

GLOSSARY (MIFID) INSTRUMENT 2007

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the powers listed in Schedule 4 to the General Provisions Sourcebook (Powers exercised).
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Financial Services and Markets Act 2000.

Commencement

- C. This instrument comes into force on 1 November 2007.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Glossary (MiFID) Instrument 2007.

By order of the Board
25 January 2007

Annex

In this Annex, underlining indicates new text and striking through indicates deleted text.

<u>abbreviated distance marketing information</u>	<u>the information listed in COBS 6 Annex 2R (Abbreviated distance marketing information).</u>
<u>advising on investments, advising, advise</u>	the <i>regulated activity</i> , ...
<u>ancillary service</u>	any of the services listed in Section B of Annex I to <i>MiFID</i> -, <u>that is:</u> <ul style="list-style-type: none">(a) <u>safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management;</u>(b) <u>granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;</u>(c) <u>advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;</u>(d) <u>foreign exchange services where these are connected to the provision of investment services;</u>(e) <u>investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;</u>(f) <u>services related to underwriting; and</u>(g) <u>investment services and activities as well as ancillary services within (a) to (f), above, related to the underlying of the derivatives included under Section C – 5, 6, 7 and 10, that is (in accordance with that Annex and Recital 21 to, and Article 39 of, the MiFID Regulation):</u><ul style="list-style-type: none">(i) <u>commodities;</u>(ii) <u>climatic variables;</u>(iii) <u>freight rates;</u>(iv) <u>emission allowances;</u>

- (v) inflation rates or other official economic statistics;
- (vi) telecommunications bandwidth;
- (vii) commodity storage capacity;
- (viii) transmission or transportation capacity relating to commodities, where cable, pipeline or other means;
- (ix) an allowance, credit, permit, right or similar asset which is directly linked to the supply, distribution or consumption of energy derived from renewable resources;
- (x) a geological, environmental or other physical variable;
- (xi) any other asset or right of a fungible nature, other than a right to receive a service, that is capable of being transferred;
- (xii) an index or measure related to the price or value of, or volume of transactions in any asset, right, service or obligation;

where these are connected to the provision of investment services or ancillary services.

[Note: article 4(1)(3) of *MiFID*]

approved reporting mechanism

a trade-matching or reporting system approved by the FSA in accordance with Section 412A of the Act.

BIPRU 50K firm

has the meaning in *BIPRU* 1.1.20R (Types of investment firm: BIPRU 50K firm) which in summary is a *BIPRU investment firm* that satisfies the following conditions:

- (a) ...
- (b) it does not hold clients' money or securities in relation to *investment services* it provides and it is not authorised to do so; ~~and~~
- (c) it is not a *UCITS investment firm*; and
- (d) it does not operate a multilateral trading facility.

BIPRU 125K firm

has the meaning in *BIPRU* 1.1.19R (Types of investment firm: BIPRU 125K firm) which in summary is a *BIPRU investment firm* that satisfies the following conditions:

- (1) ...

	...	
	(4)	it is not a <i>UCITS investment firm</i> ; <u>and</u>
	(5)	<u>it does not operate a multilateral trading facility.</u>
<i>branch</i>	(a)	...
	(b)	(in relation to an <i>investment firm</i>):
	(i)	<u>a place of business which is a part of a <i>investment firm</i>, not being the principal place of business, which has no separate legal personality and which provides <i>investment services</i> for which the <i>investment firm</i> has been authorized; a place of business other than the head office which is a part of an <i>investment firm</i>, which has no legal personality and which provides <i>investment services and/or activities</i> and which may also perform <i>ancillary services</i> for which the <i>firm</i> has been authorized;</u>
	(ii)	<u>for the purposes of the <i>Investment Services Directive</i>, all the places of business set up in the same <i>EEA State</i> by an <i>investment firm</i> with headquarters in another <i>EEA State</i> are to be regarded as a single <i>branch</i>; all the places of business set up in the same <i>EEA State</i> by an <i>investment firm</i> with headquarters in another <i>EEA State</i> are regarded as a single <i>branch</i>;</u>
		[Note: article 4(1)(26) of <i>MiFID</i>]
	(c)	...
<i>CAD investment firm</i>		has the meaning set out <i>BIPRU</i> 1.1.14R (Types of investment firm: CAD investment firm), which in summary is an <i>investment firm</i> that is subject to the requirements imposed by the <i>ISDMiFID</i> (or which would be subject to that Directive if its head office were in an <i>EEA State</i>) but excluding a <i>bank</i> , a <i>building society</i> , an <i>ELMI</i> , a <i>credit institution</i> , a <i>local</i> and an <i>exempt CAD firm</i> .
<i>claim</i>	(1)	...
	(2)	(in <i>COB</i> , <i>ICOB</i> , <i>INSPRU</i> , <i>SUP</i> and <i>TC</i>) a claim under a <i>contract of insurance</i> .
<i>claims handling</i>		[deleted]
<i>client</i>	(1)	(except in <i>PROF</i> , in relation to a <i>home finance transaction</i> and <i>SYSC</i> 10) <u>has the meaning given in <i>COBS</i> 3.2, that is (in summary and without prejudice to the detailed effect of <i>COBS</i> 3.2) a <i>person to whom a firm</i> provides, intends to provide or has provided a service in</u>

the course of carrying on a regulated activity, or in the case of MiFID business or the equivalent business of a third country investment firm, an ancillary service; any person with or for whom a firm conducts or intends to conduct designated investment business or any other regulated activity; and:

...

(3A) ~~(in SYSC 10) any person to whom a common platform firm provides, or intends to provide, a service in the course of carrying on a regulated activity for that person, but does not include:~~

~~(a) a trust beneficiary;~~

~~(b) a corporate finance contact; or~~

~~(c) a venture capital contact.~~

(4) (in relation to a regulated mortgage contract, except in PROF and SYSC 10) the individual or trustee who is the borrower or potential borrower under that contract.

(5) ...

...

client agreement [deleted]

client agreement rules the rules in COBS 9 (Client agreements).

client bank account (1) (other than in CASS 7 and principally in CASS 4 and CASS 5):

(a) ...

(2) (in CASS 7):

(a) an account at a bank which:

(i) holds the money of one or more clients;

(ii) is in the name of the firm; and

(iii) is a current or a deposit account; or

(b) a money market deposit account of client money which is identified as being client money.

client's best interests rule COBS 2.1.1R.

client equity the amount which a firm would be liable (ignoring any non-cash collateral held) to pay to a client (or the client to the firm) in respect

balance of his margined transactions if each of his open positions was liquidated at the closing or settlement prices published by the relevant exchange or other appropriate pricing source and his account closed. This refers to cash values and does not include non-cash collateral or other designated investments held in respect of a margined transaction.

client money (1) ~~(in COB and CASS 2 to CASS 4) subject to the client money rules, money of any currency which, in the course of carrying on designated investment business, a firm holds in respect of any investment agreement entered into, or to be entered into, with or for a client, or which a firm treats as client money in accordance with the client money rules.~~

(in CASS 2 and CASS 4, and, in so far as it relates to matters covered by CASS 2 or CASS 4, COBS) subject to the client money rules, money of any currency which, in the course of carrying on designated investment business that is not MiFID business, a firm holds in respect of any investment agreement entered into, or to be entered into, with or for a client, or which a firm treats as client money in accordance with the client money rules.

