

**GLOSSARY (CONDUCT OF BUSINESS AND OTHER SOURCEBOOKS)
INSTRUMENT 2007**

Powers exercised

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

Commencement

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

Amendments to the Handbook

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

Citation

- E. This instrument may be cited as the Glossary (Conduct of Business and Other Sourcebooks) Instrument 2007.

By order of the Board
24 May 2007

Annex

Amendments to the Glossary of definitions

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

<i>abbreviated distance marketing information</i>	the information listed in COBS 6 Annex 2R (Abbreviated distance marketing information).
<i>basic advice</i>	see providing basic advice on a stakeholder product <u>the regulated activity, specified in article 52B of the Regulated Activities Order (Providing basic advice on stakeholder products) which is, in summary, providing advice on stakeholder products using a process that involves putting pre-scripted questions to a retail client.</u>
<i>cancellation rules</i>	COB 6.7(cancellation and withdrawal).
<i>CFPPFM</i>	the consumer-friendly version of a <i>firm's PPFM</i> , which must be produced pursuant to COBS 6.10.9A R20.4.5R .
<i>claim</i>	(1) ... (2) (in <i>ICOB</i> , <i>INSPRU</i> , <u><i>LLD</i></u> , <i>SUP</i> and <i>TC</i>) a claim under a <i>contract of insurance</i> .
<i>claims handling</i>	<u>(in <i>ICOB</i>) in relation to a claim under a non-investment insurance contract, carrying out the contract (by an insurer) or paying or declining to pay a claim on behalf of a member (by a managing agent).</u>
<i>client</i>	(1) (except in <i>PROF</i> in relation to a <i>home finance transaction</i>) has the meaning given in <i>COBS 3.2</i> , that is (in summary and without prejudice to the detailed effect of <i>COBS 3.2</i>) a person to whom a <i>firm</i> provides, intends to provide or has provided a service in the course of carrying on a <i>regulated activity</i> , or in the case of <i>MiFID business</i> or the equivalent business of a third country investment firm <u><i>MiFID</i> or equivalent third country business, an ancillary service;</u> (a) ...
<i>client agreement rules</i>	the rules in COBS 9 (Client agreements).
<i>cold call</i>	<u>a financial promotion made in the course of a personal visit, telephone conversation or other interactive dialogue:</u> (a) <u>which:</u>

- (i) was not initiated by the recipient of the *financial promotion*; and
- (ii) does not take place in response to an express request from the recipient of the *financial promotion*; or
- (b) in relation to which it was not clear from all the circumstances when the call, visit or dialogue was initiated or requested, that during the course of the call, visit or dialogue, communications would be made concerning the kind of *controlled activities* and *controlled investments* to which the communications in fact made relate.

In this definition:

- (c) a *person* is not to be treated as expressly requesting a call, visit or dialogue:
 - (i) because he omits to indicate that he does not wish to receive any or any further visits or calls or to engage in any or any further dialogue; or
 - (ii) because he agrees to standard terms that state that such visits, calls or dialogue will take place, unless he has signified clearly that, in addition to agreeing to the terms, he is willing for them to take place;
- (d) if a call, visit or dialogue is initiated or requested by a recipient (R), it is treated as also having been initiated or requested by any other *person* to whom it is made at the same time as it is made to R if that other recipient is a *close relative* of R or expected to *engage in any investment activity* jointly with R.

[Note: article 8 of the *Financial Promotion Order*]

common platform record-keeping requirements

the record-keeping requirements applicable to *common platform firms* set out in SYSC 9.

common platform requirements on financial crime

the requirements on *financial crime* applicable to *common platform firms* set out in SYSC 6.3.

communicated to a person inside the United Kingdom

communicated other than *communicated to a person outside the United Kingdom*.

communicated to a person outside

- (a) *made to a person* who receives it outside the *United Kingdom*; or

the United Kingdom

(b) directed only at persons outside the United Kingdom.

In this definition:

(c) If the conditions set out in (f)(i), (ii), (iii) and (iv) are met, a financial promotion directed from a place inside the United Kingdom will be regarded as directed only at persons outside the United Kingdom.

(d) If the conditions set out in (f)(iii) and (iv) are met, a financial promotion directed from a place outside the United Kingdom will be regarded as directed only at persons outside the United Kingdom.

