

Professional firms

Chapter 5

Non-mainstream regulated activities

5.3 Reference to other sourcebooks and manuals

Introduction

- 5.3.1 **G** The parts of the *Handbook* in which provisions are disapplied or modified in relation to *authorised professional firms* when carrying on *non-mainstream regulated activities* include those described in ■ PROF 5.3.1A G to ■ PROF 5.3.9 G

General provisions

- 5.3.1A **G** ■ 4.3.5 R provides that ■ 4.3.1 R (Disclosure in letters to private customers) does not apply to an *authorised professional firm* with respect to its *non-mainstream regulated activities*.

Conduct of Business sourcebook

- 5.3.2 **G** ■ COBS 18.11 provides that *COBS* does not apply to an *authorised professional firm* with respect to its *non-mainstream regulated activities*, except for:
- (1) the *fair, clear and not misleading rule*;
 - (1A) the *financial promotion rules*, but only in limited circumstances;
 - (2) (where these are *insurance distribution activities*) the parts of *COBS* set out in ■ COBS 18.11.2R(3)(a) to (i) which implement the *IDD* apply unless:
 - (a) the *designated professional body* of the *firm* has made rules which implement some or all of articles 1(4), 17, 18, 19, 20, 23, 24(1) to (4) and (6), 29, and 30 of the *IDD*;
 - (b) those rules have been approved by the *FCA* under section 332(5) of the *Act*; and
 - (c) the *firm* is subject to the rules in the form in which they were approved;
 - (3) ■ COBS 8.1.3 R (Client agreements), except for the requirement to provide information on conflicts of interest; and
 - (4) ■ COBS 5.2 (E-commerce).

Training and Competence sourcebook

- 5.3.3 **G** ■ TC Appendix 3 provides that *TC*, which imposes the substantive training and competence requirements for *retail clients* or *customers*, does not apply to

an *authorised professional firm* with respect to its *non-mainstream regulated activities*.

Senior Management Arrangements, Systems and Controls

5.3.4 **G** The following provisions do not apply to *authorised professional firms* when carrying on *non-mainstream regulated activities*:

- (1) ■ SYSC 6.3 (Financial crime), in relation to *money laundering*;
- (2) ■ SYSC 10.1 (Application), in relation to conflicts of interest;
- (3) ■ SYSC 10.2 (Chinese walls);
- (4) ■ SYSC 19F.2 (IDD remuneration incentives) where the *designated professional body* of the *firm* has made *rules*, approved by the *FCA*, that implement article 17(3) of the *IDD* and that apply to the *firm*; and
- (5) ■ SYSC 28.2 ((Knowledge and ability requirements) except ■ SYSC 28.2.1R(1)).

Supervision manual

5.3.5 **G** ■ SUP 10A.1.17 R provides that ■ SUP 10A (Approved persons) does not apply (except in respect of the *required functions*) to an *authorised professional firm* in respect of its *non-mainstream regulated activities*. So a person such as a *partner*, whose only *regulated activities* are incidental to his professional services, in an *authorised professional firm* whose principal purpose is to carry on activities other than *regulated activities*, need not be an *approved person*.

Dispute resolution: Complaints sourcebook

5.3.6 **G** ■ DISP 1.1.5R (3) provides that ■ DISP 1 (Treating complainants fairly) only applies to an *authorised professional firm* in so far as its mainstream regulated activities are concerned. ■ DISP 2.3.4 R further provides that a *complaint* about an *authorised professional firm* cannot be handled under the *Compulsory Jurisdiction* of the *Financial Ombudsman Service* if it relates solely to *non-mainstream regulated activity* and can be handled by a *designated professional body*. This is because such a *complaint* will be handled by the relevant professional body.

Market Conduct sourcebook

5.3.7 **G** ■ MAR 4.4.1 R (3) provides that ■ MAR 4, which deals with the endorsement of the City Code on Takeovers and Mergers and the Rules Governing Substantial Acquisitions of Shares, does not have effect in relation to an *authorised professional firm* in respect of *non-mainstream regulated activity*.

Mortgages: Conduct of business sourcebook

5.3.8 **G** ■ MCOB 1.2.10 R provides that *MCOB* does not apply to an *authorised professional firm* with respect to its *non-mainstream regulated activities*

except for ■ MCOB 3A (Financial promotions and communications with customers).

Client Assets

5.3.9

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■ CASS 1.2.4 R provides that with the exception of ■ CASS 1 and the *insurance client money chapter*, CASS does not apply to *authorised professional firms* when carrying on *non-mainstream regulated activities*. ■ CASS 1.2.5 R further provides that if the *non-mainstream regulated activities* are *insurance distribution activity*, ■ CASS 5 (the *insurance client money chapter*) does not apply to an *authorised professional firm*, if the *firm's designated professional body* has rules applicable to the *firm* which implement the *IDD* and which are in the form approved by the *FCA* under section 332(5) of the *Act*.

Insurance: Conduct of Business sourcebook

5.3.10

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(1) *ICOBS* does not apply to an *authorised professional firm* with respect to its *non-mainstream regulated activities* (see ■ *ICOBS 1 Annex 1, Part 1*, paragraph 3.1R, except for:

(a) the provisions on communications to *clients* and *financial promotions* (■ *ICOBS 2.2*);

(b) the e-commerce provisions (■ *ICOBS 3.2*);

(c) status disclosure requirements in relation to complaints procedures (■ *ICOBS 4.1*); and

(d) provisions in *ICOBS* which implement articles 1(4), 17, 18, 19, 20, 23, and 24 of the *IDD* (see ■ *ICOBS 2.2.2R* (communication to customers and financial promotions), ■ *ICOBS 2.2.2AR* (marketing communications), ■ *ICOBS 2.5.-1R* (the customer's best interests rule), ■ *ICOBS 2.6* (Distribution of connected contracts through exempt persons), ■ *ICOBS 4.1* (Information about the firm, its services and remuneration), ■ *ICOBS 4.1A* (Means of communicating to customers), ■ *ICOBS 4.3* (remuneration disclosure), ■ *ICOBS 5.2* (Demands and needs), ■ *ICOBS 5.3.3R* (Advice on the basis of a fair analysis), ■ *ICOBS 5.3.4R* (Personalised explanation), ■ *ICOBS 6A.1.4R* (Ensuring the customer can make an informed decision) and ■ *ICOBS 6A.3* (Cross-selling)), except to the extent that the *firm* is subject to equivalent *rules* of its *designated professional body* which have been approved by the *FCA*.

(2) [deleted]