(2) (in CASS 5) ... ;

(2A) (in CASS 6 and CASS 7 and, in so far as it relates to matters covered by CASS 6 or CASS 7, COBS) subject to the client money rules, money of any currency that a firm receives or holds for, or on behalf of, a client in the course of, or in connection with, its MiFID business.

(3) (in ~~PRU 9~~ MIPRU):

(a) ...

client money
(MiFID business)
distribution rules

CASS 7.9.

client money rules (a) (in CASS 2, ~~UPRU~~ and ~~COB~~ CASS 4) CASS 4.1 to CASS 4.3;

(b) (in CASS 5) CASS 5.1 to CASS 5.5;

(c) (in CASS 6 and CASS 7) CASS 7.1 to CASS 7.8;

(d) (in CASS 3 and in COBS) CASS 4.1 to CASS 4.3 and CASS 7.1 to CASS 7.8.

close links (1) (in relation to MiFID business) a situation in which two or more persons are linked by:

(a) participation which means the ownership, direct or by

way of control, of 20% or more of the voting rights or capital of an undertaking;

- (b) control which means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in Article 1(1) and (2) of Directive 83/349/EEC, or a similar relationship between any person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered a subsidiary of the parent undertaking which is at the head of those undertakings.

[Note: article 4 (1)(31) of MiFID]

A situation in which two or more persons are permanently linked to one and the same person by a control relationship is also to be regarded as constituting a close link between such persons.

~~(1)(2)~~ (except in where (1) applies, in SUP 3 (Auditors) and SUP 4 (Actuaries)) (in accordance with paragraph 3(2) of Schedule 6 to the Act (Close links)) ...

~~(2)(3)~~ (in except where (1) applies, in SUP 3 (Auditors) and SUP 4 (Actuaries)) ...

COBS the Conduct of Business sourcebook from 1 November 2007.

COB the Conduct of Business sourcebook up to 1 November 2007.

commodity (1) ~~(except for the purpose of calculating position risk requirements)~~ (except for (2) and (3)) a physical asset ...

(2) ...

(3) (in relation to the MiFID Regulation, including the definitions of a financial instrument and an ancillary service) any goods of a fungible nature that are capable of being delivered, including metals and their ores and alloys, agricultural products, and energy such as electricity, not including services or other items that are not goods, such as currencies or rights in real estate, or that are entirely intangible.

[Note: article 2(1) of the MiFID Regulation]

common platform outsourcing rules SYSC 8.1.1R to SYSC 8.1.12R.

communicate (in relation to a financial promotion) ~~(in accordance with section 21(13) of the Act (Restrictions on financial promotion) and article 6(d) of the Financial Promotion Order (Interpretation: communications))~~ to communicate in any way, including causing a

communication to be made or directed.

[Note: section 21(13) of the *Act* (Restrictions on financial promotion) and article 6(d) of the *Financial Promotion Order* (Interpretation: communications)]

community issuer an issuer which has its registered office in the Community.

[Note: article 2(3) of the *MiFID Regulation*]

competent authority (1) ...

...

(4) the authority, designated by each EEA State in accordance with Article 48 of *MiFID*, unless otherwise specified in *MiFID*.

[Note: article 4(1)(22) of *MiFID*]

(5) (in *REC*) in relation to an investment firm or credit institution, means the competent authority in relation to that firm or institution for the purposes of *MiFID*.

(6) (in *COBS* 13.4) the authority designated by each EEA State in accordance with Article 11 of the *Market Abuse Directive*.

[Note: article 1(7) of the *Market Abuse Directive*]

complaint (1) (in *COAF*) any expression of dissatisfaction about the manner in which the *FSA* has carried out its statutory functions other than its legislative functions.

(2) (only in relation to *MiFID* business in *DISP* 1.1, the complaints handling rules and the complaints record rules) any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a person about the provision of, or failure to provide, a financial service, where such complaint involves an allegation that the complainant has suffered, or may suffer, financial loss, material distress or material inconvenience.

complaints handling rules *DISP* 1.2.

complaints record rules *DISP* 1.5.

consumer (1) (except as specified in this definition) any natural person

acting for purposes outside his trade, business or profession.

[Note: article 2 of the *Distance Marketing Directive*, article 2 of the *Unfair Terms in Consumer Contracts Directive* (93/13/EEC) and article 2 of the *E-Commerce Directive*]

~~(1)~~(2) in relation to ...

...

~~(2)~~(3) (in relation to the protection of consumers objective ...

...

~~(3)~~(4) (in relation to the establishment and maintenance of the *Consumer Panel* (section 10 of the *Act* (The Consumer Panel))) (as defined in section 10(7) of the *Act*) a *person* within (3) other than an *authorised person*.

(4) (~~in *ECO* and *ENF* 19~~) an individual who is acting for purposes ~~other than those of his trade, business or profession.~~

(5) (~~in *ENF* 20~~) any natural person who, in contracts covered by the *Unfair Terms Regulations*, is acting for purposes which ~~are outside his trade, business or profession.~~

consumer awareness rules

DISP 1.4.

contract for differences

the *investment*, specified in article 85 of the *Regulated Activities Order* (Contracts for differences etc), which is rights under:

- (a) a contract for differences; or
- (b) any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in:
 - (i) the value or price of property of any description; or
 - (ii) an index or other factor designated for that purpose in the contract; or
- (c) a derivative instrument for the transfer of credit risk to which article 85(3) of the *Regulated Activities Order* applies.

[Note: paragraph 8 of Section C of Annex 1 to *MiFID*]

controlled activity

(in accordance with section 21(9) of the *Act* (The classes of activity and investment)) any of the following activities specified in Part 1 of Schedule 1 to the Financial Promotions Order (Controlled Activities):

(a) ...

...

(fa) operating a multilateral trading facility (paragraph 4A);

(g) ...

...

(m) arranging qualifying credit etc. (paragraph 10A ~~coming into force 31st October 2004~~);

(n) advising on qualifying credit etc. (paragraph 10B ~~coming into force 31st October 2004~~);

(o) agreeing to carry on specified kinds of activity (paragraph 11) which are specified in paragraphs 3 to 10B ~~(10B from 31 October 2004)~~ (other than paragraph 4A) of Part 1 of Schedule 1 to the *Financial Promotion Order*;

(p) (in relation to COBS 5.2.4R and COBS 5.4.1R) also a marketing communication made by a MiFID investment firm or a third country investment firm that relates to an ancillary service.

~~core investment service~~

[deleted]

~~corporate finance contact~~

(when a *firm* carries on ~~designated investment business regulated activities~~ with or for a *person* in the course of or as a result of either carrying on *corporate finance business* with or for a *client*, or carrying on *corporate finance business* for the *firm's* own account) that *person* in connection with that ~~designated investment business regulated activity~~ if:

(a) ...

~~credit institution~~

(1) (except in REC) (in accordance with Articles 4(1) and 107 of the BCD):

~~(1)~~ (a) an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account; or

~~(2)~~ (b) an electronic money institution within the meaning of the *E-Money Directive*;

but so that:

- (3) (c) (except for the purposes of *GENPRU*, *ELM* and *BIPRU*) an institution within (2) that does not have the right to benefit from the mutual recognition arrangements under *BCD* is excluded; and
- (4) (d) for the purposes of *BIPRU* 10 (Concentration risk requirements) it means:
- (a) (i) a credit institution as defined by (1) to (2) that has been authorised in an *EEA State*; or
- (b) (ii) any private or public undertaking which meets the definition in (1) to (2) and which has been authorised in a *non-EEA state*.