(e) In any other case in which one or more of the conditions in (f)(i) to (v) is met, that fact will be taken into account in determining whether a financial promotion is directed only at persons outside the United Kingdom (but a financial promotion may still be regarded as directed only at persons outside the United Kingdom even if none of these conditions is met).

(f) The conditions are that:

(i) the financial promotion is accompanied by an indication that it is directed only at persons outside the United Kingdom;

(ii) the financial promotion is accompanied by an indication that it must not be acted upon by persons in the United Kingdom;

(iii) the financial promotion is not referred to in, or directly accessible from, any other financial promotion which is made to a person or directed at persons in the United Kingdom by the same communicator;

(iv) there are in place proper systems and procedures to prevent recipients in the United Kingdom (other than those to whom the financial promotion might otherwise lawfully have been made) engaging in the investment activity to which the financial promotion relates with the person directing the financial promotion, a close relative of his or a member of the same group;

(v) the financial promotion is included in:

(A) a website, newspaper, journal, magazine or periodical publication which is principally

accessed in or intended for a market outside the United Kingdom;

(B) a radio or television broadcast or teletext service transmitted principally for reception outside the United Kingdom.

<u>Consolidated Life Directive information</u>	<u>(in COBS) the Consolidated Life Directive information (COBS 13 Annex 1R).</u>
<i>controlled activity</i>	(in accordance with section 21(9) of the Act (t) ...; <u>or</u> (u) ...; or (v) (in relation to COBS 5.2.4R and COBS 5.4.1R) also a marketing communication made by a MiFID investment firm or a third country investment firm that relates to an ancillary service.
<i>credit institution</i>	(1) (except in REC) (in accordance with Articles 4(1) and 107 of the BCD): ... (c) (except for the purposes of GENPRU, ELM, and BIPRU and IPRU(INV) (in so far as it relates to <u>exempt CAD firms</u>)) an institution within (2) that does not have the right to benefit from the mutual recognition arrangements under BCD is excluded; and ...
<i>CTF Regulations</i>	the Child Trust Fund Regulations 2004 (SI 2004/1450), as amended.
<i>detailed requirements on costs and associated charges</i>	(in COBS) the requirements of COBS 7.1.8R.
<i>direct offer financial promotion</i>	[delete existing definition and replace with the following] a <i>financial promotion</i> that contains: (a) an offer by the <i>firm</i> or another <i>person</i> to enter into a <i>controlled agreement</i> with any <i>person</i> who responds to the communication; or (b) an invitation to any <i>person</i> who responds to the communication to make an offer to the <i>firm</i> or another <i>person</i> to enter into a <i>controlled agreement</i> ;

and which specifies the manner of response or includes a form by which any response may be made.

In relation to *MiFID or equivalent third country business* "controlled agreement" includes an agreement to carry on an *ancillary service*.

directed at a *financial promotion* is directed at *persons* if it is addressed to *persons generally* (for example where it is contained in a television broadcast or web site).

- directed only at*
- (a) If all the conditions set out in (c) are met, a communication is to be regarded as "directed only at" a certain *group of persons*.
 - (b) In any other case in which one or more of those conditions are met, that fact is to be taken into account in determining whether the communication is "directed only at" a certain *group of persons* (but a communication may still be regarded as so directed even if none of the conditions in (c) are met).
 - (c) The conditions are that:
 - (i) the communication includes an indication of the description of *persons* to whom it is directed and an indication of the fact that the *investment* or service to which it relates is available only to such *persons*;
 - (ii) the communication includes an indication that *persons* of any other description should not rely upon it;
 - (iii) there are in place proper systems and procedures to prevent recipients other than *persons* to whom it is directed engaging in the investment activity, or participating in the *collective investment scheme*, to which the communication relates with the *person* directing the communication, a *close relative* of his or a member of the same *group*.

distance communications rules the ~~rules in COBS 6 (Distance communications)~~.

distance contract any contract concerning financial services, ~~the making or performance of which constitutes or is part of a regulated activity,~~ concluded between a ~~supplier~~ *firm* and a *consumer* under an organised distance sales or service provision scheme run by the ~~supplier~~ *firm* which, for the purpose of that contract, makes exclusive use (directly or through an intermediary) of one or more ~~means of distance communication~~ means of distance communication (that is, any means which, without the simultaneous physical presence

of the *firm* and the *consumer*, may be used for the distance marketing of a service between those parties) up to and including the time at which the contract is concluded.

