

Principles for Businesses

Chapter 4

Principles: MiFID business

4.1 Principles: MiFID business

4.1.1 **G** ■ PRIN 3.1.6 R gives effect to the provisions of the *EUWA* concerning the continuing application of the principle of the supremacy of *EU* law. It ensures that the *Principles* and ■ PRIN 2A do not impose obligations upon *firms* which are inconsistent with a relevant *EU* measure. If a *Principle* or ■ PRIN 2A does purport to impose such an obligation ■ PRIN 3.1.6 R disapplies that *Principle* or provision of ■ PRIN 2A, but only to the extent necessary to ensure compatibility with the relevant *EU* measure. 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* and ■ PRIN 2A to a *UK MiFID investment firm* is extended to the extent that another applicable *rule* or *onshored regulation* which is relevant to an activity has a wider territorial scope.

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 derived from *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, 9, 12 and ■ PRIN 2A. ■ PRIN 3.1.6 R applies only to the extent that the application of a *Principle* or ■ PRIN 2A would be contrary to the *UK's* obligations under a relevant *EU* measure 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 derived from *MiFID*. They do not limit the application of those *Principles* or ■ PRIN 2A 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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