(see also *BCD credit institution*, *full credit institution*, *full BCD credit institution* and *Zone A credit institution*.)

(2) (in *REC*):

- (a) a credit institution authorised under the *Banking Consolidation Directive*; or
- (b) an institution which would satisfy the requirements for authorisation as a credit institution under the *Banking Consolidation Directive* if it had its registered office (or if it does not have a registered office, its head office) in an *EEA State*.

custody rules

- (1) (in *CASS* 2) *CASS* 2.
- (2) (in *CASS* 6) *CASS* 6.

customer

- (1) (except in relation to ~~*COB* 3~~, *ICOB*, *MCOB* 3 and *CASS* 5) a client who is not a ~~market counterparty~~ an eligible counterparty for the relevant purposes.
- (2) (in relation to ~~*COB* 3~~ and *MCOB* 3) a *person* in (1) or a *person* who would be such a *person* if he were a *client*.
- (3) (in relation to *ICOB*) a *policyholder*, or a prospective *policyholder* but (except in *ICOB* 2 (general rules), *ICOB* 7 (claims handling) and (in respect of those chapters) *ICOB* 1 (application and purpose)) excluding a *policyholder* or prospective *policyholder* who does not make the arrangements preparatory to him concluding the *contract of insurance*.
- (4) (in relation to *CASS* 5) a *client*.

dealing on own

trading against proprietary capital resulting in the conclusion of

<u>account</u>	<p>transactions in one or more <i>financial instruments</i>.</p> <p>[Note: article 4(1)(6) of <i>MIFID</i>]</p>
<u>detailed requirements on costs and associates charges</u>	<p>(in <i>COBS</i>) the requirements of <i>COBS 7.1.8R</i>.</p>
<u>disclosure obligations</u>	<p>(in <i>REC</i>) the initial, ongoing and ad hoc disclosure requirements contained in the <i>relevant articles</i> and given effect:</p> <p>(1) <u>in the <i>United Kingdom</i> by Part 6 of the <i>Act</i> and Part 6 rules (within the meaning of section 73A of the <i>Act</i>); or</u></p> <p>(2) <u>in another <i>EEA State</i> by legislation transposing the <i>relevant articles</i> in that State.</u></p>
<i>discretionary investment manager</i>	<p>(in <i>COBS</i> and (in relation to <i>firm type</i>) in <i>SUP 16.10</i> (Confirmation of standing data)) a person who, ...</p>
<i>designated investment business</i>	<p>any of the following activities, specified in Part II of the <i>Regulated Activities Order</i> (Specified Activities), which is carried on by way of business:</p> <p>(a) ...</p> <p>(da) <u>operating a multilateral trading facility (article 25D);</u></p> <p>(e) ...</p> <p>...</p>
<u>distance communications rules</u>	<p><u>the rules in <i>COBS 6</i> (Distance communications).</u></p>
<i>distance contract</i>	<p>any contract concerning financial services, the making or performance of which constitutes or is part of a <i>regulated activity</i>, concluded between a <u>supplier</u> and a <u>consumer</u> under an organised distance sales or service provision scheme run by the <u>supplier</u> contractual provider of the service who, for the purpose of that contract, makes exclusive use (directly or through an intermediary) of one or more <i>means of distance communication</i> up to and including the time at which the contract is concluded.</p> <p>[Note: articles 2(a) and (e) of and recital 19 to the <i>Distance Marketing Directive</i>]</p>

<u>distance marketing disclosure rules</u>	<u>COBS 6.1.1R to COBS 6.1.4R.</u>
<u>distance marketing information</u>	(1) <u>(in COBS) the information listed in COBS 6 Annex 1R.</u> (2) <u>(in MCOB) the information listed in MCOB 6 Annex 1R.</u>
<u>distribution channels</u>	<u>a channel through which information is, or is likely to become, publicly available. Information which is “likely to become publicly available” means information to which a large number of persons have access.</u> <u>[Note: article 2(1) of the MiFID implementing Directive]</u>
<u>ECA provider</u>	<u>an electronic commerce activity provider; that is, a firm carrying on an electronic commerce activity from an establishment in the United Kingdom.</u>
<u>EEA market operator</u>	<u>(in REC) a person who is a market operator whose home state is an EEA State other than the United Kingdom.</u>
<u>EEA MiFID investment firm</u>	<u>a MiFID investment firm whose Home State is not the United Kingdom.</u>
<u>EEA registered tied agent</u>	<u>a tied agent of a UK MiFID investment firm that is not an appointed representative and would have been an FSA registered tied agent but for the fact that it does business in an EEA State that permits investment firms authorised by the competent authority of that state to appoint tied agents.</u>
<u>EEA simplified prospectus</u>	<u>a marketing document which contains information about an EEA simplified prospectus scheme and meets the requirements of Article 28 of the UCITS directive.</u>
<u>EEA simplified prospectus scheme</u>	<u>a UCITS scheme which is a recognised scheme under section 264 of the Act (Schemes constituted in other EEA States).</u>
<u>EEA territorial scope rule</u>	<u>COBS Appendix 1, Part 3 paragraph 1(1) (which provides that the territorial scope of COBS is modified to the extent necessary to be compatible with European law).</u>
<u>EEA tied agent</u>	<u>a tied agent who is an FSA registered tied agent or an EEA registered tied agent.</u>
<u>elective eligible counterparty</u>	<u>a client categorised as an elective eligible counterparty in accordance with COBS 3.6 (Eligible counterparties).</u>
<u>elective professional client</u>	<u>a client categorised as an elective professional client in accordance with COBS 3.5 (Professional clients).</u>
<u>electronic</u>	(1) <u>(except in COBS) a person who carries on an electronic</u>

<i>commerce activity provider</i>	<i>commerce activity.</i> <u>(2) (in COBS) a firm carrying on an electronic commerce activity from an establishment in the United Kingdom.</u>
<i>eligible counterparty</i>	[delete the existing definition and replace with the following] <u>(in accordance with COBS 3.6.1R) a client that is either a per se eligible counterparty or an elective eligible counterparty.</u>
<i>eligible counterparty business</i>	<u>the following services and activities carried on by a firm:</u> <u>(a) dealing on own account, execution of orders on behalf of clients or reception and transmission of orders; or</u> <u>(b) any ancillary service directly related to a service or activity referred to in (a),</u> <u>but only to the extent that the service or activity is carried on with or for an eligible counterparty.</u>
<i>exempt person</i>	<u>(1) ...</u> <u>(c) section 285(2) or (3) of the Act (Exemption for recognised investment exchanges and clearing houses);</u> <u>and</u> <u>(2) a person who is exempt from the general prohibition as a result of section 312A(2) of the Act.</u>
<i>execution criteria</i>	<u>the criteria set out in COBS 12.2.6R, that is:</u> <u>(a) the characteristics of the client including the categorisation of the client as retail or professional;</u> <u>(b) the characteristics of the client order;</u> <u>(c) the characteristics of financial instruments that are the subject of that order;</u> <u>(d) the characteristics of the execution venues to which that order can be directed.</u>
<i>execution factors</i>	<u>price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.</u>
<i>execution of orders on behalf</i>	<u>acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients.</u>

