

Chapter 3

Client categorisation



3.1 Application

Scope

- 3.1.1

R

The scope of this chapter is the same as that of the *rules* in the *Handbook* to which it relates.
- 3.1.2

G

This chapter relates to parts of the *Handbook* whose application depends on whether a *person* is a *client*, a *retail client*, a *professional client* or an *eligible counterparty*. However, it does not apply to the extent that another part of the *Handbook* provides for a different approach to *client* categorisation. For example, a separate approach to *client* categorisation is set out in the definition of a *retail client* for a *firm* that gives *basic advice*.
- 3.1.2A

R

Subject to ■ COBS 3.1.3R and ■ COBS 3.6.4CR, in this chapter provisions marked “UK” apply to a *firm’s* business other than *MiFID business* as if they were *rules*.
- 3.1.3

R

The sections in this chapter on general notifications (■ COBS 3.3) and policies, procedures and records (■ COBS 3.8) do not apply in relation to a *firm* that is neither:

(1) conducting *designated investment business*; nor

(2) in the case of *MiFID* or *equivalent third country business* providing an *ancillary service* that does not constitute *designated investment business*.
- Mixed business
- 3.1.4

R

If a *firm* conducts business for a *client* involving both:

(1) *MiFID* or *equivalent third country business*; and

(2) other *regulated activities* subject to this chapter;

it must categorise that *client* for such business in accordance with the provisions in this chapter that apply to *MiFID* or *equivalent third country business*, including those provisions applied to the *equivalent business of a third country investment firm* as a result of ■ COBS 3.1.2AR.

3.1.5

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(1) For example, the requirement concerning mixed business will apply if a *MiFID investment firm* or *third country investment firm* advises a

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client on whether to invest in a *scheme* or a *life policy*. This is because the former is within the scope of *MiFID* and the latter is not. In such a case, the *MiFID client* categorisation requirements prevail.

- (2) The requirement does not apply where the *MiFID or equivalent third country business* is provided separately from the other *regulated activities*. Where this is the case, in accordance with *Principle 7* (communications with clients) the basis on which the different activities will be performed, including any differences in the categorisations that apply, should be made clear to the *client*.