

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 <i>firm</i> makes a <i>personal recommendation</i> to a <i>professional client</i> to take out a <i>life policy</i> which is not an <i>insurance-based investment product</i> , this chapter applies, but only those <i>rules</i> which implemented the requirements of the <i>IDD</i> .
9.1.6	G	If a <i>rule</i> implemented a requirement of the <i>IDD</i> , a Note (" Note: ") follows the <i>rule</i> 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 <i>rules</i> which implemented the <i>IDD</i>
9.1.7	G	[deleted]
		Related rules
9.1.8	G	For a <i>firm</i> making <i>personal recommendations</i> in relation to pensions: (1) ■ COBS 19.1 contains additional provisions relevant to assessing suitability and the contents of suitability reports for <i>full pension transfer or conversion advice</i> ; and (2) ■ COBS 19.1A contains additional provisions relevant to assessing suitability and the contents of <i>suitability reports for abridged advice</i> .
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.