<u>of clients</u>	[Note: article 4 (1)(5) of <i>MiFID</i>]
<u>execution venue</u>	for the purposes of the provisions relating to best execution in <i>COBS 12.2</i> , execution venue means a <u>regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.</u>
	[Note: article 44(1) of the <i>MiFID implementing Directive</i>]
<u>execution-only transaction</u>	a transaction <i>executed</i> by a <i>firm</i> upon the specific instructions of a <i>client</i> where the <i>firm</i> does not give <i>advice on investments</i> relating to the merits of the transaction <u>and in relation to which the rules on assessment of appropriateness (<i>COBS 11</i>) do not apply.</u>
<u>exempt CAD firm</u>	(1) (except in <i>SYSC and IPRU(INV)</i>) has the meaning set out <i>BIPRU 1.1.16R</i> (Types of investment firm: exempt CAD firm) which is in summary an <i>investment firm</i> that satisfies certain specified conditions. (2) (in <i>SYSC and IPRU(INV)</i>) a <i>firm</i> in (1) whose head office (or, if it has a registered office, that office) is in the <i>United Kingdom</i> .
<u>fair, clear and not misleading rule</u>	<u><i>COBS 4.2.1R</i>.</u>
<u>facilities</u>	(in relation to a <i>recognised body</i>) the facilities and services which it provides in the course of carrying on <i>exempt activities</i> , <u>and references to the use of the facilities of an RIE are to be construed as follows:</u> <u>references to</u> (1) <u>dealings on an RIE; or</u> (2) <u>transactions on an RIE are</u> (3) <u>references to dealings or transactions which are effected by means of the RIE's facilities; or</u> (4) <u>which are governed by the rules of the RIE; and</u> (5) <u>references to the use of the facilities of an RIE include use which consists of any such dealings or entering into any such transactions.</u>
<u>fees and commission statement</u>	[deleted]

financial analyst a relevant person who produces the substance of investment research.

[Note: article 2(4) of the *MiFID implementing Directive*]

Financial
Collateral
Directive

the Council Directive of 6 June 2002 relating to financial collateral arrangements (No. 2002/47/EC).

financial instrument (1) (~~other than for the purposes of *BIPRU* and *GENPRU* other than in (2)~~) as defined in Article 5 of the *Prescribed Markets and Qualifying Investments Order* and Article 1(3) of the *Market Abuse Directive*, and which consequently carries the same meaning in the *Buy-back and Stabilisation Regulation*):

(a) ...

...

(2) (for the purposes of *BIPRU*, ~~and~~ *GENPRU*, the common platform requirements and in relation to *MiFID business*) an instrument listed in Section ~~BC~~ of ~~the Annex I to the ISDMiFID~~, that is: ~~;~~ and

(a) transferable securities;

(b) money-market instruments;

(c) units in collective investment undertakings;

(d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;

(e) options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);

(f) options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF;

(g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned

in (f) and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls (see articles 38(1), (2) and (4) of the MiFID Regulation);

- (h) derivative instruments for the transfer of credit risk;
- (i) financial contracts for differences; and
- (j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to
 - (i) climatic variables;
 - (ii) freight rates;
 - (iii) emission allowances;
 - (iv) inflation rates or other official economic statistics;
 - (v) telecommunications bandwidth;
 - (vi) commodity storage capacity;
 - (vii) transmission or transportation capacity relating to commodities, where cable, pipeline or other means;
 - or (viii) an allowance, credit, permit, right similar asset which is directly linked to the supply, distribution or consumption of energy derived from renewable resources;
 - (ix) a geological, environmental or other physical variable;
 - (x) any other asset or right of a fungible nature, other than a right to receive a service, that is capable of being transferred;
 - (xi) an index or measure related to the price or value of, or volume of transactions in any asset, right, service or obligation;

where the conditions in Articles 38(3) and (4) of the *MiFID Regulation* are met.

[Note: article 4(1)(17) and section C of annex 1 to *MiFID* and articles 38 and article 39 of the *MiFID Regulation*].

(3) ~~(for the common platform requirements) any of the instruments specified in Section C of Annex I of *MiFID*.~~

financial promotion

(1) ~~(in accordance with section 21(1) of the Act (Restrictions on financial promotion))~~ an invitation or inducement to *engage in investment activity*;

[Note: section 21 of the Act (Restrictions on financial promotion)]

(2) ~~(in relation to COBS 5.2.4R and COBS 5.4.1R) (in addition to (1) a marketing communication made by a *MiFID investment firm* or a *third country investment firm* that relates to an ancillary service.~~

financial promotion rules

(1) ~~(in relation to COBS) any or all of the rules in COBS 4 and COBS 5 that impose requirements in relation to a *financial promotion* but only to the extent that they apply to a *financial promotion*.~~

(2) ~~(in relation to ICOB) *COB 3*, and *ICOB 3*.~~

(3) ~~(in relation to MCOB) *MCOB 3*.~~

FSA registered tied agent

~~a *tied agent* who is an *agent* for the purposes of section 39A of the Act.~~

general application rule

~~*COBS 1.1.1R* (which in summary provides that *COBS* applies to a *firm* with respect to certain activities carried on from an establishment maintained by it in the *United Kingdom*).~~

Home State

(1) ~~(in relation to a *credit institution*) the *EEA State* in which the *credit institution* has been authorised in accordance with the *Banking Consolidation Directive*.~~

(2) ~~(in relation to an *investment firm*):~~

(a) ~~if the *investment firm* is a *natural person*, the *EEA State* in which his head office is situated;~~

(b) ~~if the *investment firm* is a *legal person*, the *EEA State* in which its registered office is situated or, if under its national law it has no registered office, the *EEA State*~~

~~in which its head office is situated~~; or

- (c) if the investment firm has, under its national law, no registered office, the EEA State in which its head office is situated.

[Note: article 4(1)(20) of *MiFID*]

...

- (6) (except in REC)...

- (7) ...

- (8) (in relation to a UCITS):

- (a) with regard to a UCITS constituted as a unit trust/common fund, the EEA State in which the management company's registered office is situated;

- (b) with regard to a UCITS constituted as an investment company, the EEA State in which the investment company's registered office is situated.

- (9) (in REC) in relation to an EEA market operator, the EEA State in which it has its registered office, or if it has no registered office, its head office.

*Home State
regulator*

- (1) ...

...

- (4) (in REC) the competent authority (within the meaning of Article (4)(1)(22) of *MiFID*) of the EEA State which is the Home State in relation to the EEA market operator concerned.

Host State

- (1) (in LR and PR) as defined in Article 2.1(n) of the ~~p~~Prospectus Directive) the EEA State where an offer to the public is made or admission to trading is sought, when different from the Home State.

- (2) (except in LR and PR and except in relation to *MiFID*) the EEA State in which an EEA firm, a UK firm, or a Treaty firm is exercising an EEA right or Treaty right to establish a branch or provide cross border services.

- (3) (in relation to *MiFID*) the EEA State, other than the Home State, in which an investment firm has a branch or performs investment services and/or activities or the EEA State in which a regulated market provides appropriate arrangements so as to facilitate access to trading on its system by remote

members or participants established in that same EEA State.