A contract is not a distance contract if:

- (a) making or performing it does not constitute or form part of a regulated activity;
- (b) it is entered into on a strictly occasional basis outside a commercial structure dedicated to the conclusion of distance contracts; or
- (c) a consumer, and an intermediary acting for a product provider, are simultaneously physically present at some stage before the conclusion of the contract.

[~~Note: recitals 15 and 18 to, and articles 2(a) and (e) of, and recital 19 to the Distance Marketing Directive]~~

*distance
marketing
disclosure rules*

~~COBS 6.1.1R to COBS 6.1.4R.~~

*distance
marketing
information*

- (1) ~~(in COBS) the information listed in COBS 6 Annex 1R.~~
- (2) ~~(in MCOB) the information listed in MCOB 6 Annex 1R.~~

durable medium

- (a) paper; or
- (b) any instrument which enables the recipient to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored; ~~this includes, in particular, durable medium covers floppy disks, CD-ROMs, DVDs and the hard drives of the recipient's personal computers on which the electronic mail is stored, but not it excludes Internet websites, unless they such sites fulfil meet the criteria specified in the first sentence of this definition paragraph.~~

~~(in relation to MiFID business or equivalent business of a or equivalent third country business investment firm, if the relevant rule implements the MiFID implementing Directive) 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 consumer 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) and Recital 20 of the *Distance Marketing Directive* and article 2(12) of the *Insurance Mediation Directive* and articles 2(2), 3(1) and 3(3) of the *MIFID implementing Directive*]

ECA provider ~~an *electronic commerce activity provider*; that is, a *firm* carrying on an *electronic commerce activity* from an establishment in the *United Kingdom*.~~

~~*ECO* The E-Commerce Directive sourcebook.~~

EEA territorial scope rule ~~*COBS Appendix 1 Annex 1*, Part 32 paragraph 1(1) (which provides that the territorial scope of *COBS* is modified to the extent necessary to be compatible with European law).~~

electronic commerce activity provider ~~[delete existing definition and replace with the following]~~
(in *COBS*) a *firm* carrying on an *electronic commerce activity* from an establishment in the *United Kingdom*.

energy market participant a *firm*:

(a) ...

(b) which is not an *authorised professional firm*, bank, *BIPRU investment firm* (unless it is an *exempt BIPRU commodities firm*), *building society*, *credit union*, *friendly society*, *ICVC*, *insurer*, ~~*ISD investment firm*~~ *MiFID investment firm* (unless it is an *exempt BIPRU commodities firm*), *media firm*, *oil market participant*, ...

excess surplus a *firm* will have an excess surplus in a *with-profits fund* if, and to the extent that:

- (a) the *regulatory surplus* (or, in the case of a *realistic basis life firm*, the excess of *realistic assets* over *realistic liabilities*) in that *with-profits fund*; and
- (b) any other financial resources applied to, or expected to be applied to, that *with-profits fund*;

exceed:

- (c) the amount required to meet the higher of any regulatory capital requirement or the *firm's individual capital assessment* (at the *firm's* own risk appetite) for existing business; and

- (d) any further amount necessary to support the new business plans of that *with-profits fund*.

excluded communication

the following types of communication (a *firm* may rely on more than one of the paragraphs in relation to the same *financial promotion*):

- (a) a *financial promotion* that would benefit from an exemption in the *Financial Promotion Order* if it were *communicated* by an *unauthorised person*, or which originates outside the *United Kingdom* and is not capable of having an effect in the *United Kingdom* (within the meaning of s.21(3) of the *Act*);
- (b) a *financial promotion* from outside the *United Kingdom* that would be exempt under articles 30, 31, 32 or 33 of the *Financial Promotion Order* (Overseas communicators) if the office from which the *financial promotion* is *communicated* were a separate *unauthorised person*;
- (c) a *financial promotion* that is subject to, or exempted from, the *Takeover Code* or to the requirements relating to takeovers or related operations in another *EEA State*;
- (d) a personal quotation or illustration form; or
- (e) a "one-off" *financial promotion* that is not a *cold call*. If the conditions set out in (i) to (iii), below, are satisfied, a *financial promotion* is "one-off". If not, the fact that any one or more of these conditions is met is to be taken into account in determining if a *financial promotion* is "one-off". However, a *financial promotion* may be regarded as "one-off" even if none of the conditions are met. The conditions are that:
 - (i) the *financial promotion* is *communicated* only to one recipient or only to one group of recipients in the expectation that they would engage in any investment activity jointly;
 - (ii) the identity of the product or service to which the *financial promotion* relates has been determined having regard to the particular circumstances of the recipient;
 - (iii) the *financial promotion* is not part of an organised marketing campaign.

