

## Chapter 18

# Specialist Regimes

18.5B UCITS management companies

18.5B.1

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Application

This section applies to a *UCITS management company*.

18.5B.2

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Application or modification of general COBS rules

A *firm* when it is carrying on *scheme management activity*:

(1) must comply with the *COBS rules* specified in the table, as modified by this section; and

(2) need not comply with any other rule in *COBS*.

Table: Application of conduct of business rules

Chapter, section, rule	UCITS management company
1 (Application)	Applies
2.1.1 (The client’s best interests rule)	Applies
2.2B (SRD requirements)	Applies
2.3 (Inducements relating to business other than MiFID, equivalent third country or optional exemption business)	Applies, as modified by <a href="#">COBS 2.3.1AR</a> and <a href="#">COBS 2.3.2AR</a>
2.3B (Inducements and research)	Applies, as modified by <a href="#">COBS 18 Annex 1</a>
2.4 (Agent as client and reliance on others)	Applies
4.2.1R, 4.2.2G and 4.2.3G (The fair, clear and not misleading rule)	Applies
5.2 (E-commerce)	Applies
11.2B (Best execution for UCITS management companies)	Applies
11.3 (Client order handling)	Applies
11.7 (Personal account dealing)	Applies
11 Annex 1EU (Regulatory technical standard 28)	Applies as <i>rules</i>
18.5B (UCITS management companies)	Applies
18 Annex 1 (Research and inducements for collective portfolio managers)	Applies

18.5B.3	G	<p>(1) For activities which are not <i>scheme management activity</i>, the <i>COBS rules</i> apply under the general application rule, as modified in ■ COBS 1 Annex 1.</p> <p>(2) This may include, for example, activities relating to the administration and <i>marketing</i> of the <i>scheme</i>.</p>
18.5B.4	R	<p><b>General modifications</b></p> <p>Where <i>COBS rules</i> specified in the table in ■ COBS 18.5B.2R apply to a <i>firm</i> carrying on <i>scheme management activities</i>, the following modifications apply:</p> <p>(1) subject to (2), references to <i>customer</i> or <i>client</i> are to be construed as references to any <i>scheme</i> in respect of which the <i>firm</i> is acting or intends to act; and</p> <p>(2) references to the service of <i>portfolio management</i> in ■ COBS 11.3 (Client order handling) are to be read as references to <i>collective portfolio management</i>.</p>
18.5B.5	G	<p>(1) ■ COBS 1.2 (Markets in Financial Instruments Directive) contains modifications to the text of the <i>MiFID Org Regulation</i> where this is applied as <i>rules</i> to <i>firms</i> that are not subject to those provisions directly.</p> <p>(2) These modifications apply to the following sections that are applied in the table in ■ COBS 18.5B.2R:</p> <p>(a) ■ COBS 11.3 (Client order handling); and</p> <p>(b) ■ COBS 11 Annex 1EU (Regulatory technical standard 28).</p>
18.5B.6	R	<p><b>Research and inducements</b></p> <p>A <i>firm</i> must comply with ■ COBS 18 Annex 1 (Research and inducements for collective portfolio managers) when <i>executing</i> orders, or placing orders with other entities for execution, that relate to <i>financial instruments</i> for, or on behalf of, the <i>fund</i>.</p>
18.5B.7	G	<p><b>Distance marketing</b></p> <p><i>Firms</i> should also be aware that if they are carrying on distance marketing activity from an establishment in the <i>UK</i>, with or for a <i>consumer</i> in the <i>UK</i>, ■ COBS 5.1 applies specific requirements for that activity.</p>