[Note: article 4(1)(21) of *MiFID*]

Host State regulator

- (1) (in relation to an EEA firm or a Treaty firm exercising an EEA right or Treaty right in the UK) (as defined in paragraph 9 of Schedule 3 to the Act (EEA Passport Rights)) the competent authority (under the relevant Single Market Directive) of an EEA State (other than the United Kingdom) in relation to the EEA firm concerned.
- (2) ...
- (3) (in REC in relation to a UK RIE) the competent authority (within the meaning of Article (4)(1)(22) of MiFID) of the EEA State in which the UK RIE intends to make, or has made, arrangements to facilitate access to, or use of, a regulated market or a multilateral trading facility operated by the UK RIE.

ICD claim

a claim:

- (a) against ~~an~~ ISD MiFID investment firm (including a credit institution which is a ~~an~~ ISD MiFID investment firm), whether established in the *United Kingdom* or in another *EEA State*; and
- (b) in relation to any ~~of the~~ investment services or activities. Listed in Section A and paragraph 1 of Section C of the Annex to the ISD.

information about designated investments

the information required to be provided to a retail client by the rules in COBS 15.3 (Information about designated investments).

insurance client money chapter

CASS 5.

investment analyst

[deleted]

investment firm

[delete existing definition and replace with the following]

- (1) any person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis.

[Note: article 4(1)(1) of *MiFID*]

- (2) (in REC) a MiFID investment firm, or a person who would be a MiFID investment firm if it had its head office in the EEA.

*investment
research*

[delete existing definition and replace with the following]

research or other information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several *financial instruments* or the issuers of *financial instruments*, including any opinion as to the present or further value or price of such instruments, intended for *distribution channels* or for the public, and in relation to which the following conditions are met:

- (a) it is labelled or described as investment research or in similar terms, or is otherwise presented as an objective or independent explanation of the matters contained in the recommendation;
- (b) if the recommendation in question were to be made by an *investment firm* to a *client*, it would not constitute the provision of a *personal recommendation*.

[Note: article 24(1) of the *MiFID implementing Directive*]

investment service

[delete existing definition and replace with the following]

any of the following involving the provision of a service in relation to a *financial instrument*:

- (a) reception and transmission of orders in relation to one or more *financial instruments*;
- (b) execution of orders on behalf of *clients*;
- (c) *dealing on own account*;
- (d) *portfolio management*;
- (e) the making of a *personal recommendation*;
- (f) underwriting of *financial instruments* and/or placing of *financial instruments* on a firm commitment basis;
- (g) placing of *financial instruments* without a firm commitment basis;
- (h) operation of *multilateral trading facilities*.

[Note: article 4(1)(2) of, and section A of Annex 1 to, *MiFID*]

*investment
services and
activities; or*

any of the services and activities listed in Section A of Annex I to *MiFID* relating to any *financial instrument*-, that is:

- (a) reception and transmission of orders in relation to one or more

investment services or activities; or

financial instruments;

(b) *execution of orders on behalf of clients;*

investment services and/or activities

(c) *dealing on own account;*

(d) *portfolio management;*

(e) *the making of a personal recommendation;*

(f) *underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;*

(g) *placing of financial instruments without a firm commitment basis;*

(h) *operation of multilateral trading facilities.*

[Note: article 4(1)(2) of, and section A of Annex 1 to, *MiFID*]

issuer

(1) (except in *CIS, LR, PR* and *DR*)

(a) ...

(d) (in relation to *certificates representing certain securities*) the *person* who issued or is to issue the *security* to which the certificate or other instrument relates;

(e) *an entity which issues transferable securities and, where appropriate, other financial instruments.*

[Note: article 2(2) of the *MiFID Regulation*]

key facts disclosure document key features

a document required to be prepared by the rules in COBS 14 (Preparing product information) and to be provided to a retail client by the rules in COBS 15 (Providing product information). information about a life policy, key features scheme, or stakeholder pension scheme which is required to be produced in the format specified in COB 6.1 (Packaged products and ISA disclosure) to COB 6.5 (Content of key features and important information: life policies, key features schemes, cash deposit ISAs and stakeholder pension schemes).

key facts scheme key features scheme

means a *scheme* that is not:

(a) a *simplified prospectus scheme*; or

(b) a *qualified investor scheme*; or

(c) a recognised scheme under section 264 of the *Act* (Schemes constituted in other EEA States).

licensee (1) (in DISP 2 to DISP 4 and FEES 5) a person who is not a firm but who is:

- (a) covered by a standard licence under the Consumer Credit Act 1974 (as amended); or
- (b) authorized to carry on an activity by virtue of section 34(a) of that Act;

(2) (in DISP 1) a person within (1)(a) above only;

and expressions in that Act have the same meaning in this definition.

limit order an order to buy or sell a financial instrument at its specified price limit or better and for a specified size.

[Note: article 4(1)(16) of MiFID]

Lloyd's market activities any of the following activities specified in Part II of the Regulated Activities Order which is carried on by way of business:

- (1) advising on syndicate participation at Lloyd's;
- (2) managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's;
- (3) (a) arranging (bringing about) deals in investments; or
(b) making arrangements with a view to transactions in investments;

in relation to:

- (i) underwriting capacity of a Lloyd's syndicate;
 - (ii) membership of a Lloyd's syndicate; or
 - (iii) rights to or interests in investments in them;
- (4) agreeing to carry on any of these activities.

local firm a firm which falls within the definition of "local firm" in Article 3.1P of CAD, that is a firm dealing for its own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets, or dealing for the accounts of other members of those markets and being guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such a firm is assumed by clearing members of the same markets.

MAD Investment Recommendations The Commission Directive of 22 December 2003 implementing the Market Abuse Directive as regards the fair presentation of investment

<u>Directive</u>	<u>recommendations and the disclosure of conflicts of interest (No. 2003/125/EC).</u>
<u>mandate rules</u>	CASS 4.5 <u>8.</u>
<u>margined contract</u>	(in <u>COLL</u> , and <u>CASS 4 and CASS 7</u>) any contract in <i>derivatives</i> .
<u>margined transaction</u>	(1) (except in <u>CASS 4 and CASS 7</u>) a transaction ... (2) (in <u>CASS 4 and CASS 7</u>): (a) ...
<u>market maker</u>	(1) (except in <u>COBS</u>)(in relation to an <i>investment</i>) ... (2) (in <u>COBS</u>) a <i>person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against his proprietary capital at prices defined by him.</i> [Note: article 4 (1)(8) of <i>MiFID</i>]
<u>market operator</u>	<u>a person who manages and/or operates the business of a regulated market. The market operator may be the regulated market itself.</u> [Note: article 4(1)(13) of <i>MiFID</i>]
<u>MiFID client money chapter</u>	<u>CASS 7</u>
<u>MiFID client money (minimum implementing) rules</u>	<u>CASS 7.3.1R, CASS 7.3.2R, CASS 7.4.1R, CASS 7.4.5R, CASS 7.4.7R, CASS 7.4.8R, CASS 7.4.11R, CASS 7.6.1R, CASS 7.6.2R and CASS 7.6.9R.</u>
<u>MiFID client money segregation requirements</u>	<u>CASS 7.4.1R and CASS 7.4.11R.</u>
<u>MiFID custody chapter</u>	<u>CASS 6.</u>
<u>MiFID implementing requirement</u>	(1) (in relation to a <i>UK RIE</i>) <u>any of the requirements applicable to that body under the <i>MiFID Regulation</i>.</u> (2) (in relation to a body applying for recognition as a <i>UK RIE</i>) <u>any of the requirements under the <i>MiFID Regulation</i> which, if its application were successful, would apply to it.</u>
<u>MiFID information rules</u>	<u>the rules transposing article 19(2) of <i>MiFID</i> and articles 27, 29(7) and (8) of the <i>MiFID implementing Directive</i>, which are: <i>COBS 4.2.1R</i>;</u>

COBS 4.3.2R; COBS 4.3.6R; COBS 4.3.7R; COBS 5.2.4R, COBS 5.3.2R, COBS 5.3.6R, COBS 5.3.7R, COBS 5.4.1R and GEN 1.2.2R.

