

GLOSSARY (MiFID 2) INSTRUMENT 2017

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 64A (Rules of conduct);
 - (b) section 69 (Statement of policy);
 - (c) section 73A (Part 6 Rules);
 - (d) section 84 (Matters which may be dealt with by prospectus rules);
 - (e) section 89A (Transparency rules);
 - (f) section 96 (Obligations of issuers of listed securities);
 - (g) section 137A (The FCA’s general rules);
 - (h) section 137B (FCA general rules: clients’ money, right to rescind etc);
 - (i) section 137H (General rules about remuneration);
 - (j) section 137R (Financial promotion rules);
 - (k) section 137T (General supplementary powers);
 - (l) section 138C (Evidential provisions);
 - (m) section 138D (Action for damages);
 - (n) section 138N (Temporary product intervention rules: statement of policy);
 - (o) section 139A (Power of the FCA to give guidance);
 - (p) section 226 (Compulsory jurisdiction);
 - (q) section 247 (Trust scheme rules);
 - (r) section 248 (Scheme particulars rules);
 - (s) section 261I (Contractual scheme rules);
 - (t) section 261J (Contractual scheme particulars rules);
 - (u) section 293 (Power to make notification rules in respect of recognised bodies);
 - (v) paragraph 23 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority);
 - (w) paragraph 19 (Establishment) of Schedule 3 (EEA Passport Rights);
 - (x) paragraph 20 (Services) of Schedule 3 (EEA Passport Rights); and
 - (y) paragraph 13(1), (3) and (4) (FCA’s rules) of Schedule 17 (The Ombudsman Scheme);
 - (2) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001, (SI 2001/1228);
 - (3) paragraph 15 (Record-keeping and reporting requirements relating to relevant complaints) of the Financial Services and Markets Act 2000 (Transitional Provisions) (Ombudsman Scheme and Complaints Scheme) Order 2001, (SI 2001/2326);
 - (4) paragraph 9 (Record-keeping and reporting requirements relating to relevant transitional complaints) of the Financial Services and Markets Act 2000

(Transitional Provisions) (Complaints relating to General Insurance and Mortgages) Order 2004, (SI 2004/454);

- (5) regulation 11 of the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, as inserted by the Financial Services and Markets Act (Markets in Financial Instruments) Regulations 2017, (SI 2017/701);
- (6) the powers of direction, guidance and related provisions in or under the following provisions of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017, (SI 2017/701):
 - (a) regulation 16 (Position limits)
 - (b) regulation 17 (Exemption for non-financial entities)
 - (c) regulation 27 (Power to require information);
 - (d) paragraph 7 of Schedule 1 (Guidance); and
 - (e) paragraph 8 of Schedule 1 (Reporting requirements);
- (7) the powers of direction, guidance and related provisions in or under the following provisions of the Financial Services and Markets Act 2000 (Data Reporting Services) Regulations 2017, (SI 2017/699):
 - (a) regulation 7 (Application for authorisation);
 - (b) regulation 8 (Application for verification of compliance);
 - (c) regulation 11 (Cancellation of authorisation);
 - (d) regulation 12 (Variation of authorisation);
 - (e) regulation 20 (Guidance);
 - (f) regulation 21 (Reporting requirements); and
 - (g) regulation 40 (FCA: penalties, fees and exemption from liability in damages); and
- (8) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. Part 1 of this instrument comes into force on 3 July 2017.
- D. Part 2 of this instrument comes into force on 3 January 2018.

Amendments to the Handbook

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

Notes

- F. In the Annex to this instrument, the notes (indicated by “Note:”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Glossary (MiFID 2) Instrument 2017.

By order of the Board
30 June 2017

Annex A

Amendments to the Glossary of definitions

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

Part 1: Comes into force on 3 July 2017

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>data reporting service</i>	(in accordance with regulation 2(1) of the <i>DRS Regulations</i>) the operation of an <i>APA</i> , an <i>ARM</i> or a <i>CTP</i> when carried out as a regular occupation or business activity.
<i>data reporting services provider</i>	a <i>person</i> operating one or more <i>data reporting service</i> .
<i>DRS Regulations</i>	the Data Reporting Services Regulations 2017 (SI 2017/699).
<i>FCA MDP on-boarding application form</i>	a form for approval to connect to the <i>FCA's market data processor system</i> .
<i>incoming data reporting services provider</i>	a <i>data reporting services provider</i> authorised or applying for authorisation under Title V of <i>MiFID II</i> in an <i>EEA State</i> , other than the <i>UK</i> , to provide a <i>data reporting service</i> in the <i>UK</i> .
<i>market data processor system</i>	the IT system set up and maintained by the <i>FCA</i> to receive data under <i>MiFID II</i> and <i>MiFIR</i> .
<i>markets data (other than transaction reports)</i>	(in relation to <i>FEES 3</i>) data that must be reported to the <i>FCA</i> under: <ul style="list-style-type: none"> (a) articles 22 and 27 of <i>MiFIR</i>; and (b) article 58 of <i>MiFID II</i>.
<i>market interface specification</i>	a document setting out the technical details required to format and submit <i>market data</i> to the <i>FCA</i> using the <i>market data processor system</i> .
<i>MiFI Regulations</i>	the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701).
<i>MIS</i>	<i>market interface specification</i> .
<i>MIS confidentiality</i>	an agreement between the <i>FCA</i> and a party receiving information regarding the <i>market data processor system market interface</i>

agreement *specification.*

Amend the following as shown.

transaction report (1) a report of a transaction which meets the requirements of *SUP*
~~17.4.1EU.1R~~ 17.4.1EU and *SUP* 17.4.2R (Information to appear
in transaction reports).

(2) (in relation to *FEES* 3) a report which meets the requirements
imposed by and under article 26 of *MiFIR*.

Part 2: Comes into force on 3 January 2018

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

algorithmic trading trading in *financial instruments* which meets the following conditions:

- (a) where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission; and
- (b) there is limited or no human intervention; but

does not include any system that is only used for the purpose of routing orders to one or more *trading venues* or the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions.

[Note: article 4(1)(39) of *MiFID*]

APA *approved publication arrangement.*

approved publication arrangement a *person* permitted under regulation 5 of the *DRS Regulations* to provide services to an *investment firm* for the *investment firm* to meet its obligations under articles 20 and 21 of *MiFIR*.

ARM *approved reporting mechanism.*

binary bet a derivative contract of a binary nature.

<i>branch passport notification</i>	a notification made in accordance with article 35(2) of <i>MiFID</i> and <i>MiFID ITS 4A</i> Annex VI.
<i>central competent authority</i>	(in <i>MAR 10</i>) in respect of a particular <i>commodity derivative</i> traded in significant volumes on <i>trading venues</i> in more than one <i>EEA</i> jurisdiction, the <i>competent authority</i> of the <i>trading venue</i> where the largest volume of trading in the <i>commodity derivative</i> takes place in the <i>EEA</i> .
<i>certificates</i>	(as defined in article 2(1)(27) of <i>MiFIR</i>), those securities which are negotiable on the capital market and which in case of a repayment of investment by the issuer are ranked above shares but below unsecured bond instruments and other similar instruments.
<i>commodity derivative</i>	those <i>financial instruments</i> defined in: <ul style="list-style-type: none"> (a) point (44)(c) of article 4(1) of <i>MiFID</i> which relate to a <i>commodity</i>; or an underlying referred to in Section C(10) of Annex I of <i>MiFID</i>; or (b) in points (5), (6), (7) and (10) of Section C of Annex I to <i>MiFID</i>. <p>[Note: article 2(1)(30) of <i>MiFIR</i>]</p>
<i>consolidated tape provider</i>	a <i>person</i> permitted under regulation 5 of the <i>DRS Regulations</i> to provide the service of: <ul style="list-style-type: none"> (a) collecting trade reports for <i>financial instruments</i> made in accordance with articles 6, 7, 10, 12, 13, 20 and 21 of <i>MiFIR</i> from <i>regulated markets</i>, <i>MTFs</i>, <i>OTFs</i> and <i>APAs</i>; and (b) consolidating them into a continuous electronic live data stream providing price and volume data per <i>financial instrument</i>.
<i>CSDR</i>	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the <i>EU</i> and on central securities depositories and amending the <i>Settlement Finality Directive</i> , <i>MiFID</i> and the <i>short selling regulation</i> .
<i>CTP</i>	<i>consolidated tape provider</i> .
<i>DEA</i>	<i>direct electronic access</i> .
<i>direct electronic access</i>	an arrangement where a member or participant or client of a <i>trading venue</i> permits a <i>person</i> to use its trading code so the <i>person</i> can electronically transmit orders relating to a <i>financial instrument</i> directly to the <i>trading venue</i> and includes arrangements which involve the use by a <i>person</i> of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders (direct market access) and arrangements where such an infrastructure is not used by a <i>person</i> (sponsored access).

	[Note: article 4(1)(41) of <i>MiFID</i>]
<i>distribute</i>	offering, recommending or <i>selling</i> an <i>investment</i> or providing an <i>investment service</i> to a <i>client</i> .
	[Note: recital 15 to the <i>MiFID Delegated Directive</i>]
<i>distributor</i>	a <i>firm</i> which offers, recommends or <i>sells investments</i> or provides <i>investment services</i> to <i>clients</i> .
	[Note: recital 15 to the <i>MiFID Delegated Directive</i>]
<i>economically equivalent OTC contract</i>	<p>(1) in respect of a <i>commodity derivative</i> traded on a <i>trading venue</i>, an <i>OTC derivative</i> which has identical contractual specifications and terms and conditions, excluding the following, to those of that <i>commodity derivative</i>:</p> <ul style="list-style-type: none"> (a) different lot size specifications; (b) delivery dates diverging by less than one calendar day; and (c) different post-trade risk management arrangements; and <p>(2) in respect of an <i>emission allowance</i> traded on a <i>trading venue</i>, a contract which has identical contractual specifications and terms and conditions, excluding the following, to those of that <i>emission allowance</i>:</p> <ul style="list-style-type: none"> (a) different lot size specifications; (b) delivery dates diverging by less than one calendar day; and (c) different post-trade risk management arrangements.
	[Note: article 6 of <i>MiFID RTS 21</i>]
<i>Emission Allowance Trading Directive</i>	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community, and amending Council Directive 96/61/EC.
<i>end client</i>	the <i>person</i> or group of <i>persons</i> at the end of the supply chain.
<i>ETF</i>	<i>exchange-traded fund</i> .
<i>EU regulation</i>	a regulation made pursuant to article 288 of the <i>Treaty</i> .
<i>exchange-traded fund</i>	a fund of which at least one <i>unit</i> or <i>share</i> class is traded throughout the day on at least one <i>trading venue</i> and with at least one market maker which takes action to ensure that the price of its <i>units</i> or <i>shares</i> on the

trading venue does not vary significantly from its net asset value and, where applicable, from its indicative net asset value.