execution criteria

the criteria set out in *COBS 4211.2.6R*, that is:

- (a) ...

execution venue

for the purposes of the provisions relating to best execution in *COBS 4211.2*, execution venue means a *regulated market*, an *MTF*, a *systematic internaliser*, or a *market maker* or other liquidity provider or an entity that performs a similar function in a third country to the

functions performed by any of the foregoing.

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

execution-only transaction

a transaction *executed* by a *firm* upon the specific instructions of a *client* where the *firm* does not give *advice on investments* relating to the merits of the transaction and in relation to which the *rules* on assessment of appropriateness (*COBS 4.10*) do not apply.

~~*final transfer value*~~

[delete existing definition]

financial instrument

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

(a) *transferable securities*;

...

~~(2) (for the purposes of *BIPRU* and *GENPRU*) an instrument listed in Section B of the Annex to the *ISD*.~~

~~(3) (in *MAR* 1 and *MAR* 2, *DTR* 1, 2 and 3...~~

~~(2)~~

financial promotion

(1) an invitation or inducement to engage in investment activity that is communicated in the course of business;

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

(2) (in relation to *COBS* 3.2.1R(3), *COBS* 4.3.1R, ~~5.2.4R~~ *COBS* 4.5.8R and *COBS* 4.7.1R ~~5.4.1R~~) (in addition to (1)) a marketing communication within the meaning of *MiFID* made by a *firm* in connection with its *MiFID investment firm* or equivalent third country business ~~a third country investment firm that relates to an ancillary service.~~

financial promotion rules

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

(2) ...

~~revenue~~ HMRC
allocated CTF

~~a CTF opened in accordance with Regulation~~ regulation 6 of the *CTF Regulations*.

image advertising

a communication that consists only of one or more of the following:

(a) the name of the *firm*;

(b) a logo or other image associated with the *firm*;

(c) a contact point; and

	(d) <u>a reference to the types of <i>regulated activities</i> provided by the <i>firm</i>, or to its fees or commissions.</u>
<i>individual capital assessment</i>	(in <i>INSPRU</i> and <i>COBS</i> 6-1220.2) an assessment by a <i>firm</i> of the adequacy of its capital resources undertaken as part of an assessment of the adequacy of the <i>firm's</i> overall financial resources carried out in accordance with <i>GENPRU</i> 1.2.
<i>information about designated investments</i>	the information required to be provided to a <i>retail client</i> by the rules in <i>COBS</i> 15.3 (Information about designated investments).
<i>information society service</i>	[delete existing definition and replace with the following] <u>an information society service, as defined by article 2(a) of the <i>E-Commerce Directive</i> and article 1(2) of the <i>Technical Standards and Regulations Directive</i> (98/34/EC), which is in summary any service normally provided for remuneration, at a distance, by means of electronic equipment for the processing (including the digital compression) and storage of data at the individual request of a service recipient.</u>
<i>insurance undertaking</i>	(1) <u>(except in <i>COBS</i>) an undertaking, or (in <i>CASS</i> 5 and <i>COMP</i>) a member, whether or not an <i>insurer</i>, which carries on <i>insurance business</i>;</u> (2) <u>(in <i>COBS</i>) an undertaking or a member which carries on <i>insurance business</i>.</u>
<i>investment management firm</i>	(1) ... whose <i>permission</i> does not include a <i>requirement</i> that it comply with <i>IPRU(INV)</i> 3 or <i>IPRU(INV)</i> 10 (Securities and futures firms) or <i>IPRU(INV)</i> 13 (Personal investment firms) and which is within (a), (b) or (c): ...
<i>key facts disclosure document</i>	a document required to be prepared by the rules in <i>COBS</i> 14 (Preparing product information) and to be provided to a <i>retail client</i> by the rules in <i>COBS</i> 15 (Providing product information).
<i>key facts scheme</i>	a <i>scheme</i> that is not: (a) a <i>simplified prospectus scheme</i> ; (b) a <i>qualified investor scheme</i> ; or (c) a recognised scheme under section 264 of the <i>Act</i> (Schemes constituted in other EEA States).
<i>key features document</i>	<u>a document prepared in accordance with the rules on preparing product information (<i>COBS</i> 13).</u>

key features illustration

information describing projected performance and the effect of charges prepared in accordance with the rules on preparing product information (COBS 13).

