

Principles for Businesses

Chapter 4

Principles: MiFID business

4.1 Principles: MiFID business

4.1.1 **G** ■ PRIN 3.1.6 R ensures that the *Principles* do not impose obligations upon *firms* which are inconsistent with an *EU* instrument. If a *Principle* does purport to impose such an obligation ■ PRIN 3.1.6 R disapplies that *Principle* but only to the extent necessary to ensure compliance with European law. This disapplication has practical effect only for certain matters covered by *MiFID*, which are explained in this section.

Where?

4.1.2 **G** Under ■ PRIN 3.3.1 R, the territorial application of a number of *Principles* to a *UK MiFID investment firm* is extended to the extent that another applicable *rule* or *EU regulation* which is relevant to an activity has a wider territorial scope. Under ■ PRIN 3.1.1 R, the territorial application of a number of *Principles* to an *EEA MiFID investment firm* is narrowed to the extent that responsibility for the matter in question is reserved to the *firm's Home State regulator*. These modifications are relevant to *Principles* 1, 2, 3, 6, 7, 8, 9 and 10. We have added further *guidance* in *PERG* on the ability of a *Host State* to impose conduct of business requirements (see Q67).

4.1.3 **G** *Principles* 4, 5 and 11 will have the same scope of territorial application for *MiFID business* as for other business.

What?

4.1.4 **G**

- (1) Certain requirements under *MiFID* are disapplied for:
 - (a) *eligible counterparty business*;
 - (b) transactions concluded under the rules governing a *multilateral trading facility* between its members or participants or between the *multilateral trading facility* and its members or participants in relation to the use of the *multilateral trading facility*;
 - (c) transactions concluded on a *regulated market* between its members or participants.
- (2) Under ■ PRIN 3.1.6 R, these disapplications may affect *Principles* 1, 2, 6 and 9. ■ PRIN 3.1.6 R applies only to the extent that the application of a *Principle* would be contrary to the *UK's* obligations under a *Single Market Directive* in respect of a particular transaction or matter. In line with *MiFID*, these limitations relating to *eligible counterparty business* and transactions under the rules of a *multilateral trading facility* or on a *regulated market* only apply in relation to a *firm's* conduct of business obligations to its clients under *MiFID*. They do not

limit the application of those *Principles* in relation to other matters, such as *client* asset protections, systems and controls, prudential requirements and market integrity. Further information about these limitations is contained in ■ COBS 1 Annex 1.

(3) *Principles* 3, 4, 5, 7, 8, 10 and 11 are not limited in this way.

4.1.5

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