[Note: article 4(1)(46) of *MiFID*]

investment advice the provision of *personal recommendations* to a *client*, either upon the *client's* request or at the initiative of the *firm*, in respect of one or more transactions relating to *designated investments*.

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

investment services and activities passport notification a notification made in accordance with article 34(2) of *MiFID* and *MiFID ITS 4 Annex I*.

manufacture creating, developing, issuing and/or designing an *investment*, including when advising corporate *issuers* on the launch of new *investments*.

[Note: recital 15 to the *MiFID Delegated Directive*]

manufacturer a *firm* which creates, develops, issues, and/or designs *investments*, including when advising corporate *issuers* on the launch of new *investments*.

[Note: recital 15 to the *MiFID Delegated Directive*]

market making strategy a strategy undertaken by a *person* where:

- (a) the *person* is a member or participant of one or more *trading venues*;
- (b) the *person's* strategy, when *dealing on own account*, involves posting firm, simultaneous two-way quotes of comparable size and at competitive prices relating to one or more *financial instruments* on a *trading venue*, or across different *trading venues*; and
- (c) the result provides liquidity on a regular and frequent basis to the overall market.

markets data (other than transaction reports) data that must be reported to the *FCA* under:

- (a) articles 22 and 27 of *MiFIR*; and
- (b) article 58 of *MiFID H*.

matched principal trading a transaction where the facilitator interposes itself between the buyer and the seller to the transaction in such a way that it is never itself exposed to market risk throughout the execution of the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where the facilitator makes no profit or loss, other than a

previously disclosed commission, fee or charge for the transaction.

[Note: article 4 (1)(38) of *MiFID*]

member of the management body

(in relation to a *UK recognised body*) any one of the following:

- (a) its chairman or president; or
- (b) its *chief executive*; or
- (c) a member of its *governing body*; or
- (d) a *person* who, alone or jointly with one or more others, is responsible under the immediate authority of a *person* in (a), (b) or (c) or a committee of the *governing body* for the conduct of any *relevant function*.

MiFID complaint

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 or a *redress determination*:

- (a) which alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience; and
- (b) either:
 - (i) to which article 26 of the *MiFID Org Regulation* applies; or
 - (ii) which concerns the *equivalent business of a third country investment firm*.

[Note: For the application of article 26 of the *MiFID Org Regulation*, see articles 1(1), 1(3), 1(4), 39 and 41 of *MiFID*, article 1 of the *MiFID Org Regulation*, *DISP* 1.1A.3G and *DISP* 1.1A.4G]

[Note: a *MiFID complaint* which falls within the jurisdiction of the *Financial Ombudsman Service* is a *complaint*]

MiFID Delegated Directive

Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing *MiFID* of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits.

MiFID, equivalent third country or optional exemption business

business which is:

- (1) *MiFID business*; or
- (2) the *equivalent business of a third country investment firm*; or

(3) *MiFID optional exemption business.*

<i>MiFID ITS 2</i>	Commission Implementing Regulation (EU) No 2017/1005 of 15 June 2017 laying down implementing technical standards with regard to the format and timing of the communication and publication of the suspension and removal of financial instruments from trading on a regulated market, an MTF or an OTF according to MiFID.
<i>MiFID ITS 3</i>	Commission Implementing Regulation (EU) No 2017/1110 of 22 June 2017 laying down implementing technical standards with regard to the standard forms, templates and procedures for the authorisation of data reporting services providers and related notifications according to MiFID.
<i>MiFID ITS 4</i>	Commission Implementing Regulation (EU) No 2017/1093 of 20 June laying down implementing technical standards with regard to the format of position reports by investment firms and market operators.
<i>MiFID ITS 4A</i>	Commission Implementing Regulation (EU) No [xxxx/xxx] laying down implementing technical standards with regard to standard forms, templates and procedures for the transmission of information in accordance with MiFID.
<i>MiFID ITS 5</i>	Commission Implementing Regulation (EU) No 2017/953 of 6 June 2017 laying down implementing technical standards with regard to the format and the timing of position reports by investment firms and market operators of trading venues according to MiFID of the European Parliament and of the Council on markets in financial instruments.
<i>MiFID ITS 19</i>	Commission Implementing Regulation (EU) 2016/824 of 25 May 2016 laying down implementing technical standards with regard to the content and format of the description of the functioning of MTFs and OTFs and the notification to ESMA according to MiFID.
<i>MiFID/MiFIR requirements</i>	any of the requirements applicable to an <i>RIE</i> or an applicant to become an <i>RIE</i> imposed by <i>MiFIR</i> and any directly applicable regulation made under <i>MiFID</i> or <i>MiFIR</i> .
<i>MiFID/MiFIR Systems Regulations</i>	<i>MiFID RTS 7</i> to <i>MiFID RTS 12</i> inclusive, <i>MiFID RTS 25</i> and <i>MiFID RTS 26</i> .
<i>MiFID optional exemption appointed representative</i>	an <i>appointed representative</i> that acts under the full and unconditional responsibility of a <i>MiFID optional exemption firm</i> and that would be a <i>tied agent</i> if its <i>principal</i> were a <i>MiFID investment firm</i> .
<i>MiFID optional exemption business</i>	<i>investment services and/or activities</i> and, where relevant, <i>ancillary services</i> carried on by a <i>MiFID optional exemption firm</i> .
<i>MiFID optional</i>	a <i>firm</i> that is an exempt investment firm for the purpose of regulation

<i>exemption firm</i>	8 of the <i>MiFI Regulations</i> .
<i>MiFID Org Regulation</i>	Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing <i>MiFID</i> of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.
<i>MiFID Org Regulation firm</i>	a <i>firm</i> to which the <i>MiFID Org Regulation</i> is directly applicable.
<i>MiFID RTS 1</i>	Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing MiFIR with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and the obligation for investment firms to execute transactions in certain shares on a trading venue or a systematic internaliser.
<i>MiFID RTS 2</i>	Commission Delegated Regulation (EU) No 2017/583 of 14 July 2016 supplementing MiFIR with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives.
<i>MiFID RTS 3</i>	Commission Delegated Regulation (EU) No 2017/577 of 13 June 2016 supplementing MiFIR with regard to regulatory technical standards on the volume cap mechanism and the provision of information for the purposes of transparency and other calculations.
<i>MiFID RTS 3A</i>	Commission Delegated Regulation (EU) No 2017/1018 of 29 June 2016 supplementing MiFID with regard to regulatory technical standards specifying information to be notified by investment firms, market operators and credit institutions.
<i>MiFID RTS 6</i>	Commission Delegated Regulation (EU) No 2017/589 of 19 July 2016 supplementing MiFID with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading.
<i>MiFID RTS 7</i>	Commission Delegated Regulation (EU) No 2017/584 of 14 July 2016 supplementing MiFID with regard to regulatory technical standards specifying organisational requirements of trading venues.
<i>MiFID RTS 8</i>	Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 supplementing MiFID with regard to regulatory technical standards specifying the requirements on market making agreements and schemes.
<i>MiFID RTS 9</i>	Commission Delegated Regulation (EU) No 2017/566 of 18 May 2016 supplementing MiFID with regard to regulatory technical standards on the ratio of unexecuted orders to transactions in order to prevent disorderly trading conditions.

<i>MiFID RTS 10</i>	Commission Delegated Regulation (EU) 2017/573 of 6 June 2016 supplementing MiFID with regard to regulatory technical standards on requirements to ensure fair and non-discriminatory co-location and fee structures.
<i>MiFID RTS 11</i>	Commission Delegated Regulation (EU) 2017/588 of 14 July 2016 supplementing MiFID with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange traded funds.
<i>MiFID RTS 12</i>	Commission Delegated Regulation (EU) No 2017/570 of 26 May 2016 supplementing MiFID with regard to regulatory technical standards on the determination of a material market in terms of liquidity relating to notifications of a temporary halt in trading.
<i>MiFID RTS 13</i>	Commission Delegated Regulation (EU) No 2017/571 of 2 June 2016 supplementing MiFID with regard to regulatory technical standards on the authorisation, organisational requirements and the publication of transactions for data reporting services providers.
<i>MiFID RTS 14</i>	Commission Delegated Regulation (EU) No 2017/572 of 2 June 2016 supplementing MiFIR with regard to regulatory technical standards on the specification of the offering of pre-trade and post-trade data and the level of disaggregation.
<i>MiFID RTS 17</i>	Commission Delegated Regulation (EU) No 2017/568 of 24 May 2016 supplementing MiFID with regard to regulatory technical standards for the admission of financial instruments to trading on regulated markets.
<i>MiFID RTS 18</i>	Commission Delegated Regulation (EU) No 2017/569 of 24 May 2016 supplementing MiFID with regard to regulatory technical standards for the suspension and removal of financial instruments from trading.
<i>MiFID RTS 21</i>	Commission Delegated Regulation (EU) No 2017/591 of 1 December 2016 supplementing MiFID with regard to regulatory technical standards for the application of position limits to commodity derivatives.
<i>MiFID RTS 22</i>	Commission Delegated Regulation (EU) 2017/590 of 28 July 2016 supplementing MiFIR with regard to regulatory technical standards for the reporting of transactions to competent authorities.
<i>MiFID RTS 23</i>	Commission Delegated Regulation (EU) No 2017/585 of 14 July 2016 supplementing MiFIR with regard to regulatory technical standards for the data standards and formats for financial instrument reference data and technical measures in relation to arrangements to be made by the European Securities and Markets Authority and competent authorities.
<i>MiFID RTS 25</i>	Commission Delegated Regulation (EU) 2017/574 of 7 June 2016 supplementing MiFID with regard to regulatory technical standards for the level of accuracy of business clocks.