key features scheme

a scheme that is not:

- (a) a simplified prospectus scheme;
- (b) a qualified investor scheme; or
- (c) a recognised scheme under section 264 of the Act (Schemes constituted in other EEA States).

life policy

[delete existing definition and replace with the following]

- (1) (in accordance with the definition of 'qualifying contract of insurance' in article 3(1) of the Regulated Activities Order) a long-term insurance contract (other than a reinsurance contract and a pure protection contract); and
 - (a) a long-term care insurance contract; and
 - (b) (in COBS) a pension policy;unless (2) or (3) apply.
- (2) In PERG (other than in relation to a firm's permission – see Note 5B to Table 1 in Annex 2, PERG 2) and for the purposes of the financial promotion rules in COBS 4, life policy does not include a long-term care insurance contract.
- (3) In relation to a firm's permission:
 - (a) (in accordance with the definition of 'qualifying contract of insurance' in article 3(1) of the Regulated Activities Order) a long-term insurance contract (other than a reinsurance contract and a pure protection contract);
 - (b) a long-term care insurance contract which is a pure protection contract; and
 - (c) a pension term assurance policy.

long-term care insurance contract

[delete existing definition and replace with the following]

a long-term insurance contract:

- (a) which provides, would provide at the policyholder's option, or is sold or held out as providing, benefits that are payable or provided if the policyholder's health deteriorates to the extent that he cannot live independently without assistance and that is not expected to change; and
- (b) under which the benefits are capable of being paid for

	<u>periodically for all or part of the period that the <i>policyholder</i> cannot live without assistance;</u>
	<u>where ‘benefits’ are services, accommodation or goods necessary or desirable for the continuing care of the <i>policyholder</i> because he cannot live independently without assistance.</u>
<u><i>made to; made only to; to whom it is made</i></u>	<u>a financial promotion is made to a person if it is addressed, whether orally or in legible form, to a particular <i>person</i> or <i>persons</i> (for example where it is contained in a telephone call or letter).</u>
<u><i>material insurance holding</i></u>	has the meaning in <i>GENPRU</i> 2.2.212R (Material holdings) <u>or, for an exempt CAD firm which is an investment management firm, in <i>IPRU(INV)</i> Table 5.2.2(1).</u>
<u><i>means of distance communication</i></u>	(in accordance with article 2(e) of the <i>Distance Marketing Directive</i>) any means used for the distance marketing of a service between parties which does not involve the simultaneous physical presence of those parties
<u><i>MiFID information rules</i></u>	[delete existing definition]
<u><i>MiFID or equivalent third country business</i></u>	<u><i>MiFID business</i> or the <i>equivalent business of a third country investment firm.</i></u>
<u><i>non-retail communication</i></u>	<u>a financial promotion and:</u> <ul style="list-style-type: none"> (a) <u>is made only to recipients who the firm reasonably believes are professional clients or eligible counterparties; or</u> (b) <u>may reasonably be regarded as directed only at recipients who are professional clients or eligible counterparties.</u>
<u><i>oil market participant</i></u>	a firm: <ul style="list-style-type: none"> (a) ... (b) which is not an <i>authorised professional firm, bank, BIPRU investment firm (unless it is an exempt BIPRU commodities firm), building society, credit union, friendly society, ICVC, insurer, ISD investment firm MiFID investment firm (unless it is an exempt BIPRU commodities firm), media firm, ...</i>
<u><i>open market option</i></u>	[delete existing definition]
<u><i>outsourcing</i></u>	(1) (except in <i>SYSC</i> 8, <i>COBS</i> 11.7 and the definition of <i>relevant person</i>) the use of a <i>person</i> to provide customised services to a <i>firm</i> other than: <ul style="list-style-type: none"> (a) a member of the <i>firm’s</i> governing body acting in his

capacity as such; or

(b) an individual employed by a *firm* under a contract of service.

