

Chapter 18

Specialist Regimes

18.11 Authorised professional firms

18.11.1 **R** *COBS* applies to an *authorised professional firm*, except that its application in relation to *non-mainstream regulated activities* and *financial promotion* is modified as set out below.

18.11.1A **G** In certain respects, the application of *COBS* to an *authorised professional firm* will be determined by the *firm's* status as a *MiFID investment firm*, a *MiFID optional exemption firm* or a *firm* to which *MiFID* does not apply.

18.11.2 **R** *COBS* does not apply to an *authorised professional firm* with respect to its *non-mainstream regulated activities*, except that:

- (1) the *fair, clear and not misleading rule* applies;
- (2) the *financial promotion rules* apply as modified below;
- (3) the *rules* in the following parts of *COBS* which implement the *IDD* apply in relation to *insurance distribution activities*:
 - (a) ■ *COBS* 2.1.1R, ■ *COBS* 2.2A and ■ *COBS* 2.3A (Conduct of business obligations);
 - (b) ■ *COBS* 4 (Communicating with clients, including financial promotions);
 - (c) ■ *COBS* 6.1ZA (Information about the firm and compensation information (MiFID and insurance distribution provisions));
 - (d) ■ *COBS* 7 (Insurance distribution);
 - (e) ■ *COBS* 8 (Client agreements);
 - (f) ■ *COBS* 9 (Suitability (including basic advice) (other than MiFID and insurance-based investment products provisions)) and ■ *COBS* 9A (Suitability (MiFID and insurance-based investment products provisions));
 - (g) ■ *COBS* 10A (Appropriateness (for non-advised services));
 - (h) ■ *COBS* 14.2 (Providing product information to clients); and
 - (i) ■ *COBS* 16A.2 (General client reporting and record keeping requirements),

but only if the *designated professional body* of the *firm* does not have rules approved by the *FCA* under section 332(5) of the *Act* that implement articles 1(4), 17, 18, 19, 20, 23, 24(1) to (4) and (6), 29, and 30 of the *IDD* and that apply to the *firm*;

(4) ■ COBS 8.1.3 R (Client agreements) applies, except for the requirement to provide information on conflicts of interest; and

(5) ■ COBS 5.2 (E-commerce) applies.

18.11.2A **G** For ■ COBS 18.11.2R(3) if a *rule* implements a requirement of the *IDD*, a note ("**Note:**") follows the *rule* indicating which provision is being implemented.

18.11.3 **R** The *financial promotion rules* do not apply to an *authorised professional firm* in relation to the *communication* of a *financial promotion* if:

(1) the *firm's* main business is the practice of its profession (see IPRU(INV) 2.1.2R(3));

(2) the *financial promotion* is made for the purposes of and incidental to the promotion or provision by the *firm* of its professional services or its *non-mainstream regulated activities*; and

(3) the *financial promotion* is not *communicated* on behalf of another *person* who would not be able lawfully to *communicate* the *financial promotion* if he were acting in the course of business;

however, a *firm* may use the exemptions for promoting *unregulated collective investment schemes* in ■ COBS 4 (Communicating with clients, including financial promotions) if it wishes.

18.11.4 **G** The *rules on approving financial promotions* continue to apply.