

Chapter 9

Suitability (including basic advice) (other than MiFID and insurance-based investment products)

9.1 Application and purpose provisions

Application

- 9.1.1 **R** This chapter applies to a *firm* which:
- (a) makes a *personal recommendation* to a *retail client* in relation to a *designated investment*;
 - (b) *manages investments* of a *retail client* of the *firm*;
 - (c) manages the assets of an *occupational pension scheme*, *stakeholder pension scheme* or *personal pension scheme*, other than in relation to its *MiFID*, *equivalent third country* or *optional exemption business* or to an *insurance-based investment product*.

- 9.1.1A **G** ■ COBS 9A contains suitability requirements which apply in respect of *insurance-based investment products*, or in respect of a *firm's MiFID*, *equivalent third country* or *optional exemption business* involving the provision of *investment advice* or *portfolio management*.

Providing basic advice on a stakeholder product

- 9.1.2 **R** If a *firm* to which this chapter applies makes a *personal recommendation* in relation to a *stakeholder product* it may choose to give *basic advice* under the *rules* in section 9.6 of this chapter instead of the *rules* in the remainder of this chapter.

P2P agreements

- 9.1.3 **R** [deleted]
- 9.1.3A **G** This chapter does not apply to a *firm* which *manages investments* when that *firm* takes a decision to trade for a *client* and that decision relates to a *P2P agreement*. This is because the *regulated activity* of *managing investments* does not extend to the management of assets where those assets are *P2P agreements*.
- 9.1.4 **R** [deleted]

Life policies for professional clients

9.1.5 **R** If the *firm* makes a *personal recommendation* to a *professional client* to take out a *life policy* which is not an *insurance-based investment product*, this chapter applies, but only those *rules* which implemented the requirements of the *IDD*.

9.1.6 **G** If a *rule* implemented a requirement of the *IDD*, a Note ("**Note:**") follows the *rule* indicating which provision was being implemented. ■ **COBS 2.1** (acting honestly fairly and professionally), **COBS 2.6** (additional insurance distribution obligations), ■ **COBS 4** (communicating with clients), ■ **COBS 6** (information about the firm, its services and remuneration) and ■ **COBS 14** (product information) contains contain further *rules* which implemented the *IDD*

9.1.7 **G** [deleted]

Related rules

9.1.8 **G** For a *firm* making *personal recommendations* in relation to pensions:

- (1) ■ **COBS 19.1** contains additional provisions relevant to assessing suitability and the contents of suitability reports for *full pension transfer or conversion advice*; and
- (2) ■ **COBS 19.1A** contains additional provisions relevant to assessing suitability and the contents of *suitability reports for abridged advice*.

9.1.9 **G** ■ **COBS 6.1ZA** (Insurance mediation) contains requirements relating to the basis on which certain recommendations may be made, including requirements relating to fair analysis and range and scope.