(2) (in SYSC 8, COBS 11.7 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*]

pension opt-out a transaction, resulting from ~~the decision of a decision made, with or without advice from a firm, by a customer~~ *retail client* who is an individual, to:

- (a) opt out of an *occupational pension scheme* of which he is a ~~current~~ member; or
- (b) decline to become a member of an *occupational pension scheme* which he is eligible to join, or ~~which he will become~~ eligible to join at the end of a waiting period;

in favour of a *stakeholder pension scheme* or ~~a personal pension scheme (including a self-invested personal pension scheme)~~.

pension transfer a transaction, resulting from ~~the decision of a decision made, with or without advice from a firm, by a customer~~ *retail client* who is an individual, to transfer deferred benefits from:

- (a) an *occupational pension scheme*; ~~or~~
- (b) an ~~individual pension contract~~ *individual pension contract* providing fixed or guaranteed benefits that replaced similar benefits under a *defined benefits pension scheme*; or
- (c) ~~(in COB 6.7 (cancellation and withdrawal) (in the cancellation rules (COBS 15)) a stakeholder pension scheme or a personal pension scheme),~~

to:

- (d) a *stakeholder pension scheme*; ~~or to~~
- (e) a *personal pension scheme* ~~(including a self-invested personal pension scheme)~~; or
- (f) ~~to any a deferred annuity policy (including a pension buy-out contract) where the eventual benefits depend in whole or in part on investment performance in the period up to the intended retirement date.~~

pension wrapper (in the cancellation rules (COBS 15)) a SIPP, pension contract or personal pension product.

periodic information the information identified in the table in COBS 17~~6~~ Ann 4~~2~~ R(2), and if the *client* has not elected to receive *trade confirmation information*

on a transaction by transaction basis under *COBS* 176.3.3R, the information identified in column ~~(2)~~ of *COBS* 176 Ann 1R(4).

person with whom a relevant person has a family relationship

any of the following:

- (a) the spouse of the relevant person or any partner of that person considered by national law as equivalent to a spouse;
- (b) a child or stepchild of the relevant person;
- (c) any other relative of the relevant person who has shared the same household as that person for at least one year on the date of the personal transaction concerned.

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

personal investment firm

- (1) ... whose *permission* does not include a *requirement* that it comply with *IPRU(INV)* 3 (Securities and futures firms); or 5 (Investment management firms) or 10 (Securities and futures firms), and which is within (a), (b) or (c):

...

personal pension scheme

- (a) ~~(in relation to a specified investment) the investment specified in article 82(2) of the Regulated Activities Order (Rights under a pension scheme) which is rights under a personal pension scheme in (b);~~
- (b) ~~(in relation to a scheme) (in accordance with article 3(1) of the Regulated Activities Order) a pension scheme or arrangement which: (i) is not an occupational pension scheme or stakeholder pension scheme; and which (ii) is comprised in one or more instruments or agreements having or capable of having effect so as to provide providing benefits to or in respect of people:~~
 - (a) ~~on retirement; death or~~
 - (b) ~~on having reached a particular age; or~~
 - (c) on termination of service in an employment.

policyholder advocate

the *person* appointed under ~~*COBS* 6.13.8R~~*COBS* 20.2.42R to negotiate with a *firm* on its proposals for making a *retribution* of its *inherited estate*.

prescribed asset share methodology

the methodology described in *COBS* 20.2.5R for assessing maturity payments by reference to unsmoothed asset shares.

Principles and Practices of Financial Management

the Principles and Practices of Financial Management, containing *with-profits principles* and *with-profits practices*, which a *firm* carrying on *with-profits business* must establish, maintain and record under ~~*COBS* 6.10~~*COBS* 20.3 (Principles and Practices of Financial Management).