MiFID
outsourcing rules

SYSC 8.1.1R to SYSC 8.1.11R.

MTF

a multilateral trading facility.

MTF transaction

a transaction concluded by a firm under the rules governing an MTF with another member or participant of that MTF.

money-market
instruments

those classes of financial instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment.

[Note: article 4(1)(19) of MiFID]

multilateral
trading facility

a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of Title II of MiFID.

[Note: article 4(1)(15) of MiFID]

non-core
investment service

[deleted]

non-directive
client money
chapter

CASS 4

non-directive
custody chapter

CASS 2.

non-independent
research

a research recommendation which:

- (a) relates to financial instruments; and
- (b) does not constitute investment research.

[Note: article 24(2) of the MiFID implementing Directive]

normal trading
hours

(in relation to a trading venue or an investment firm) those hours which the trading venue or investment firm establishes in advance and makes public as its trading hours.

[Note: article 2(5) of the MiFID Regulation]

operating a
multilateral

the regulated activity in article 25D of the Regulated Activities Order, which is, in summary, the operation of a multilateral trading facility on which MiFID instruments are traded.

trading facility

In this definition “MiFID instrument” means any investment:

- (a) of the kind specified by articles 76, 77, 78, 79, 80, 81, 83, 84 or 85 of the *Regulated Activities Order*; or
- (b) of the kind specified by article 89 of the *Regulated Activities Order*, so far as relevant to an investment falling within (a),

that is a *financial instrument*.

option

the *investment*, specified in article 83 of the *Regulated Activities Order* (Options), which is an option to acquire or dispose of:

- (a) a *designated investment* (other than an option or one to which (d) or (e) applies); or
- (b) currency of the *United Kingdom* or of any other country or territory; or
- (c) palladium, platinum, gold or silver; or
- (d) a commodity to which article 83(2) of the *Regulated Activities Order* applies; or
- (e) a *financial instrument* in paragraph 10 of Section C of Annex 1 to *MiFID* to which article 83(3) of the *Regulated Activities Order* applies; or
- (f) an option to acquire or dispose of an option specified in (a), (b) ~~or~~ (c), (d) or (e)

but so that for the purposes of calculating capital requirements for *BIPRU firms* and *BIPRU 10* (Concentration risk requirements) it also includes any of the items listed in the table in *BIPRU 7.6.18R* (Option PRR: methods for different types of option) and any cash settled option.

overseas firm

- (1) (in relation to *MAR 5*) a *firm* which has its registered office (or, if it has no registered office, its head office) outside the *United Kingdom* excluding an *incoming EEA firm*.
- (2) (in any other case) a *firm* which has its registered office (or, if it has no registered office, its head office) outside the *United Kingdom*.

participant firm

- (1) (except in *FEES 1* and *FEES 6*) a *firm* or a *member* other than:
 - (a) (as defined in section 213(10) of the *Act*) (The compensation scheme) and regulation 2 of the *Electing*

Participants Regulations (Persons not to be regarded as relevant persons) an *incoming EEA firm* which is:

- (i) a *credit institution*;
- (ii) an ~~ISD~~ *MiFID investment firm*; or

...

<u>payment information</u>	<u>the information described in COBS 7.3.4R, that is, the amount and nature of any payments that the client will have to make, directly or indirectly, for the personal recommendation.</u>
<u>per se eligible counterparty</u>	<u>a client categorised as a per se eligible counterparty in accordance with COBS 3.6.</u>
<u>per se professional client</u>	<u>a client categorised as a per se professional client in accordance with COBS 3.5.</u>
<u>periodic information</u>	<u>the information identified in the table in COBS 17 Ann 1 R(2), and if the client has not elected to receive trade confirmation information on a transaction by transaction basis under COBS 17.3.3R, the information identified in column (2) of COBS 17 Ann 1R(1).</u>
<u>periodic statement</u>	<u>a report which a firm is required to provide to a customer client under COB 8.2 COBS 17.3 (Periodic reporting statements).</u>
<u>personal account transaction</u>	[deleted]
<u>personal recommendation</u>	[delete the existing definition and replace with the following] <u>a recommendation that is advice on investments and is presented as suitable for the person to whom it is made, or is based on a consideration of the circumstances of that person.</u> <u>A recommendation is not a personal recommendation if it is issued exclusively through distribution channels or to the public.</u> [Note: article 52 of the <i>MiFID implementing Directive</i>]
<u>personal transaction</u>	<u>a trade in a designated investment effected by or on behalf of a relevant person, where at least one of the following criteria are met:</u> <ul style="list-style-type: none">(1) <u>that relevant person is acting outside the scope of the activities he carried out in that capacity;</u>(2) <u>the trade is carried out for the account of any of the following persons:</u><ul style="list-style-type: none">(a) <u>the relevant person;</u>

- (b) the spouse or civil partner of the *relevant person* or any partner of that *person* considered by national law as equivalent to a spouse;
- (c) a dependent child or stepchild of the *relevant person*;
- (d) any other relative of the *relevant person* who has shared the same household as that *person* for at least one year on the date of the *personal transaction* concerned;
- (e) any *person* with whom he has *close links*;
- (f) a *person* whose relationship with the *relevant person* is such that the *relevant person* has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

[Note: article 2(7) and article 11 of the *MiFID implementing Directive*]

portfolio management

managing portfolios in accordance with mandates given by *clients* on a discretionary *client-by-client* basis where such portfolios include one or more *financial instruments*.

[Note: article 4(1)(9) of *MiFID*]

portfolio trade

a transaction in more than one security where those securities are grouped and traded as a single lot against a specific reference price.

[Note: article 2(6) of the *MiFID Regulation*]

primary pooling event

(1) ...

...

(3) (in CASS 7) an event that occurs in the circumstances described in CASS 7.9.4R (Failure of the authorised firm: primary pooling event).

product provider

(1) (except in *ICOB* and *COB*) a *firm* which is:

- (i) a *long-term insurer*;
- (ii) a *friendly society*;
- (iii) the *operator* of a *regulated collective investment scheme* or an *investment trust savings scheme*; or
- (iv) the *operator* of a *personal pension scheme* or *stakeholder pension scheme*.

(2) ...

professional client ~~means an intermediate customer.~~

a client that is either a *per se* professional client or an elective professional client (see COBS 3.5.1R).

[Note: article 4(1)(12) of *MiFID*].

provision rules (in COBS) the rules from COBS 15.2.1R to COBS 15.2.5R.

qualifying holding (1) (in *GENPRU* and *BIPRU*) has the meaning in *GENPRU* 2.2.203R (Qualifying holdings), which is in summary a direct or indirect holding of a *bank* or *building society* in a non-financial *undertaking* which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that *undertaking*.