<i>MiFID RTS 26</i>	Commission Delegated Regulation (EU) 2017/582 of 29 June 2016 supplementing MiFIR with regard to regulatory technical standards specifying the obligation to clear derivatives traded on regulated markets and timing of acceptance for clearing.
<i>MiFID RTS 27</i>	Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 supplementing MiFID with regard to regulatory technical standards for the data to be published by execution venues on the quality of execution of transactions.
<i>MiFID RTS 28</i>	Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing MiFID with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.
<i>MiFIR</i>	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.
<i>MiFIR Delegated Regulation</i>	Commission Delegated Regulation (EU) 2017/567 of 18 May 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to definitions, transparency, portfolio compression and supervisory measures on product intervention and positions.
<i>market interface specification</i>	a document setting out the technical details required to format and submit <i>market data</i> to the FCA using the <i>market data processor system</i> .
<i>multilateral system</i>	any system or facility in which multiple third-party buying and selling trading interests in <i>financial instruments</i> are able to interact in the system. [Note: article 4(1)(19) of <i>MiFID</i>]
<i>non-financial entity</i>	a natural or legal person other than: <ul style="list-style-type: none"> (a) an <i>investment firm</i> authorised in accordance with <i>MiFID</i>; (b) a <i>CRD credit institution</i>; (c) an <i>insurance undertaking</i> authorised in accordance with Directive 73/239/EEC; (d) an assurance undertaking authorised in accordance with Directive 2002/83/EC of the European Parliament and of the Council; (e) a <i>reinsurance undertaking</i> authorised in accordance with Directive 2005/68/EC of the European Parliament and of the Council;

- (f) a *UCITS* and, where relevant, its *management company*, authorised in accordance with the *UCITS Directive*;
- (g) an institution for occupational retirement provision within the meaning of article 6(a) of Directive 2003/41/EC of the European Parliament and of the Council;
- (h) an *alternative investment fund* managed by *AIFMs* authorised or registered in accordance with the *AIFMD*;
- (i) a *CCP* authorised in accordance with *EMIR*; and
- (j) a central securities depository authorised in accordance with *CDSR*.

[Note: article 2 of *MiFID RTS 21*]

*reportable
financial
instrument*

in *SUP 17A*, those *financial instruments* in article 26(2) of *MiFIR*, namely:

- (a) *financial instruments* which are admitted to trading or are traded on a *trading venue* for which a request for admission to trading has been made;
- (b) *financial instruments* where the underlying is a *financial instrument* traded on a *trading venue*; and
- (c) *financial instruments* where the underlying is an index or a basket composed of *financial instruments* traded on a *trading venue*.

research

research material or services:

- (1) concerning one or several *financial instruments* or other assets; or
- (2) concerning the issuers or potential issuers of *financial instruments*; or
- (3) closely related to a specific industry or market such that it informs views on *financial instruments*, assets or issuers within that sector,

and which explicitly or implicitly recommends or suggests an investment strategy and provides a substantiated opinion as to the present or future value or price of such instruments or assets, or otherwise contains analysis and original insights and reaches conclusions based on new or existing information that could be used to inform an investment strategy or be capable of adding value to a *firm's* decisions on behalf of *clients*.

[Note: recital 28 to the *MiFID Delegated Directive*]

Securities

Regulation (EU) 2015/2365 of the European Parliament and of the

<i>Financing Transactions Regulation</i>	Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
<i>SME growth market</i>	a <i>multilateral trading facility</i> that is registered as an SME growth market in accordance with article 33 of <i>MiFID</i> . [Note: article 4(1)(12) of <i>MiFID</i>]
<i>sovereign debt</i>	a debt instrument issued by a <i>sovereign issuer</i> . [Note: article 4 (1)(61) of <i>MiFID</i>]
<i>structured deposit appointed representative</i>	an <i>appointed representative</i> that is a party to a contract with a <i>MiFID investment firm</i> that permits or requires it to carry on only the business of selling, or advising <i>clients</i> in relation to, <i>structured deposits</i> in accordance with the <i>Appointed Representatives Regulations</i> .
<i>structured deposits regulated activities</i>	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 in relation to <i>structured deposits</i> : (a) <i>dealing in investments as agent</i> ; (b) <i>arranging (bringing about) deals in investments</i> ; (c) <i>making arrangements with a view to transactions in investments</i> ; (d) <i>managing investments</i> ; and (e) <i>advising on investments (except P2P agreements)</i> .
<i>structured finance products</i>	(as defined in article 2(1)(28) of <i>MiFIR</i>) those securities created to securitise and transfer credit risk associated with a pool of financial assets entitling the security holder to receive regular payments that depend on the cash flow from the underlying assets. [Note: article 4(1)(48) of <i>MiFID</i>]
<i>temporary product intervention rule</i>	a <i>rule</i> made under sections 137D and 138M of the <i>Act</i> .
<i>third country firm</i>	(in <i>SYSC</i>) either: (a) a <i>third country investment firm</i> ; or (b) the <i>UK</i> branch of a <i>non-EEA bank</i> .
<i>tied agent passport notification</i>	a notification made in accordance with article 35(2) of <i>MiFID</i> and <i>MiFID ITS 4 Annex VII</i> .
<i>title transfer</i>	(1) (in <i>CASS 6</i>) an arrangement by which a <i>client</i> transfers full

collateral arrangement ownership of a *safe custody asset* (or an asset which would be a *safe custody asset* but for the arrangement) to a *firm* for the purpose of securing or otherwise covering present or future, actual, contingent or prospective obligations.

- (2) (in *CASS 7*) an arrangement by which a *client* transfers full ownership of *money* to a *firm* for the purpose of securing or otherwise covering present or future, actual, contingent or prospective obligations.

[Note: recital 52 to *MiFID*]

TTCA a *title transfer collateral arrangement*.

Amend the following as shown.

advising on investments (except P2P agreements) the *regulated activity*, specified in article 53(1) of the *Regulated Activities Order* (Advising on investments), which is in summary: advising a *person* if the advice is:

...

- (2) advice on the merits of their doing any of the following (whether as principal or agent):
- (a) *buying, selling*, subscribing for or underwriting a particular *investment* which is a *security, structured deposit or relevant investment* (that is, any *designated investment* (other than a *P2P agreement*), *funeral plan contract, pure protection contract, general insurance contract* or right to or interests in a *funeral plan contract or structured deposit*); or

...

ancillary service (1) (except in *CONC*) any of the services listed in Section B of Annex I to *MiFID*, that is:

- (a) safekeeping and administration of *financial instruments* for the account of *clients*, including custodianship and related services such as cash/collateral management but excluding maintaining securities accounts at the top tier level, ('central maintenance service') referred to in point 2 of Section A of the Annex to *CSDR*;

...

approved reporting ~~a trade matching or reporting system approved by the *FCA* in accordance with Section 412A of the *Act*~~ a *person* permitted under

<i>mechanism</i>	<u>regulation 5 of the DRS Regulations to provide services to an investment firm in order for it to meet its obligations under article 26 of MiFIR.</u>
<i>arranging (bringing about) deals in investments</i>	<p>the regulated activity, specified in article 25(1) of the Regulated Activities Order, which is in summary: making arrangements for another person (whether as principal or agent) to buy, sell, subscribe for or underwrite a particular investment which is:</p> <p>...</p> <p>(e) <i>rights to or interests in investments</i> in (b), (c) or (d) ; <u>or</u></p> <p>(f) <u>a structured deposit.</u></p>
<i>auction regulation bidding</i>	<p>the regulated activity of bidding in emissions auctions where it is carried on by ÷</p> <p>(a) a firm that is exempt from MiFID under article 2(1)(i); or (j)</p> <p>(b) a MiFID investment firm (other than a UCITS investment firm) on behalf of its clients in relation to a two-day emissions spot .</p>
<i>branch</i>	<p>...</p> <p>(b) (in relation to an investment firm):</p> <p>(i) a place of business other than the head office which is a part of an investment firm, which has no legal personality and which provides investment services and/or activities and which may also perform ancillary services for which the firm has been authorized <u>authorised</u>;</p> <p>(ii) all the places of business set up in the same EEA State by an investment firm with headquarters in another EEA State are regarded as a single branch;</p> <p>[Note: article 4(1)(26) <u>4(1)(30)</u> of MiFID]</p>
<i>CAD investment firm</i>	<p>a firm that is subject to the requirements imposed by MiFID (or which would be subject to that Directive if its head office were in an EEA State) but excluding a bank, a building society, a credit institution, a local <u>firm</u> and an exempt CAD firm that meets the following conditions:</p> <p>...</p>
<i>close links</i>	<p>(1) (in relation to MiFID business or in FUND) a situation in which two or more persons are linked by:</p> <p>(a) participation which means the <u>in the form of</u> ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking;</p>

- (b) control which means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in ~~Article 1~~ article 22(1) and (2) of ~~Directive 83/349/EEC~~ the Accounting Directive, or a similar relationship between any person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered to be a subsidiary of the parent undertaking which is at the head of those undertakings.
- (c) a permanent link of both or all of them to the same person by a control relationship.