<i>product provider</i>	(1) (except in <i>ICOB</i> and <i>COB</i>) a firm which is: ... (3) (in <i>COB</i>) a firm which is: (i) a long-term insurer ; (ii) a friendly society ; (iii) the operator of a regulated collective investment scheme or an investment trust savings scheme ; (iv) the operator of a personal pension scheme .
<i>providing basic advice on stakeholder products</i>	the regulated activity, specified in article 52B of the Regulated Activities Order (Providing basic advice on stakeholder products), which is in summary, advising on certain relatively low cost products by means of questions.
<i>provision rules</i>	(in <i>COBS</i>) the rules from <i>COBS</i> 15.2.1R to <i>COBS</i> 15.2.5R .
<i>retribution expert</i>	the expert appointed by a firm to satisfy its obligations under <i>COBS</i> 6.13.22R <u>20.2.47R (Reattribution expert)</u> .
<i>recipient</i>	<u>the person to whom a communication is made or, in the case of a non-real time financial promotion which is directed at persons generally, any person who reads or hears the communication.</u>
<i>regulatory system</i>	the arrangements for regulating a firm or other person in or under the Act, including the <i>threshold conditions</i> , the <i>Principles</i> and other rules, the <i>Statements of Principle</i> , codes and guidance <u>and including any relevant directly applicable provisions of a Directive or Regulation such as those contained in the <i>MiFID implementing Directive</i> and the <i>MiFID implementing Regulation</i>.</u>
<i>reinsurance contract</i>	(in <i>COBS</i> , <i>ICOB</i> , <i>CASS 5</i> and <i>COMP</i>) a contract of insurance covering all or part of a risk to which a person is exposed under a contract of insurance.
<i>relevant competent authority</i>	<u>(in relation to a financial instrument) means the competent authority of the most relevant market in terms of liquidity for that financial instrument.</u> [Note: article 2(7) of <i>MiFID Regulation</i>]
<i>relevant investment</i>	(1) (in <i>COBS</i> 13 <u>2.4</u> , in relation to a <i>research recommendation</i> or a public appearance), a <i>designated investment</i> that is the subject of that <i>research recommendation</i> or public appearance, (2) (<u>other than in <i>COBS</i> 4 or <i>COBS</i> 12.4</u> and <i>COBS</i> 5) otherwise (in accordance with article 3(1) of the <i>Regulated Activities Order</i> (Interpretation)): (a) a <i>contractually based investment</i> ;

- (b) a *pure protection contract*;
 - (c) a *general insurance contract*;
 - (d) rights to or interests in an *investment* falling within (a).
- (3) ~~[to follow]~~ (in COBS 4) a *specified investment* or a *controlled investment*.

relevant person

- (1) (in *COMP*) ...
- (2) any of the following:
 - (a) ...
 - (b) ...
 - (c) an *employee* of the *firm* or of an *appointed representative* (or where applicable, *tied agent*) of the *firm*; as well as any other natural person whose services are placed at the disposal and under the control of the *firm* or an *appointed representative* or *tied agent* of the *firm* and who is involved in the provision by the *firm* of *regulated activities*;
 - (d) a natural person who is directly involved in the provision of services to the *firm* or its *appointed representative* (or where applicable, *tied agent*) under an *outsourcing* arrangement for the purpose of the provision by the *firm* of *regulated activities*.

required percentage

the *required percentage* referred to in COBS 20.2.17R is, for each *with-profits fund*:

- (a) the percentage (if any) required in respect of that fund by:
 - (i) the *firm's* articles of association, registered rules or other equivalent instrument; or
 - (ii) a relevant order made by a court of competent jurisdiction;
- (b) if (a) does not apply, the percentage specified in the *firm's* PPFM, if that percentage reflects the *firm's* established practice;
- (c) if (a) and (b) do not apply, not less than 90 per cent.

requirement to disclose information before providing services

~~COBS 2.2.2R.~~

requirement to disclose information on costs and associated

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

charges

requirement to disclose information on designated investments and investment strategies

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

retail client

- (1) ...
- (2) (in relation to the provision of basic advice on a stakeholder product and in accordance with article 52B of the *RAO*) ~~the person to whom a firm provides basic advice on stakeholder products~~ any person who is advised by a firm on the merits of opening or buying a stakeholder product where the advice is given in the course of a business carried on by that firm and it is received by a person not acting in the course of a business carried on by him.

rule on voice telephony communications

~~*COBS* 6.1.9R.~~

scheme pension

[delete existing definition and replace with the following]

a scheme pension, as defined in paragraph 2 of Schedule 28 to the Finance Act 2004, which is in summary a pension payable until a pension scheme member's death, or until the later of the member's death and the end of a term not exceeding 10 years.

securities and futures firm

- (1) (except in *SUP* 16 and subject to *BIPRU* TP 1.3R (Revised definition of securities and futures firm for certain transitional purposes)) a firm whose permitted activities include designated investment business, which is not an authorised professional firm, bank, *BIPRU* investment firm (unless it is an exempt *BIPRU* commodities firm), *ELMI*, ... and which is within (a), (b), (c), (d), (e), ~~(f)~~ or (g):

...

