



Financial Promotions – Guidance on Prominence

Introduction

The FSA issued draft guidance (GC11/15) in July 2011 regarding their expectations of firms in relation to Financial Promotions and ‘prominence’ of key information. This includes such things as risk warnings, costs, limitations, restrictions etc.

This is in consideration of the FSA’s expectations that financial promotions should be clear, fair and not misleading and that they should present a balance of risk and reward to the reader. This also provides further guidance regarding specific rules on prominence (COBS 4.5.2) for the content of financial promotions.

Please find attached a link to the draft FSA guidance. Consultation is due to finish in August, and final guidance will be issued thereafter.

http://www.fsa.gov.uk/pubs/guidance/gc11_15.pdf

Summary of key issues

The FSA defines prominence as ‘ the state of being easily seen’. The FSA considers that there are many promotional features that must be considered in relation to prominence such as fees, charges, relevant risk statements and other key product information. This summary is not exhaustive. Firms must ensure that they check the relevant sections of the Conduct of Business rules to ensure that the FSA’s expectations on prominence are addressed for all different product types and services.

Prominence can be subjective, and what may appear clear to one party may not appear clear to another. Firms should consider the target audience and the likely information needs of the average ‘reader’. The issues apply regardless of the type of medium (ie print, television or online) which is used for the financial promotion .

Prominence is also considered in the context of the promotion as a whole, including the position of text, background, colour and font size.

Examples of good practice

The draft guidance contains a number of examples that the FSA consider evidences good practice, including (but not limited to):

- Important information, statements or warnings should be shown using clear and bold type styles across neutral backgrounds.
- The size of the important information is proportionate taking into account the content, size and orientation of material as a whole.



- A balance of risk and reward has been considered.
- Risk warnings have been shown contained within their own distinct border, within the main body of the promotional item and ahead of the 'small print'.
- Risk warnings on online financial promotions are shown on the website landing page and throughout the relevant pages of the website.
- In the case of television promotions, risk warnings must remain fixed on the screen throughout the duration of the commercial.

Examples of poor practice stated include:

- Risk warnings being diminished due to their location being outside of the main promotion, or by use of small font sizes or unclear type styles.
- Risk warnings only appearing once on internet material.
- Important information being superimposed across coloured or patterned backgrounds which lessens their visual impact.

Firms should ensure that, when reviewing the content of financial promotions, they can evidence that the FSA's guidance on prominence has been considered. This may include updating any financial promotion approval checklists that are used for this purpose to evidence that this has been taken into account.

This briefing note is intended as a summary only and is not full and/or firm specific advice. For further information and assistance on how you should comply, please contact Gillian Gallacher.