~~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.~~

[Note: ~~article 4(1)(34)~~ (35) of ~~MIFID~~ MiFID and article 4(1)(e) of AIFMD]

...

commodity

- (1) (except for (2) ~~and (3)~~) a physical asset (other than a financial instrument or cash) which is capable of delivery.
- (2) (for the purpose of calculating *position risk requirements*) any of the following (but excluding gold):
- (a) a commodity within the meaning of paragraph (1); and
- (b) any:
- (i) physical or energy product; or
- (ii) of the items referred to in paragraph 10 of Section C of Annex 1 of ~~the MiFID~~ as an underlying with respect to the *derivatives* mentioned in that paragraph;

which is, or can be, traded on a secondary market.

- (3) ~~(in relation to the *MiFID Regulation*, including the definitions of a *financial instrument* and an *ancillary service*)~~ (in relation to *MiFID* or *MiFIR*) 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 Org Regulation*~~ article 2(6) of the *MiFID Org Regulation*]

<i>common platform firm</i>	<p>...</p> <p>(c) a <i>UK MiFID investment firm</i> which falls within the definition of 'local firm' in Article 3.1P of the Capital Adequacy Directive <u>article 4(1)(4) of the EU CRR</u>; or</p> <p>...</p>
<i>common platform organisational requirements</i>	<p>(1) <u>SYSC 4 to SYSC 9; and</u></p> <p>(2) <u>those articles of the MiFID Org Regulation as applied in accordance with SYSC 1 Annex 1 2.8AR, SYSC 1 Annex 1 3.2-AR, SYSC 1 Annex 1 3.2-BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R.</u></p>
<i>common platform record-keeping requirements</i>	<p>the record-keeping requirements applicable to common platform firms set out in (in relation to <i>common platform firms</i>) the following:</p> <p>(1) <u>SYSC 9; and</u></p> <p>(2) <u>those articles of the MiFID Org Regulation as applied in accordance with SYSC 1 Annex 1 2.8AR, SYSC 1 Annex 1 3.2-AR, SYSC 1 Annex 1 3.2-BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R.</u></p>
<i>common platform requirements</i>	<p>(1) <u>SYSC 4 to SYSC 10; and</u></p> <p>(2) <u>those articles of the MiFID Org Regulation as applied in accordance with SYSC 1 Annex 1 2.8AR, SYSC 1 Annex 1 3.2-AR, SYSC 1 Annex 1 3.2-BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R.</u></p>
<i>competent authority</i>	<p>...</p> <p>(4) the authority, designated by each <i>EEA State</i> in accordance with Article 48 <u>article 67</u> of <i>MiFID</i>, unless otherwise specified in <i>MiFID</i>.</p> <p>[Note: article 4(1)(22) <u>article 4(1)(26)</u> of <i>MiFID</i>]</p> <p>...</p> <p>[Note: This definition is based on the definition contained in the CRD (Consequential Amendments) Instrument 2006 which was consulted on in the consultation paper Strengthening Capital Standards 2 (CP 06/3)]</p>
<i>competent employees rule</i>	<p>(a) for an <i>insurer</i>, a <i>managing agent</i> and the <i>Society</i>, <u>SYSC 3.1.6R;</u></p> <p>(b) for a <i>common platform firm</i>, SYSC 5.1.1R <u>article 21(1)(d) of the MiFID Org Regulation that applies in accordance with SYSC 1 Annex 1 2.8R and SYSC 1 Annex 1 2.8AR;</u></p>

- (ba) for a MiFID optional exemption firm and a third country firm, article 21(1)(d) of the MiFID Org Regulation that applies in accordance with SYSC 1 Annex 1 2.8R, SYSC 1 Annex 1 2.8AR and SYSC 1 Annex 1 3.2CR; and
- (c) for every other *firm*, SYSC 5.1.1R (where it applies).
- complaint* ...
- (2) (in ~~SUP 10 and DISP~~, except *DISP* 1.1 and ~~the complaints handling rules and the complaints record rule in relation to MiFID business~~ (in relation to *collective portfolio management*) in the consumer awareness rules, the complaints handling rules and the complaints record rule, and in *CREDS* 9) 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 or a *redress determination*, which:
- ...
- (3) (in *DISP* 1.1, ~~the complaints awareness rules only~~ and (in relation to *collective portfolio management*) and in the consumer awareness rules, the complaints handling rules and the complaints record rule only in relation to MiFID business and collective portfolio management) 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 or a *redress determination*, which alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience.
- conflicts of interest policy* (1) (except in MAR 8) the policy established and maintained in accordance with SYSC 10.1.10R; and
- (2) (in *MAR* 8) the policy established and maintained in accordance with *MAR* 8.2.8G which:
- (a) identifies circumstances that constitute, or may give rise to, a conflict of interest arising from *benchmark submissions* and the process of gathering information in order to make *benchmark submissions*; and
- (b) sets out the process to manage such conflicts.
- control* (1) (except in (2) and (2A)) (in relation to the acquisition, increase or reduction of control of a *firm*) the relationship between a *person* and the *firm* or other *undertaking* of which the *person* is a controller.
- (2) (in SYSC 8 and SYSC 10) ~~control as defined in Article 1 of the Seventh Council Directive 83/349/EEC (The Seventh Company~~

~~Law Directive~~) :

- (a) the relationship between a parent undertaking and a subsidiary, in all cases referred to in articles 22(1) and (2) of the *Accounting Directive*; or
- (b) a similar relationship between any natural or legal person and an *undertaking*.

[Note: article ~~4(1)(30)~~ 4(1)(35)(b) of *MiFID*]

...

controller

...

- (4) *shares* and *voting power* that a *person* holds in a *firm* (“B”) or in a *parent undertaking* of B (“P”) are disregarded for the purposes of determining *control* in the following circumstances:

...

- (c) *shares* representing no more than 5% of the total voting power in B or P held by an *investment firm*, provided that:

- (i) it holds the *shares* in the capacity of a *market maker* (as defined in ~~article 4.1(8) of MIFID~~ article 4(1)(7) of *MiFID*);

- (ii) it is authorised by its *Home State regulator* under ~~MIFID~~ *MiFID*; and

...

...

- (e) *shares* held by a *credit institution* or an *investment firm* are disregarded, provided that:

- (i) the *shares* are held as a result of performing the *investment services* and activities of:

...

- (B) placing *shares* on a firm commitment basis in accordance with Annex I, section A.6 of ~~MIFID~~ *MiFID*; and

...

consumer

...

- (7) (in the definitions of *cross-border dispute*, *domestic dispute*, *sales contract* and *service contract*, and in DISP 1.1A.42R, DISP 2.7.3R and DISP 2.7.9AR) has the meaning in regulation 3 of the *ADR Regulations*, which is an individual acting for purposes which are wholly or mainly outside that individual's trade, business, craft, or profession.
- [Note: article 4(1) of the *ADR Directive*]
- ...
- customer*
- (A) ...
- (B) in the *FCA Handbook*:
- (1) (except in relation to *ICOBS*, a *credit-related regulated activity*, *MCOB 3A*, an *MCD credit agreement* and *CASS 5* and *PRIN* in relation to *MiFID* or equivalent third country business) a *client* who is not an *eligible counterparty* for the relevant purposes.
- ...
- (6) (for the purposes of *PRIN* in relation to *MiFID* or *equivalent third country business*) has the meaning given in *COBS 3.2*.
- dealing in investments as agent*
- the *regulated activity*, specified in article 21 of the *Regulated Activities Order* (Dealing in investments as agent), which is in summary: *buying*, *selling*, *subscribing for or underwriting designated investments* (other than *P2P agreements*), *pure protection contracts* ~~or~~, *general insurance contracts* or *structured deposits* as agent.
- derivative*
- (1) (other than in *REC*, *MAR 5* and *MAR 5A*) a *contract* for *differences*, a *future* or an *option* (see also *securitised derivative*).
- (2) (in *REC*, *MAR 5* and *MAR 5A*) has the meaning in article 2(1)(29) of *MiFIR*.
- designated investment*
- (1) a *security* or a ~~contractually based investment~~ *contractually based investment* (other than a *funeral plan contract* and a right to or interest in a *funeral plan contract*), that is, any of the following *investments*, specified in Part III of the *Regulated Activities Order* (Specified Investments):
- ...
- (ha) ...
- (hb) *emissions auction product* (article 82A) where it is a *financial instrument*;

(hc) emission allowance (article 82B);

...

...

*designated
investment
business*

any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business:

...

(da) ...

(daa) operating an organised trading facility (article 25DA);

...

*distribution
channels*

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.

~~[Note: article 2(1) of the *MiFID implementing Directive*]~~

durable medium

(a) paper; or

(b) any instrument which enables the recipient to store information addressed personally to him or her in a way accessible for future reference and for a period of time adequate for the purposes of the information, and which allows the unchanged reproduction of the information stored. In particular, *durable medium* covers floppy disks, CD-ROMs, DVDs and hard drives of personal computers on which electronic mail is stored, but it excludes ~~Internet~~ internet sites, unless such sites meet the criteria specified in the first sentence of this paragraph. ~~(in~~ In relation to ~~*MiFID or equivalent third country business*~~ the equivalent business of a third country investment firm, *MiFID optional exemption business* or *collective portfolio management*, if the relevant rule derives from the *MiFID Org Regulation* or implements the ~~*MiFID implementing Directive*~~, the *UCITS Directive*, the *UCITS implementing Directive* or the *UCITS implementing Directive No 2*) the instrument used must be:

- (i) appropriate to the context in which the business is to be carried on; and
- (ii) specifically chosen by the recipient when offered the choice between that instrument and paper.

For the purposes of this definition, the provision of information by means of electronic communications shall be treated as

appropriate to the context in which the business between the *firm* and the *client* is, or is to be, carried on if there is evidence that the *client* has regular access to the internet. The provision by the *client* of an e-mail address for the purposes of the carrying on of that business is sufficient.

