

## Chapter 3

# Selling securitisation positions to retail clients

## 3.2 Selling of securitisations to retail clients

- 3.2.1** **R** (1) The seller of a *securitisation position* shall not sell such a position to a *retail client*, unless all of the following conditions are fulfilled:
- (a) the seller of the *securitisation position* has performed a suitability test in accordance with ■ COBS 9A.2.1R and ■ COBS 9A.2.16R;
  - (b) the seller of the *securitisation position* is satisfied, on the basis of the test referred to in (a), that the *securitisation position* is suitable for that *retail client*;
  - (c) the seller of the *securitisation position* immediately communicates in a report to the *retail client* the outcome of the suitability test.
- (2) Where the conditions set out in (1) are fulfilled and the financial instrument portfolio of that *retail client* does not exceed £500,000, the seller shall ensure, on the basis of the information provided by the *retail client* in accordance with ■ SECN 3.2.2G, that the *retail client* does not invest an aggregate amount exceeding 10% of that client's financial instrument portfolio in *securitisation positions*, and that the initial minimum amount invested in one or more *securitisation positions* is £10,000.
- 3.2.2** **G** The *retail client* shall provide the seller with accurate information on the *retail client's* financial instrument portfolio, including any investments in *securitisation positions*.
- 3.2.3** **R** For the purposes of ■ SECN 3.2.1R and ■ SECN 3.2.2G, the *retail client's* financial instrument portfolio shall include cash deposits and financial instruments, but shall exclude any financial instruments that have been given as collateral.