

## FCA CONSUMER DUTY – CITI MARKETS STRUCTURED PRODUCTS VALUE ASSESSMENT METHODOLOGY SUMMARY FOR DISTRIBUTORS

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### Regulatory Context:

The Financial Conduct Authority (FCA) has put in place the Consumer Duty under [Policy Statement \(PS22/9\) A New Consumer Duty](#). This introduced rules and guidance regarding the “Price and Value Outcome” in its Principles for Business (PRIN), under PRIN 2A.4, placing an obligation on a product manufacturer to:

- ensure that its products provide fair value to retail customers in the target markets for those products; and
- carry out a value assessment of its products and review that assessment on a regular basis.

### Purpose of this Document

This document provides additional information for product distributors including (i) a summary of Citi Markets’ methodology for value assessment for structured products that are in scope for Consumer Duty (being structured products manufactured in the United Kingdom (UK) which are intended for distribution to retail investors (“Structured Products”)); (ii) information on the main source of value assessment information; and (iii) guidance on how to request any additional information in relation to value.

### Value Assessment Methodology – Summary of Approach:

Citi assesses value of its Structured Products by way of the following:

1. value assessment processes across the product lifecycle; and
2. pre-trade quantitative value assessment.

#### ***1. Value assessment processes across the product lifecycle***

Throughout the product lifecycle, Citi considers particular aspects impacting the value of its structured products, including during the following processes:

- Product approval – specific value considerations are identified and assessed, e.g. nature of the product, quality, limitations, benefits.
- Product design and structuring pre-trade – the components of the product, quality aspects, related fees and charges, and similar products in the market are considered as part of the structuring process.
- Product information provision – information about the product is provided in the product offering documentation (including the base prospectus and the issue terms) and the Key



Information Document (KID) to support the end retail investors' understanding of the product, including the product features, costs and risks.

- Product review – value is a key consideration in the structured products ongoing review process.
- Distributor feedback – feedback from our distributors in relation to overall value of structured products is collected and reviewed, with appropriate action taken in response.

## ***2. Pre-trade quantitative value assessment***

Before trading a structured product with you, a quantitative value assessment is completed for that structured product. This assesses value of the structured product.

Where a product passes this quantitative value assessment, then together with the considerations of value through the value assessment processes across the product lifecycle noted above, the product is considered to provide fair value to the end retail investors.

### **Value Assessment Information:**

The outcome of the value assessment for Citi structured products is provided to distributors via the Consumer Duty fields of the industry template, the European MiFID Template (EMT).

A hyperlink to this document is included in the EMT as supporting information.

### **Additional Information:**

Where a distributor of a Citi structured product would like further information in relation to value and/or value assessment, of a specific product, please contact your Citi Sales representative.