[Note: article 2(f) of, and Recital 20 of to, the *Distance Marketing Directive*, article 2(12) of the *Insurance Mediation Directive*, articles 2(2), 3(1) and 3(3) of the *MiFID implementing Directive*, article 4(1)(62) of *MiFID* and article 3(1) of the *MiFID Org Regulation*, articles 75(2) and 81(1) of the *UCITS Directive*, article 20(3) of the *UCITS implementing Directive* and article 7 of the *UCITS implementing Directive No 2*]

EEA registered tied agent

a *tied agent* of a UK *MiFID investment firm* that is not an *appointed representative* and ~~would have been~~ is not an *FCA 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* because it is established in an *EEA State* other than the *United Kingdom*.

emissions emission allowance

- (1) an ‘allowance’, within the meaning of article 3(a) of ~~Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC~~ the *Emission Allowance Trading Directive*;
- (2) (in relation to *MiFID* business other than in *MAR 10* (Commodity derivative position limits and controls and position reporting)) the investment, specified in article 82B of the *Regulated Activities Order* (‘Emission Allowances’), which is in summary emission allowances:

 - (a) consisting of any units recognised for compliance with the *Emission Allowance Trading Directive*; and
 - (b) to which article 82B of the *Regulated Activities Order* applies; and

- (3) (in *MAR 10* (Commodity derivative position limits and controls and position reporting)):
 - (a) an allowance consisting of any units recognised for compliance with Directive 2003/87/EC (Emission Trading Scheme), as specified in paragraph (11) of Section C of Annex I of *MiFID*; or
 - (b) any derivative of such an allowance, whether falling under paragraph (4) or (10) of Section C of Annex I of *MiFID*.

employee

...

- (2) (for the purposes of:
- (a) *COBS* 11.7 and *COBS* 11.7A (Personal account dealing);

...

...

execution of orders on behalf of clients acting to conclude agreements to buy or sell one or more *financial instruments* on behalf of *clients* including the conclusion of agreements to sell *financial instruments* issued by an *investment firm* or a *credit institution* at the moment of their issuance.

[Note: article 4(1)(5) of *MiFID*]

execution criteria the criteria set out in *COBS* 11.2.6R, that is:

...

- (c) the characteristics of *financial instruments* that are the subject of that order; and
- (d) the characteristics of the *execution venues* to which that order can be directed.; ~~and~~
- (e) ~~for a *management company*, the objectives, investment policy and risks specific to the *UCITS scheme* or *EEA UCITS scheme*, as indicated in its *prospectus* or *instrument constituting the fund*.~~
[deleted]

execution venue for the purposes of the provisions relating to best execution in *COBS* 11.2, *COBS* 11.2A, *COBS* 11.2B and ~~in~~ *COLL*, execution venue means a *regulated market*, an *MTF*, an *OTF*, 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.

[Note: article 44(1) of the *MiFID implementing Directive*]

- exempt CAD firm* (1) (except in *SYSC* and *IPRU(INV)*) a firm as defined in article 4(1)(2)(c) of the *EU CRR* that is authorised to provide only one or more of the following *investment services*:
- (a) investment advice;
- (b) receive and transmit orders from investors as referred to in Section A of Annex I of *MiFID*).
- (2) (in *SYSC* and *IPRU(INV)*) a *firm* in (1) whose head office (or, if it has a registered office, that office) is in the ~~United Kingdom~~

United Kingdom.*final response*

...

- (3) (in *DISP*) either:
- (a) in relation to a *MiFID* complaint, a response in accordance with *DISP* 1.1A.29EU, *DISP* 1.1A.30EU and *DISP* 1.1A.31R; or
- (b) in relation to all other complaints, has the meaning given in *DISP* 1.6.2R(1).

financial analyst

...

[Note: article 2(4) of the *MiFID implementing Directive* 2(1) of the *MiFID Org Regulation*]

financial instrument

- (1) (other than in (2) and (3) and (4)) instruments specified in Section C of Annex I of *MiFID*, that is:

...

- (d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;
- (da) (in relation to derivative contracts relating to a currency) has the meaning in article 10 of the *MiFID Org Regulation* (in summary):
- (i) an instrument which is not a contract within the meaning of paragraph 2 of that article; or
- (ii) a means of payment as described in paragraph 1(b) of that article;
- (e) options, futures, swaps, ~~forward rate agreements~~ forwards 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~~ other 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*, or an *OTF*, except for wholesale energy products (having regard to article 6 of the *MiFID Org Regulation*) traded on an *OTF* that must be physically settled where the conditions of article 5 of the *MiFID Org*

Regulation are met:

- (g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (f) and :
- (i) not being for commercial purposes, having regard to article 7(4) of the *MiFID Org Regulation*;
 - (ii) 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*) having regard to article 7(1) of the *MiFID Org Regulation*; and
 - (iii) not being spot contracts having regard to articles 7(1) and (2) of the *MiFID Org Regulation*;

...

- (j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to:

...

- (xii) a derivative contract to which article 8 of the *MiFID Org Regulation* applies;

where the conditions in ~~Articles 38~~ articles 7(3) and (4) of the *MiFID Regulation* *MiFID Org Regulation* are met - ;

[Note: ~~article 4(1)(17)~~ 4(1)(15) and section C of Annex I to *MiFID* and ~~articles 38 and 39 of the *MiFID Regulation*~~ articles 7 and 8 of the *MiFID Org Regulation*]

- (k) emission allowances consisting of any units recognised for compliance with the *Emission Allowance Trading Directive*;

...

- (4) (for a *UCITS custodial asset*) an instrument specified in Section C of Annex I to *MiFID H*.

*financial
promotion*

- (1) ...
- (2) (in relation to *COBS* 3.2.1R(3), and *COBS* 4.3.1R, ~~*COBS* 4.5.8R and *COBS* 4.7.1R~~) (in addition to (1)) a marketing communication

within the meaning of *MiFID* made by a *firm* in connection with its ~~*MiFID or equivalent third country business*~~ *MiFID, equivalent third country or optional exemption business*.

(3) ...

firm

...

(8) (in SYSC 18 with the exception of the ~~guidance~~ guidance in SYSC 18.3.9G):

...

(9) (in FEES 4) includes a *recognised investment exchange and a data reporting services provider* (other than an *incoming data reporting services provider*) in accordance with FEES 4.1.1AR.

Home State

...

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

...

[Note: article ~~4(1)(20)~~ 4(1)(55)(a) of *MiFID*]

...

(16) (for a *data reporting services provider*):

(a) the *EEA State* in which its head office is situated, for a *natural person*;

(b) the *EEA State* in which its registered office is situated, for a *legal person*;

(c) if the *data reporting services provider* has, under its national law, no registered office, the *EEA State* in which its head office is situated.

[Note: article 4(1)(55)(c) of *MiFID*]

*Home State
regulator*

...

(4) (in *REC*) the competent authority (within the meaning of ~~Article (4)(1)(22)~~ article 4(1)(26) of *MiFID*) of the *EEA State* which is the *Home State* in relation to the *EEA market operator* concerned.

...

(6) (for a *data reporting services provider*) the competent authority (within the meaning of article 4(1)(26) of *MiFID*) of the *EEA State*

which is the *Home State* for that *data reporting services provider*.

<i>Host State</i>	<p>...</p> <p>(3) (in relation to <i>MiFID investment firms</i>) the <i>EEA State</i>, other than the <i>Home State</i>, in which an <i>investment firm</i> has a <i>branch</i> or performs <u>provides investment services and/or activities</u>, or the <i>EEA State</i> in which a <i>regulated market</i> provides appropriate arrangements so as to facilitate access to trading on its system by remote members or participants established in that same <i>EEA State</i>.</p> <p>[Note: article 4(1)(21) (56) of <i>MiFID</i>]</p> <p>...</p>
<i>IFPRU 125K firm</i>	<p>has the meaning in <i>IFPRU 1.1.9R</i> (Types of investment firm: IFPRU 125K firm), which in summary is an <i>IFPRU investment firm</i> that satisfies the following conditions:</p> <p>...</p> <p>(e) it does not operate a <i>multilateral trading facility</i> or an <u>organised trading facility</u>.</p>
<i>IFPRU 50K firm</i>	<p>has the meaning in <i>IFPRU 1.1.10R</i> (Types of investment firm: IFPRU 50K firm) which in summary is an <i>IFPRU investment firm</i> that satisfies the following conditions:</p> <p>...</p> <p>(d) it does not operate a <i>multilateral trading facility</i> or an <u>organised trading facility</u>.</p>
<i>incoming data reporting services provider</i>	<p>a <i>data reporting services provider</i> authorised or applying for authorisation under Title V of <i>MiFID H</i> in an <i>EEA State</i>, other than the <i>UK</i>, to provide a <i>data reporting service</i> in the <i>UK</i>.</p>
<i>independent advice</i>	<p>a <i>personal recommendation</i> to a retail client in relation to a retail investment product <u>client</u> where the <i>personal recommendation</i> provided meets the requirements of the <i>rule</i> on independent advice (<i>COBS 6.2A.3R 6.2B.11R</i>).</p>
<i>investment firm</i>	<p>(1) any person <u>person</u> whose regular occupation or business is the provision of one or more <i>investment services</i> to third parties and/or the performance of one or more investment activities on a professional basis.</p> <p>[Note: article 4(1)(1) of <i>MiFID</i>]</p> <p>...</p>
<i>investment research</i>	<p>research or other information recommending or suggesting an investment</p>

~~strategy, explicitly or implicitly, concerning one or several *financial instruments* or the issuers of *financial instruments*, including any opinion as to the present or future 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*.~~

has the meaning in article 36(1) of the *MiFID Org Regulation*.

[Note: article 24(1) ~~36(1)~~ of the *MiFID implementing Directive Org Regulation*]

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

...

(h) operation of *multilateral trading facilities* an MTF; and

(i) operation of an OTF.

...

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

...

(h) operation of *multilateral trading facilities*; and

(i) operation of an OTF.

...

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

...

(h) operation of *multilateral trading facilities* an MTF; and

(i) operation of an OTF.

...

issuer

...

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

...

