

Chapter 3

Client categorisation

3.8 Policies, procedures and records

Policies and procedures

3.8.1

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A *firm* must implement appropriate written internal policies and procedures to categorise its *clients*.

[Note: fourth paragraph of section II.2 of annex II to *MiFID*]

Records

3.8.2

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(1) A *firm* must make a record of the form of each notice provided and each agreement entered into under this chapter. This record must be made at the time that standard form is first used and retained for the relevant period after the *firm* ceases to carry on business with *clients* who were provided with that form.

(2) A *firm* must make a record in relation to each *client* of:

- (a) the categorisation established for the *client* under this chapter, including sufficient information to support that categorisation;
- (b) evidence of despatch to the *client* of any notice required under this chapter and if such notice differs from the relevant standard form, a copy of the actual notice provided; and
- (c) a copy of any agreement entered into with the *client* under this chapter.

This record must be made at the time of categorisation and should be retained for the relevant period after the *firm* ceases to carry on business with or for that *client*.

(3) The relevant periods are:

- (a) indefinitely, in relation to a *pension transfer, pension conversion, pension opt-out* or *FSAVC*;
- (b) at least five years, in relation to a *life policy* or *pension contract*;
- (c) five years in relation to *MiFID* or *equivalent third country business*; and
- (d) three years in any other case.

[Note: article 16(6) of *MiFID*]

3.8.3

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If a *firm* provides the same form of notice to more than one *client*, it need not maintain a separate copy of it for each *client*, provided it keeps evidence of despatch of the notice to each *client*.