- (b) a firm whose permission includes a requirement that it comply with *IPRU(INV)* 3 ~~or 10~~ (Securities and futures firms);

...

- (f) an oil market participant;

- (g) an exempt *BIPRU* commodities firm.

	(2) (in <i>SUP</i> 16) as in (1) but excluding the words ' <i>BIPRU investment firm</i> (unless it is an <i>exempt BIPRU commodities firm</i>)' and (g).
<i>simplified prospectus</i>	(in relation to a <i>simplified prospectus scheme</i>) a marketing document containing information about the a <i>simplified prospectus scheme</i> , which complies with <i>COLL</i> 4.6.2R (Production and publication of simplified prospectus) and <i>COLL</i> 4.6.8R (Contents of the simplified prospectus).
<i>simplified prospectus scheme</i>	(a) a <i>UCITS scheme</i> that is not a recognised scheme under section 264 of the Act (Schemes constituted in other EEA States); or (b) a <i>key facts features scheme</i> in respect of which a firm has chosen to produce a <i>simplified prospectus</i> has been, or will be, produced instead of a <i>key facts disclosure features document</i> (see <i>COBS</i> 14.2.3R(2) 13.1.3R (2)). whether or not the <i>units</i> are held within a <i>PEP, ISA</i> or <i>personal pension scheme</i>.
<i>small personal investment firm</i>	a <i>personal investment firm</i> : (a) which is not an <i>ISD investment firm</i> <i>MiFID investment firm</i> ; ...
<i>stakeholder pension scheme</i>	(a) (in relation to a <i>specified investment</i>) the <i>investment</i> specified in article 82(1) of the <i>Regulated Activities Order</i> (Rights under a pension scheme) which is rights under a stakeholder pension scheme in (b); (b) (in relation to a scheme) a scheme established in accordance with Part I that meets the conditions in section 1 of the Welfare Reform and Pensions Act 1999 and the <i>Stakeholder Pension Schemes Regulations 2000</i> (S.I. 2000/1403), or article 3 of the <i>Welfare Reform and Pensions (Northern Ireland) Order 1999</i>.
<i>statutory status disclosure statement</i>	the statutory status disclosure statement required by <i>GEN</i> 4 (Statutory status disclosure).
<i>suitability report</i>	a report which a <i>firm</i> must provide to its <i>client</i> under <i>COBS</i> 109.4 (Suitability reports) which, among other things, explains why the <i>firm</i> has concluded that a recommended transaction is suitable for the <i>client</i> .
<i>third party prospectus</i>	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. <u>[Note: recital 52 to the <i>MiFID implementing Directive</i>]</u>

<i>trade confirmation information</i>	the information identified in column (1) of the table in <i>COBS 176</i> Ann 1R(4).
<i>transfer value analysis</i>	<p>an analysis performed to make a comparison between of the benefits which are likely (on reasonable assumptions) to be paid under an <i>occupational pension scheme</i> and those benefits afforded by: a <i>personal pension contract</i> or a <i>pension buy-out contract</i>.</p> <p>(a) <u>a <i>stakeholder pension scheme</i>; or</u></p> <p>(b) <u>a <i>personal pension scheme</i>; or</u></p> <p>(c) <u>a deferred annuity <i>policy</i> where the eventual benefits depend in whole or in part on investment performance in the period up to the <i>intended retirement date</i>.</u></p>
<i>voice telephony communication</i>	includes a telephone call.
<u><i>with-profits committee</i></u>	<u>a committee of the <i>governing body</i>, including non-executive members of the <i>governing body</i> and possibly some external non-directors with appropriate skills and experience.</u>
<i>with-profits fund</i>	<p>(1) for the purposes of <i>COB</i> (except in <i>INSPRU</i>):</p> <p>(a) ...</p> <p>(b) ...</p> <p>(2) (for the purposes of <i>INSPRU</i>) ...</p>
<i>with-profits practices</i>	the with-profits practices that a <i>firm</i> must establish, maintain and record under <i>COBS 6.1020.3</i> (Principles and Practices of Financial Management).
<i>with-profits principles</i>	the with-profits principles that a <i>firm</i> must establish, maintain and record under <i>COBS 6.1020.3</i> (Principles and Practices of Financial Management).
<u><i>wrapper</i></u>	<u>a <i>PEP, ISA</i> or <i>CTF</i>.</u>