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) 4(1)(14) of MiFID]

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~~

has the meaning in article 4(1)(4) of the EU CRR.

making arrangements with a view to transactions in investments the *regulated activity*, specified in article 25(2) of the *Regulated Activities Order* (Arranging deals in investments), which is in summary: making arrangements with a view to a *person* who participates in the arrangements *buying, selling*, subscribing for or underwriting any of the following *investments* (whether as *principal* or agent):

...

(g) general insurance contract; or

(h) a structured deposit.

management body (1) (other than in (2)) (in accordance with article 3(7) of *CRD* and article 4.1(36) of MiFID) the *governing body* and *senior personnel* ~~of a CRR firm~~ who are empowered to set the *firm's person's* strategy, objectives and overall direction, and which oversee and monitor management decision-making in the following:

(a) a common platform firm (in relation to the requirements imposed by or under MiFID or MiFIR); or

(b) a recognised investment exchange; or

(c) a data reporting services provider.

...

managing investments the *regulated activity* specified in article 37 of the *Regulated Activities Order* (Managing investments), which is in summary: managing assets belonging to another *person* in circumstances which involve the exercise of discretion, if:

	(a) the assets consist of or include any <i>security</i> , <u><i>structured deposit</i></u> or <i>contractually based investment</i> (that is, any <i>designated investment</i> (other than a <i>P2P agreement</i>), <i>funeral plan contract</i> , <u><i>structured deposit</i></u> or right to or interest in a <i>funeral plan contract</i>); or
	...
<i>market data processor system</i>	the IT system set up and maintained by the <i>FCA</i> to receive data under <i>MiFID II</i> and <i>MiFIR</i> .
<i>market maker</i>	... [Note: article 4(1)(8) 4(1)(7) of <i>MiFID</i>] ...
<i>market operator</i>	a <i>person</i> who manages and/or operates the business of a <i>regulated market</i> . The <i>market operator</i> and who may be the <i>regulated market</i> itself. [Note: article 4(1)(13) (4)(1)(18) of <i>MiFID</i>]
<i>material interest</i>	(in <i>COBS</i>) (in relation to a transaction) any interest of a material nature, other than : (a) disclosable <i>commission</i> on the transaction ; (b) goods or services which can reasonably be expected to assist in carrying on <i>designated investment business</i> with or for <i>clients</i> and which are provided or to be provided in compliance with <i>COBS</i> 11.6.3R.
<i>MiFID</i>	The European Parliament and Council Directive on markets in financial instruments (No. 2004/39/EC). <u>See also <i>MiFID Regulation</i> and <i>MiFID implementing Directive</i> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending the <i>Insurance Mediation Directive</i> and <i>AIFMD</i>.</u>
<i>MiFID client money (minimum implementing) rules</i>	<u>CASS 7.11.1R, CASS 7.11.4AR, CASS 7.12.1R, CASS 7.12.2R, CASS 7.13.3R, CASS 7.13.8R, CASS 7.13.10R, CASS 7.13.12R, CASS 7.13.20R, CASS 7.13.21R, CASS 7.13.21AR, CASS 7.13.21CR, CASS 7.13.22R, CASS 7.13.26R, CASS 7.13.28R, CASS 7.15.2R, CASS 7.15.3R, CASS 7.15.20R.</u>
<i>MiFID investment firm</i>	(1) (in summary) <u>(except in <i>SUP 13</i>, <i>SUP 13A</i> and <i>SUP 14</i> in relation to notification of <i>passport activity</i>)</u> a <i>firm</i> to which <i>MiFID</i> applies including, for some purposes only, a <i>credit institution</i> and <i>collective portfolio management investment firm</i> . (2) (in full) a <i>firm</i> <u>(except in <i>SUP 13</i>, <i>SUP 13A</i> and <i>SUP 14</i> in relation to notification of <i>passport activity</i>)</u> which is:

- (1) an *investment firm* with its head office in the *EEA* (or, if it has a registered office, that office);
- (2) a *CRD credit institution* (only when providing an *investment service or activity* or when selling, or advising clients in relation to, structured deposits ~~in relation to~~ for the purposes of:
- (i) the *rules* implementing the ~~Articles~~ articles referred to in ~~article 1(2)~~ article 1(3) and article 1(4) of *MiFID* ;
 - (ii) the requirements imposed upon it by and under *MiFIR*; and
 - (iii) the requirements imposed upon it by *EU regulations* made under *MiFID*;
- (3) a *collective portfolio management investment firm* (only when providing the services referred to in article 6(4) *AIFMD* or ~~Article~~ article 6(3) of the *UCITS Directive* in relation to the *rules* implementing the articles of *MiFID* referred to in article 6(6) of *AIFMD* or article 6(4) of the *UCITS Directive* and for a *full-scope UK AIFM* or the *rules* implementing article 12(2)(b) of *AIFMD*);

unless, and to the extent that, *MiFID* does not apply to it as a result of ~~Article~~ article 2 (Exemptions) or ~~Article~~ article 3 (Optional exemptions) of *MiFID*.

- (3) (in *SUP 13*, *SUP 13A* and *SUP 14* in relation to notification of *passport activity*) an *investment firm* with its head office in the *EEA* (or, if it has a registered office, that office) unless, and to the extent that, *MiFID* does not apply to it as a result of article 2 (Exemptions) or article 3 (Optional exemptions) of *MiFID*.

money-market instrument

...

- (2) 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)~~ (17) of *MiFID* and article 11 of the *MiFID Org Regulation*]

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*.~~

(in accordance with article 3(1) of the *Regulated Activities Order*):

- (a) a multilateral trading facility (within the meaning of article 4(1)(22) of *MiFID*) operated by an *investment firm*, a *credit institution* or a *market operator*; or
- (b) a facility which:
 - (i) is operated by an *investment firm*, a *credit institution* or a *market operator* which does not have a *Home State*; and
 - (ii) if its operator had a *Home State*, would be a *multilateral trading facility* within the meaning of article 4(1)(22) of *MiFID*.

[Note: article 4(1)(15) 4(1)(22) of *MiFID*]

non-independent research

~~an *investment recommendation* which:~~

- ~~(a) relates to *financial instruments* (as specified in Section C of Annex 1 of *MiFID*, whether or not they are admitted to trading on a *regulated market*); and~~
- ~~(b) does not constitute *investment research*.~~

an *investment recommendation* that does not meet the conditions set out in article 36(1) of the *MiFID Org Regulation*.

[Note: article 24(2) 36(1) of the *MiFID implementing Directive MiFID Org Regulation*]

operating a multilateral trading facility

...

In this definition “MiFID instrument” means any investment:

- (a) of the kind specified by articles 76, 77, 78, 79, 80, 81, 82B, 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*.

operating an organised trading facility

~~(in relation to *FEES 3*),~~ the *regulated activity* in article 25DA of the *Regulated Activities Order*, which is in summary, the operation of an *organised trading facility* on which non-equity MiFID instruments are traded. In this definition “non-equity MiFID instrument” means any investment:

- (a) of the kind specified by articles 77, 77A, 78, 79, 80, 81, 82B, 83, 84 or 85; 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 bond, a structured finance product (within the meaning of article 2(1)(28) of *MiFIR*), an ~~emissions~~ *emission allowance*, or a derivative (within the meaning of article 2(1)(29) of *MiFIR*).

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

...

organised trading facility (~~in relation to FEES 3~~), (in accordance with article 3(1) of the *Regulated Activities Order*):

- (a) an organised trading facility (within the meaning of article 4(1)(23) of *MiFID H*) operated by an *investment firm*, a *credit institution* or a *market operator*; or
- (b) a facility which:
- (i) is operated by an *investment firm*, a *credit institution* or a *market operator* which does not have a *Home State*; and
 - (ii) if its operator had a *Home State*, would be an *organised trading facility* within the meaning of article 4(1)(23) of *MiFID H*.

[Note: article 4(1)(23) of *MiFID H*]

OTF (~~in relation to FEES 3~~), *organised trading facility*.

outsourcing ...

- (2) (in *SYSC 8*, *COBS 11.7*, *SYSC 3* and *SYSC 13* to the extent applicable to the *Solvency II firm*, and the definition of *relevant person*) an arrangement of any form between a *firm* and a service provider by which that service provider performs a process, a service or an activity which would otherwise be undertaken by the *firm* itself.

[Note: ~~article 2(6) of the *MiFID implementing Directive*~~ article 2(3) of the *MiFID Org Regulation* and article 13(28) of the *Solvency II Directive*]

overseas firm (1) (in relation to *MAR 5* and *MAR 5A*) 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*.

...

- periodic statement* a report which a *firm* is required to provide to a *client* ~~under~~ pursuant to:
- (a) COBS 16.3 (Periodic reporting) where the *firm* is carrying on *designated investment business other than MiFID, equivalent third country or optional exemption business*;
 - (b) article 60(1) of the *MiFID Org Regulation* where the *firm* is carrying on *MiFID business*;
 - (c) GEN 2.2.22AR and COBS 16A.4.1EU where the *firm* is carrying on the *equivalent business of a third country investment firm*;
 - (d) COBS 16A.1.2R and COBS 16A.4.1EU where the *firm* is carrying on *optional exemption business*.

[Note: see COBS 16A.4.1EU where article 60(1) of the *MiFID Org Regulation* is reproduced]

- personal recommendation* (1) (except in *CONRED*) a recommendation that is *advice on investments, advice on conversion or transfer of pension benefits, or advice on a home finance transaction* 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.

A recommendation is not a personal recommendation if it is issued exclusively ~~through distribution channels~~ or to the public.

For the purposes of this definition, references in the *Handbook* to making *personal recommendations* on, or in relation to, *P2P agreements* should be understood as referring to making *personal recommendations* involving *advice on P2P agreements*.

[Note: article ~~52~~ 9 of the ~~*MiFID implementing Directive*~~ *MiFID Org Regulation*]

- (2) (in *CONRED*) a recommendation ~~which~~ that is *advice on investments* and:

...

personal transaction ...