(2) (otherwise) any direct or indirect holding in an *investment firm* which represents 10% or more of the capital or of the voting rights, as set out in Article 92 of the European Parliament and Council Directive on the admission of securities to official stock exchange listing and on information to be published on those securities (No. 2001/34/EC) or which makes it possible to exercise a significant influence over the management of the *investment firm* in which that holding subsists.

[Note: article 4(1)(27) of *MiFID*]

qualifying money market fund (1) (in *CASS 7*) a *collective investment scheme* authorised under the *UCITS Directive* or which is subject to supervision and, if applicable, authorised by an authority under the national law of an *EEA State*, and which satisfies the following conditions:

(a) its primary investment objective must be to maintain the net asset value of the undertaking either constant at par (net of earnings), or at the value of the investors' initial capital plus earnings;

(b) it must, with a view to achieving that primary investment objective, invest exclusively in high quality money market instruments with a maturity or residual maturity of no more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of 60 days. It may also achieve this objective by investing on an ancillary

basis in deposits with credit institutions;

(c) it must provide liquidity through same day or next day settlement.

(2) For the purposes of (1)(b), a money market instrument is to be considered to be of high quality if it has been awarded the highest available credit rating by each competent rating agency which has rated that instrument. An instrument that is not rated by any competent rating agency is not to be considered to be of high quality.

(3) For the purposes of (2), a rating agency is to be considered to be competent if it issues credit ratings in respect of money market funds regularly and on a professional basis and is an eligible ECAI within the meaning of Article 81(1) of the BCD.

[Note: article 18(2) of the *MiFID implementing Directive*]

regulated market [delete existing definition and replace with the following]

a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID.

[Note: article 4(1)(14) of *MiFID*]

regulated market transaction a transaction concluded by a firm on a regulated market with another member or participant of that regulated market.

regulatory provisions

(a) ...

(b) (in relation to an investment exchange):

(i) ...

(ii) if it provides, or proposes to provide, clearing services in respect of transactions other than those effected on the exchange, the criteria which it applies, or proposes to apply, when determining to whom it will provide those services;

(c)

related financial means a financial instrument, the price of which is closely affected by price movements in another financial instrument which is the subject

<u>instrument</u>	<u>of investment research</u> , and includes a derivative on that other <u>financial instrument</u> .
	[Note: article 25(2) of the <u>MiFID implementing Directive</u>]
<u>relevant articles</u>	(in <u>REC</u>):
	(1) <u>Article 6.1 to 6.4 of the Market Abuse Directive;</u>
	(2) <u>Articles 3, 5, 7, 8, 10, 14 and 16 of the Prospectus Directive;</u>
	(3) <u>Articles 4 to 6, 14, 16 to 19 and 30 of the Transparency Directive; and</u>
	(4) <u>Community legislation made under the provisions mentioned in (1) to (3).</u>
<u>relevant business</u>	(1) (in <u>DISP</u>) ...
	(2) <u>(in relation to information communicated to a client other than a financial promotion) designated investment business.</u>
	(3) <u>(in relation to a financial promotion) a controlled activity.</u>
<u>relevant investment</u>	(1) (in <u>COBS 13.4</u> in relation to investment research a <u>research recommendation</u> or a public appearance), a <u>designated investment</u> that is the subject of that research , <u>recommendation</u> or <u>public appearance</u> ,
	(2) <u>(in COBS 4 and COBS 5) otherwise ...</u>
	(a) ...
	(3)
<u>relevant issuer</u>	(1) (in relation to a <u>designated investment</u> that is the subject of investment research , a <u>research recommendation</u> or a public appearance) the <u>issuer</u> of that <u>designated investment</u> ; or
	(2) (in relation to a <u>related designated investment</u> that is the subject of investment research or a public appearance <u>public appearance</u>) either the ...
<u>relevant liquid market</u>	<u>a market for a share determined in accordance with paragraph 2 and 8 of Article 9 of the MiFID Regulation, in many cases this will be the Member State where the share or the unit was first admitted to trading on a regulated market.</u>
	[Note: article 9 of the <u>MiFID Regulation</u>]
<u>reportable transaction</u>	[deleted]

requirement to disclose information before providing services

COBS 2.2.2R.

requirement to disclose information on designated investments and investment strategies

(in COBS) the requirement in COBS 2.2.2R(1)(b).

requirement to disclose information on costs and associated charges

(in COBS) the requirement in COBS 2.2.2R(1)(d).

research recommendation

research or other information:

(a) ...

...

(c) which:

(i) ...

(ii) ...

(iii) expresses an opinion as to the present or future value or price of such instruments.

In this definition, "financial instruments" means the following (as defined in Article 5 of the *Prescribed Markets and Qualifying Investments Order* and Article 1(3) of the *Market Abuse Directive*, and which consequently carries the same meaning in the *Buy-back and Stabilisation Regulation*):

(a) transferable securities;

(b) units in collective investment undertakings;

(c) money-market instruments;

(d) financial futures contracts, including equivalent cash-settled instruments;

(e) forward interest-rate agreements;

- (f) interest-rate, currency and equity swaps;
- (g) options to acquire or dispose of any instrument falling into these categories, including equivalent cash-settled instruments. This category includes in particular options on currency and on interest rates;
- (h) derivatives on commodities; and
- (i) any other instrument admitted to trading on a regulated market in an EEA State or for which a request for admission to trading on such a market has been made.

retail client means ~~a private customer.~~

- (1) (other than in relation to the provision of basic advice on stakeholder products) in accordance with COBS 3.4.1R, a client who is neither a professional client or an eligible counterparty; or

[Note: article 4(1)(12) of MiFID]

- (2) (in relation to basic advice) the person to whom a firm provides basic advice on stakeholder products.

rule on voice telephony communications

COBS 6.1.9R.

rules on the disclosure of commission and commission equivalent

(in COBS) the rules in COBS 7.4 (Disclosure of charges, remuneration and commission).

scheme

- (1) (except in COBS, CASS and SUP) a collective investment scheme.
- (2) (in COBS, CASS and SUP)
 - (a) ...

secondary pooling event

- (1) (in CASS 4) an event that occurs in the circumstances described in CASS 4.4.14R (Failure of a bank, intermediate broker, settlement agent or OTC counterparty: secondary pooling events).
- (2) (in CASS 5) an event that occurs in the circumstances described in CASS 5.6.14R (Failure of a bank, other broker or settlement agent: secondary pooling events).
- (3) (in CASS 7) an event that occurs in the circumstances

