one notification in the current reporting period**, indicating to retail clients that their portfolio or position has decreased in value by at least 10%
- **informed clients that they may not receive similar notifications**, should their portfolio or position values further decrease by 10% in the current reporting period
- **referred clients to non-personalised communications**, perhaps made available on public channels, that outline general updates on market conditions – the FCA notes that these could contextualise potential drops in portfolio or position value to help consumers meet their objectives, rather than making impulse decisions about their investments; and
- **reminded clients how to check their portfolio value**, and how to get in touch with the firm.

The FCA has also extended the relief to professional clients – please see ‘Useful Links’ for further information.

Useful Links

[10% Depreciation FCA Statement](#)

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