

Appropriateness (for non-advised services) (MiFID provisions)

Chapter 10A

Appropriateness (for non-advised services) (MiFID and insurance-based investment products provisions)



10A.7 Record keeping and retention periods for appropriateness records

10A.7.1 **G** A *firm* is required to keep orderly records of its business and internal organisation, including all services and transactions undertaken by it. The records may be expected to include the *client* information a *firm* obtains to assess appropriateness and should be adequate to indicate what the assessment was.

Record keeping: MiFID business

10A.7.2 **UK** 56(2) Investment firms shall maintain records of the appropriateness assessments undertaken which shall include the following:

- (a) the result of the appropriateness assessment;
- (b) any warning given to the client where the investment service or product purchase was assessed as potentially inappropriate for the client, whether the client asked to proceed with the transaction despite the warning and, where applicable, whether the firm accepted the client's request to proceed with the transaction;
- (c) any warning given to the client where the client did not provide sufficient information to enable the firm to undertake an appropriateness assessment, whether the client asked to proceed with the transaction despite this warning and, where applicable, whether the firm accepted the client's request to proceed with the transaction.

[Note: article 56(2) of the *MiFID Org Regulation*]

Record keeping: insurance-based investment products

- 10A.7.2A **R**
- (1) Without prejudice to the application the *General data protection regulation*, a *firm* must maintain records of the assessment of appropriateness undertaken in accordance with **■** COBS 10A.2.1R and **■** COBS 10A.2.2R in relation to an *insurance-based investment product*.
 - (2) The records maintained under (1) must include the information obtained from the *client* and any documents agreed with the *client*, including documents that set out the rights of the parties and the other terms on which the *firm* will provide services to the *client*.

- (3) The records in (1) must be retained for at least the duration of the relationship between the *firm* and the *client*.
- (4) The record in (1) must also include the following:
 - (a) the result of the appropriateness assessment;
 - (b) any warning given to the *client* where the *insurance-based investment product* was assessed as potentially inappropriate for the *client*, whether the *client* asked to proceed with concluding the *policy* despite the warning and, where applicable, whether the *firm* accepted the *client's* request to proceed with concluding the *policy*;
 - (c) any warning given to the *client* where the *client* did not provide sufficient information to enable the *firm* to assess the appropriateness of the *insurance-based investment product*, whether the *client* asked to proceed with concluding the *policy* despite the warning and, where applicable, whether the *firm* accepted the *client's* request to proceed with concluding the *policy*.

[Note: article 19(1) and (3) of the *IDD Regulation*]

Record keeping: MiFID business and insurance-based investment products

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10A.7.3

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A *firm* should refer to ■ SYSC 3.3 (for *insurers* and *managing agents*) and ■ SYSC 9 (for other *firms*) for its obligations in relation to record keeping. These provisions require records kept for the purposes of this chapter to be retained for a period of at least five years.

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