[Note: ~~article 2(7) and article 11 of the *MiFID implementing Directive*~~ article 16(2) of *MiFID* and article 28 of the *MiFID Org Regulation*]

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)~~ 4(1)(8) of *MiFID*]

professional client 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) (10) of *MiFID*] -

qualifying holding ...

- (2) (otherwise) ~~any~~ a 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~~ articles 9 and 10 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) *Transparency Directive*, taking into account the conditions regarding aggregation in article 12(4) and (5) of that Directive, 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) 4(1)(31) of *MiFID*]

qualifying money market fund

- (1) (in *COLL*, *CASS 7* and *BSOCS*) a ~~collective investment scheme~~ collective investment undertaking 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~~ the authorising *Member State*, and which satisfies the following conditions:

...

- (2) For the purposes of (1)(b), a money market instrument ~~is to~~ may 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~~ the *AIFM* or *UCITS management company* of the collective investment undertaking performs its own documented assessment of the credit quality of money market instruments that allows it to consider a money market instrument as high quality subject to the conditions below:
- (a) where one or more credit rating agencies registered and supervised by *ESMA* have provided a rating of the instrument, the *AIFM*'s or *UCITS management company*'s internal assessment must have regard to, inter alia, those credit ratings; and
- (b) while there can be no mechanistic reliance on such external ratings, a downgrade below the two highest short-term credit ratings by any agency registered and supervised by *ESMA* that has rated the instrument will lead the *AIFM* or *UCITS management company* to undertake a new assessment of the credit quality of the money market instrument to ensure it continues 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. [deleted]~~

~~[Note: article 18(2) of the *MiFID implementing Directive*] [Note: article 1(4) of, and recital 4 to, the *MiFID Delegated Directive*]~~

RAP recognition requirements

- (1) (in relation to an *RAP*) any of the requirements applicable to an *RAP* under the *RAP regulations*, the *auction regulation* or ~~the *MiFID Regulation*~~ *MiFIR* and any *EU regulation* adopted under *MiFID* or *MiFIR*.
- (2) (in relation to a *UK RIE* applying for recognition as an *RAP*) any of the requirements under the *RAP regulations*, the *auction regulation* or ~~the *MiFID Regulation*~~ *MiFIR* and any *EU regulation* adopted under *MiFID* or *MiFIR* which, if its application were successful, would apply to it.

recognised body requirements

- ...
- (2) (in relation to a *UK RIE*) the ~~*MiFID implementing requirements*~~ *MiFID/MiFIR requirements*;

...

regulated activity

in the *FCA Handbook*: (in accordance with section 22 of the *Act* (Regulated activities) the activities specified in Part II of the *Regulated Activities Order* (Specified Activities) which are, in summary:

...

(gg) ...

(gga) *operating an organised trading facility* (article 25DA);

(gh) ...

regulated market

- (1) 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)~~ 4(1)(21) of *MiFID*]

...

- regulatory system* the arrangements for regulating a *firm* or other *person* in or under the *Act*, including the *threshold conditions*, the *Principles* and other *rules*, the *Statements of Principle*, codes and *guidance*, or in or under the *CCA*, and including any relevant directly applicable provisions of a Directive or Regulation such as those contained in the ~~*MiFID implementing Directive*~~, ~~the *MiFID Regulation*~~, *MiFID Org Regulation* and the *EU CRR*.
- relevant person* any of the following:
- (1) (in *COMP*) a *person* for *claims* against whom the *compensation scheme* provides cover, as defined in *COMP* 6.2.1R;
 - (2) (otherwise) any of the following:
- ...
- [Note: ~~article 2(3) of the *MiFID implementing Directive*~~ article 2(1) of the *MiFID Org Regulation* and article 3(3) of the *UCITS implementing Directive*]
- remuneration*
- (1) (except where (2) applies) any form of remuneration, including salaries, *discretionary pension benefits* and benefits of any kind.
- [Note: article 92(2) of ~~the~~ *CRD*]
- (2) (in relation to those articles of the *MiFID Org Regulation* as applied in accordance with *SYSC* 1 Annex 1 2.8AR, *SYSC* 1 Annex 1 3.2-AR, *SYSC* 1 Annex 1 3.2-BR, *SYSC* 1 Annex 1 3.2CR, *SYSC* 1 Annex 1 3.3R; *SYSC* 19F.1.3R; *SYSC* 19F.1.4R and *SYSC* 19F.1.5R) all forms of payments or financial or non-financial benefits provided directly or indirectly by a *firm* to *relevant persons* in the provision of one or more of *designated investment business*, *ancillary activities* and *ancillary services* to *clients*.
- [Note: article 2(5) of the *MiFID Org Regulation*]
- restricted advice*
- (a) a *personal recommendation* to a ~~*retail client*~~ ~~in relation to a *retail investment product*~~ *client* which is not *independent advice*; or
 - (b) *basic advice*.
- retail client*
- (1) (other than in relation to the provision of basic advice on stakeholder products or to *credit-related regulated activities*) 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)~~ (11) of *MiFID*]
- ...

<i>retail investment product</i>	... [Note: Section 238 of the <i>Act</i> and <i>COBS</i> 4.12.3R set out restrictions on the promotion of <i>non-mainstream pooled investments</i> to <i>retail clients</i> . See also <i>COBS</i> 9.3.5G and <u><i>COBS</i> 9A.2.22G</u> (Non-mainstream pooled investments).]
<i>RRD early intervention condition</i>	the requirements of: ... (c) the laws, regulations and administrative provisions necessary to comply with title II of <i>MiFID II</i> ; or ...
<i>securities and futures firm</i>	... (h) a <i>firm</i> that is exempt from <i>MiFID</i> under article 2(1) (i) (j) whose <i>permitted activities</i> include <i>bidding in emissions auctions</i> .
<i>securities financing transaction</i>	(1) (in <i>COBS</i> , in <i>CASS</i>) an instance of stock lending or stock borrowing or the lending or borrowing of other <i>financial instruments</i> , a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction. [Note: article 2(10) of the <i>MiFID Regulation</i>] ... (1B) <u>(in <i>CASS</i>) a securities financing transaction as defined in article 3(11) of the <i>SFTR</i>.</u> <u>[Note: article 1(3) of the <i>MiFID Delegated Directive</i>]</u> (2) (in any other case) any of the following: ...
<i>security</i>	(1) (except in <i>LR</i> and <i>CONC</i>) (in accordance with article 3(1) of the <i>Regulated Activities Order</i> (Interpretation)) any of the following <i>investments</i> specified in that Order: ... (gb) <u><i>emission allowance</i> (article 82B); and</u>
<i>senior management</i>	(1) ...

- (2) (in *SYSC* (except *SYSC* 4.3A) and *IFPRU* and in accordance with article 3(9) of *CRD*) those *persons* who are a natural person and who exercise executive functions in an *institution* and who are responsible and accountable to the *management body* for the day-to-day management of the *institution*.
- (3) (in *SYSC* 4.3A and *COBS* 2.3B and in accordance with article 4.1(37) of *MiFID*) those *persons* who are a natural person, who exercise executive functions in *common platform firms* and who are responsible and accountable to the *management body* for the day-to-day management of the *firm*, including for the implementation of the policies concerning the distribution of services and products to *clients* by it and its personnel.
- senior personnel*
- (1) those *persons* who effectively direct the business of the *firm*, ~~or CBTL firm, recognised investment exchange or data reporting services provider~~ which could include ~~a firm's or CBTL firm's or the membership of the governing body~~ and other *persons* ~~individuals~~ who effectively direct the business of the *person firm* ~~or CBTL firm~~.
- (2) (in relation to a *management company*) and in accordance with article 3(4) of the *UCITS implementing Directive*) the *person* or *persons* who effectively conduct the business of the *management company*.
- small and medium-sized enterprise*
- (1) (in *MAR* 5) companies that had an average market capitalisation of less than €200,000,000 based on end-year quotes for the previous three calendar years.
- [Note: article 4(1)(13) of *MiFID*]
- (2) (in *PR*) (as defined in ~~Article~~ article 2.1(f) of the *prospectus directive*) companies, which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: an average number of employees during the financial year of less than 250, a total balance sheet not exceeding €43,000,000 and an annual net turnover not exceeding €50,000,000.
- structured deposit*
- ~~a deposit paid on terms under which any interest or premium will be paid, or is at risk, according to a formula which involves the performance of:~~
- (a) ~~an index (or combination of indices) (other than money market indices);~~
- (b) ~~a stock (or combination of stocks); or~~
- (c) ~~a commodity (or combination of commodities).~~

(in accordance with article 3 of the *Regulated Activities Order*) a deposit which is fully repayable at maturity on terms under which interest or a premium will be paid or is at risk, according to a formula involving factors such as:

- (a) an index or combination of indices, excluding variable rate deposits whose return is directly linked to an interest rate index such as EURIBOR or LIBOR; or
- (b) a financial instrument or combination of financial instruments; or
- (c) a commodity or combination of commodities or other physical or non-physical non-fungible assets; or
- (d) a foreign exchange rate or combination of foreign exchange rates.

[Note: article 4(1)(43) of *MiFID*]

subsidiary

...

- (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)~~ within the meaning of article 2(10) and article 22 of the *Accounting Directive*, including any subsidiary of a subsidiary undertaking of an ultimate *parent undertaking*.
- (3) (for the purpose of *IFPRU*) has the meaning in article 4(1)(16) of the *EU CRR*.

[Note: article 4 (1)(~~29~~)(33) of *MiFID*]

suitability report

a report which a *firm* must provide to its *client* ~~under COBS 9.4 (suitability reports)~~ which, among other things, explains why the *firm* has concluded that a recommended transaction is suitable for the *client* and which is provided pursuant to:

- (a) COBS 9.4 (Suitability reports) where the *firm* is carrying on designated investment business other than any *MiFID*, equivalent third country or optional exemption business;
- (b) article 54(12) of the *MiFID Org Regulation* where the *firm* is carrying on *MiFID business*;
- (c) GEN 2.2.22AR and COBS 9A.3.3EU where the *firm* is carrying on the equivalent business of a third country investment firm;
- (d) COBS 9A.1.2R and COBS 9A.3.3EU where the *firm* is carrying on *MiFID optional exemption business*.

