

## Chapter 2

# Conduct of business obligations

## 2.3C Research and execution services

### Application

**2.3C.1** **R** This section applies to an *investment firm* providing execution services to:

- (1) a *firm* carrying on *MiFID*, *equivalent third country* or *optional exemption business*; or
- (2) an *investment firm* authorised under the *UK* provisions which implemented *MiFID* that is not within (1); or
- (3) a *UCITS management company*; or
- (4) a *full-scope UK AIFM*; or
- (5) a *small authorised UK AIFM*; or
- (6) a *residual CIS operator*; or
- (7) [deleted]
- (8) an *OPS firm*.

### Requirement on a firm that executes orders and provides research to price and supply services separately

**2.3C.2** **R** A *firm* providing execution services must:

- (1) identify separate charges for its execution services that only reflect the cost of executing the transaction;
- (2) subject each other benefit or service (other than an acceptable minor non-monetary benefit in **COBS 2.3A.19R**) which it provides to *persons* listed in **COBS 2.3C.1R(1)** to **(6)** to a separately identifiable charge; and
- (3) ensure that the supply of, and charges for, other benefits or services under (2) is not influenced or conditioned by levels of payment for execution services.

[Note: article 13(9) of the *MiFID Delegated Directive*]

**2.3C.3** **R** A *firm* providing both execution and *research* services must price and supply them separately.

## 2.3C.4

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Compliance with ■ COBS 2.3C.2R is intended to enable a *firm* subject to ■ COBS 2.3A.15R and ■ COBS 2.3A.16R to comply with its obligation not to accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a *person* acting on behalf of a third party in relation to the provision of the service to *clients*.

[Note: recital 26 to the *MiFID Delegated Directive*]