	<u>described in CASS 7.9.14R (Failure of a bank, intermediate broker, settlement agent or OTC counterparty: secondary pooling events).</u>
<i>securities financing transaction</i>	<p>(1) <u>(in COBS, in CASS) an instance of stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.</u></p> <p>[Note: article 2(10) of the <i>MiFID Regulation</i>]</p> <p>(2) <u>(in any other case) any of the following:</u></p> <p>(a) a <i>repurchase transaction</i>; or</p> <p>(b) a <i>securities or commodities lending or borrowing transaction</i>; or</p> <p>(c) a <i>margin lending transaction</i>.</p> <p><u>(2)</u></p>
<i>share</i>	<p>(1) (except in <i>CIS, LR, and DR and REC</i>) the <i>investment ...</i></p> <p>...</p> <p>(4) <u>(in REC) shares admitted to trading on a regulated market.</u></p>
<i>simplified prospectus</i>	(in relation to a <i>simplified prospectus scheme</i>) a marketing document containing information about the <u>scheme, which complies with scheme and complying with the requirements in COLL 4.6.2R COB 6.2.26R (Production and publication of simplified prospectus) and COLL 4.6.8R COB 6.2.37R (Table: Contents of the simplified prospectus).</u>
<i>simplified prospectus scheme</i>	<p>means:</p> <p>(a) ...</p> <p>(b) a <u>key facts scheme in respect of which a firm has chosen to produce a simplified prospectus instead of a key facts disclosure document (see COBS 14.2.3R(2)); key features scheme for which an election that is permitted by COB 6.2.22R(2) (Key features schemes) has been made;</u></p> <p>whether or not the <i>units</i> are held within a <i>PEP, ISA or personal pension scheme</i>.</p>
<i>Single Market Directives</i>	(as defined in paragraph 1 of Schedule 3 to the Act (EEA Passport Rights));

- (a) the *Banking Consolidation Directive*;
- (b) the Insurance Directives (within the meaning of paragraph 1 of Schedule 3 to the Act);
- (c) ~~the *Investment Services Directive*~~ *MiFID*;
- (d) the *Insurance Mediation Directive*; and
- (e) (~~from 13 February 2004~~) the *UCITS Directive*.

statement of demands and needs

a statement which complies with COBS 10.4.7R (Contents).

statutory status disclosure statement

the statutory status disclosure statement required by GEN 4 (Statutory status disclosure).

subsidiary

- (1) (except in relation to *MiFID business*) (as defined in section 736 of the Companies Act 1985 ...
- (2) (in relation to *MiFID business*) a subsidiary undertaking as defined in Articles 1 and 2 of Seventh Council Directive on consolidated accounts (No. 83/349/EEC), including any subsidiary of a subsidiary undertaking of an ultimate *parent undertaking*.

[Note: article 4 (1)(29) of *MiFID*]

~~suitability letter report~~

[delete the existing definition and replace with the following]

a report which a *firm* must provide to its *client* under COBS 10.4 (Suitability reports) which, among other things, explains why the *firm* has concluded that a recommended transaction is suitable for the *client*.

standard method of internal client money reconciliation

CASS 7 Annex 1.

systematic internaliser

investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF.

[Note: article 4(1)(7) of *MiFID*]

third country issuer

an issuer which is not a community issuer.

[Note: article 2(4) of the *MiFID Regulation*]

tied agent a *person* who, under the full and unconditional responsibility of only one *MiFID investment firm* or *third country investment firm* on whose behalf it acts, promotes *investment services* and/or *ancillary services* to *clients* or prospective *clients* , receives and transmits instructions or *orders* from the *client* in respect of *investment services* or *financial instruments* , places *financial instruments* and/or provides advice to *clients* or prospective *clients* in respect of those *financial instruments* or *investment services* .

[Note: article 4(1)(25) of *MiFID*]

top-up cover cover provided by the *compensation scheme* for *claims* against an *incoming EEA firm* (which is a *credit institution* , an *IMD insurance intermediary* , an *IMD reinsurance intermediary* or ~~an *ISD*~~ a *MiFID investment firm* or a *UCITS management company*) in relation to ...

trade confirmation information the information identified in column (1) of the table in COBS 17 Ann 1R(1).

trading day (in *MAR 7* (Disclosure of information on certain trades undertaken outside a regulated market or MTF) and *SUP 17* (Transaction reporting)) in relation to post-trade information to be made public about a share under *MAR 7.2.10EU* , any day of normal trading in a share on a *trading venue* in the *relevant liquid market* for this share.

[Note: article 4(2) of the *MiFID Regulation*]

trading venue a *regulated market* , *MTF* or *systematic internaliser* acting in its capacity as such, and, where appropriate, a system outside the Community with similar functions to a *regulated market* or *MTF* .

[Note: article 2(8) of the *MiFID Regulation*]

transaction only the purchase and sale of a *financial instrument* . For the purposes of the *MiFID Regulation* , excluding Chapter II, this does not include:

- (a) *securities financing transactions* ; or
- (b) the exercise of options or covered warrants; or
- (c) primary market transactions (such as issuance allotment or subscription) in *financial instruments* falling within Article 4(1)(18)(a) and (b) of *MiFID* .

[Note: article 5 of the *MiFID Regulation*]

transaction report [delete the existing definition and replace with the following]

a report of a transaction which meets the requirements of *SUP 17.4.1R* and *SUP 17.4.2R* (Information to appear in transaction reports).

transferable security

- (1) (in *PR* and *LR*) (as defined in section 102A of the *Act*) anything which is a transferable security for the purposes of ~~the investment services directive~~ *MiFID*, other than *money-market instruments* for the purposes of that directive which have a maturity of less than 12 months.
- (2) ...
- (3) those classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:
 - (a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;
 - (b) bonds or other forms of securitised debt, including depositary receipts in respect of such securities; and
 - (c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

[Note: article 4(1)(18) of *MiFID*]

Transparency Directive

the European Parliament and Council Directive on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market or through a comparable mechanism for the disclosure of information under national requirements of a Member State concerning the dissemination of information (No. 2004/109/EC).

turnover

(in relation to a *financial instrument*) means the sum of the results of multiplying the number of units of that instrument exchanged between buyers and sellers in a defined period of time, pursuant to *transactions* taking place on a *trading venue* or otherwise, by the unit price applicable to each such *transaction*.

[Note: article 2(9) of the *MiFID Regulation*]

UCITS investment firm

[delete existing definition and replace with the following]

a *firm* which:

- (1) is the operator of a *UCITS scheme* (whether or not it is also the operator of other schemes); and
- (2) has a *Part IV permission to manage investments* where:
 - (a) the *investments managed* include one or more of the

instruments listed in Section C of Annex 1 to MiFID;
and

(b) the permission extends to activities permitted by article 5(3) of the UCITS Directive as well as those permitted by article 5(2).

UCITS management company

(1) (except in relation to MiFID business) a firm which is either:

(a) a UCITS firm; or

(b) a UCITS investment firm.

(2) (in relation to MiFID business) a management company as defined in the UCITS Directive.

[Note: article 4 (1)(24) of MiFID]

UK firm

(1) (except in REC) (as defined in paragraph 10 of Schedule 3 to the Act (EEA Passport Rights)) ...

(2) (in REC) means an investment firm or credit institution which has a Part IV permission to carry on one or more regulated activities.

UK MiFID investment firm

a MiFID investment firm whose Home State is the United Kingdom (this may include a natural person provided the conditions set out in Article 4(1)(1) of MiFID are satisfied).

voice telephony communication

includes a telephone call.

website conditions

the following conditions (which must be satisfied if a firm provides information to a client by means of a website containing information that is not addressed personally to that client):

(1) the provision of that information in that medium must be appropriate to the context in which the business between the firm and the client is, or is to be, carried on (that is, there is evidence that the client has regular access to the internet, such as the provision by the client of an e-mail address for the purposes of the carrying on of that business);

(2) the client must specifically consent to the provision of that information in that form;

(3) the client must be notified electronically of the address of the website, and the place on the website where the information may be accessed;

(4) the information must be up to date; and

- (5) the information must be accessible continuously by means of that website for such period of time as the *client* may reasonably need to inspect it.

[Note: article 3 of the *MiFID implementing Directive*]