<i>summary resolution communication</i>	<p><u>either:</u></p> <p>(1) <u>in relation to a <i>MiFID</i> complaint, a response in accordance with <i>DISP</i> 1.1A.24EU, <i>DISP</i> 1.1A.25EU and <i>DISP</i> 1.1A.26R; or</u></p> <p>(2) <u>in relation to all other <i>complaints</i>, has the meaning given in <i>DISP</i> 1.5.4R.</u></p>
<i>systematic internaliser</i>	<p><u>(has the meaning in article 4(1)(20) of <i>MiFID</i>) (in summary) an <i>investment firm</i> which, on an organised, frequent and, systematic <u>and</u> <u>substantial</u> basis, <i>deals on own account</i> by executing <i>client</i> <u>client</u> orders outside a <i>regulated market</i> or, an <i>MTF</i> <u>or an <i>OTF</i> without operating a <i>multilateral system</i>.</u></u></p> <p>[Note: article 4(1)(7) <u>4(1)(20)</u> of <i>MiFID</i>]</p>
<i>third country investment firm</i>	<p>a <i>firm</i> which would be a <i>MiFID investment firm</i> if it had its head office <u>or registered office</u> in the <i>EEA</i>.</p>
<i>third party prospectus</i>	<p>a communication made by a <i>firm</i> if the communication is a prospectus that has been drawn up and published in accordance with the <i>Prospectus Directive</i> and the <i>firm</i> is not responsible under that directive for the information given in the prospectus.</p> <p>[Note: recital 52 <u>73</u> to the <i>MiFID implementing Directive</i> <u><i>MiFID Org Regulation</i></u>]</p>
<i>tied agent</i>	<p>a <i>person</i> who, under the full and unconditional responsibility of only one <i>MiFID investment firm</i> or <i>third country investment firm</i> on whose behalf it acts, promotes <i>investment services</i> and/or <i>ancillary services</i> to <i>clients</i> or prospective <i>clients</i>, receives and transmits instructions or orders from the <i>client</i> in respect of <i>investment services</i> or <i>financial instruments</i>, places <i>financial instruments</i> and/or provides advice to <i>clients</i> or prospective <i>clients</i> in respect of those <i>financial instruments</i> or <i>investment services</i>.</p> <p>[Note: article 4(1)(25) <u>4(1)(29)</u> of <i>MiFID</i>]</p>
<i>trading day</i>	<p>(1) (in <i>MAR</i> 7 (Disclosure of information on certain trades undertaken outside a regulated market or MTF) and <i>SUP</i> 17 (Transaction reporting)) in relation to post-trade information to be made public about a share under <i>MAR</i> 7.2.10EU, any day of normal trading in a share on a <i>trading venue</i> in the <i>relevant liquid market</i> for this share. [Note: article 4(2) of the <i>MiFID Regulation</i>] [deleted]</p> <p>...</p> <p>(3) (in <i>FINMAR</i>) as defined in article 2(1)(p) of the <i>short selling regulation</i>, a trading day as referred to in article 4 of Regulation</p>

(EC) No 1287/2006.

trading venue

- (1) (except in *FINMAR* and *MAR*) a *regulated market*, an *MTF* or *systematic internaliser* acting in its capacity as such, and, where appropriate, a system outside the *EU* with similar functions to a ~~regulated market or MTF~~ an OTF.

[Note: article 2(8) of the ~~MIFID Regulation~~ article 4(1)(24) of MiFID]

- (2) (in *FINMAR*) (as defined in article 2(1)(1) of the *short selling regulation*) a *regulated market* or an *MTF*.

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

transaction

- (1) (except in *CONC* App 1.1 and *SUP 17A*) 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).~~

- (2) (in *CONC* App 1.3, except in *CONC* App 1.1.6R(1)(c)) a *credit agreement*, any transaction which is a *linked transaction*, any contract for the provision of *security* relating to the *credit agreement*, any *credit broking* contract relating to the *credit agreement* and any other contract to which the *borrower* or a *relative* of his the borrower is a party and which the *lender* requires to be made or maintained as a condition of the making of the *credit agreement*.

- (3) (in SUP 17A), a concluded acquisition or disposal of a reportable financial instrument, including those in articles 2(2) to 2(4) of MiFID RTS 22, but excluding those in article 2(5) of that EU regulation.

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

transaction report

- (1) ~~a report of a transaction which meets the requirements of SUP 17.4.1EU.1R and SUP 17.4.2R (Information to appear in transaction reports).~~
- (2) ~~in relation to FEES 3, a report which meets the requirements imposed by and under article 26 of MiFIR. a report of a transaction:~~

- (a) for the purposes of SUP TP 9; or
- (b) which meets the requirements imposed by and under article 26 of MiFIR.

<i>transferable security</i>	...	[Note: article 4(1)(18) 4(1)(44) of <i>MiFID</i>]
<i>UCITS management company</i>	...	(2) (in relation to <i>MiFID business</i>) a <i>management company</i> as defined in the <i>UCITS Directive</i> .
		[Note: article 4(1)(24) article 4(1)(28) of <i>MiFID</i>]
<i>UK designated investment firm</i>		(in <i>BIPRU 12</i> and <u>in SYSC 19D</u>) a <i>designated investment firm</i> which is a <i>body corporate</i> or <i>partnership</i> formed under the law of any part of the <i>UK</i> .
<i>website conditions</i>	the following conditions:	
	...	
		[Note: article 3 of the <i>MiFID implementing Directive</i> <u><i>MiFID Org Regulation</i></u> and article 38(2) of the <i>KII Regulation</i>]

Delete the following definitions. The text is not struck through.

<i>common platform outsourcing rules</i>		<i>SYSC 8.1.1R</i> to <i>SYSC 8.1.12G</i> .
<i>key individual</i>	(in relation to a <i>UK recognised body</i>):	
	(a) its chairman or president;	
	(b) its <i>chief executive</i> ;	
	(c) a member of its <i>governing body</i> ;	
	(d) a <i>person</i> who, alone or jointly with one or more others, is responsible under the immediate authority of a <i>person</i> in (a), (b) or (c) or a committee of the <i>governing body</i> for the conduct of any <i>relevant function</i> .	
<i>local</i>	(1) (except in <i>IFPRU 1.1</i> (Application and purpose)) a <i>firm</i> which is a member of a <i>futures</i> and <i>options</i> exchange and whose <i>permission</i> includes a <i>requirement</i> that:	

- (a) the *firm* will not conduct *designated investment business* other than:
 - (i) *dealing* for its own account on that *futures* or *options* exchange; or
 - (ii) *dealing* for the accounts of other members of the same *futures* and *options* exchange; or
 - (iii) making a price to other members of the same *futures* and *options* exchange; and
 - (iv) *dealing* for its own account in financial *futures* and *options* or other *derivatives* in the capacity of a customer; and
- (b) the performance of the *firm's* contracts must be guaranteed by and must be the responsibility of one or more of the clearing members of the same *futures* and *options* exchange.

(2) [deleted]

(3) (in *IFPRU* 1.1 (Application and purpose) has the meaning given in the definition of “local firm” in article 4(1)(4) of the *EU CRR*.

MiFID II Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending the *insurance mediation directive* and *AIFMD* (http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?url=OJ:JOL_2014_173_R_0009&from=EN).

MiFID implementing Directive Commission Directive No. 2006/73/EC implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

MiFID implementing requirement

- (1) (in relation to a *UK RIE*) any of the requirements applicable to that body under the *MiFID Regulation*.
- (2) (in relation to a body applying for recognition as a *UK RIE*) any of the requirements under the *MiFID Regulation* which, if its application were successful, would apply to it.

MiFID outsourcing rules SYSC 8.1.1R to SYSC 8.1.11R.

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*]

<i>person with whom a relevant person has a family relationship</i>	<p>any of the following:</p> <p>(a) the spouse of the <i>relevant person</i> or any partner of that person considered by national law as equivalent to a spouse;</p> <p>(b) a child or stepchild of the <i>relevant person</i>;</p> <p>(c) any other relative of the <i>relevant person</i> who has shared the same household as that person for at least one year on the date of the personal transaction concerned.</p> <p>[Note: article 2(7) of the <i>MiFID implementing Directive</i>]</p>
<i>portfolio trade</i>	<p>a transaction in more than one security where those securities are grouped and traded as a single lot against a specific reference price.</p> <p>[Note: article 2(6) of the <i>MiFID Regulation</i>]</p>
<i>related financial instrument</i>	<p>means a <i>financial instrument</i>, the price of which is closely affected by price movements in another <i>financial instrument</i> which is the subject of <i>investment research</i>, and includes a derivative on that other <i>financial instrument</i>.</p> <p>[Note: article 25(2) of the <i>MiFID implementing Directive</i>]</p>
<i>relevant competent authority</i>	<p>(in relation to a <i>financial instrument</i>) means the <i>competent authority</i> of the most relevant market in terms of liquidity for that <i>financial instrument</i>.</p> <p>[Note: article 2(7) of <i>MiFID Regulation</i>]</p>
<i>relevant liquid market</i>	<p>a market for a share determined in accordance with paragraph 2 and 8 of Article 9 of the <i>MiFID Regulation</i>, in many cases this will be the Member State where the share or the unit was first admitted to trading on a regulated market.</p> <p>[Note: article 9 of the <i>MiFID Regulation</i>]</p>
<i>rule on use of dealing commission</i>	<p><i>COBS</i> 11.6.3R.</p>
<i>turnover</i>	<p>(in relation to a <i>financial instrument</i>) 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 <i>transactions</i> taking place on a <i>trading venue</i> or otherwise, by the unit price applicable to each such <i>transaction</i>.</p> <p>[Note: article 2(9) of the <i>MiFID Regulation</i>]</p>

