
EXPLANATORY NOTE

(This is not part of the Regulations)

The Order amends the scope of the Financial Services Act 1986 (“the Act”) by extending the activities which constitute the carrying on of investment business.

Article 1 of the Order adds a new paragraph (paragraph 16A) to Part II of Schedule 1 to the Act. (Part II of Schedule 1 sets out the activities which constitute investment business.) The new paragraph is concerned with the sending on behalf of another person dematerialised instructions relating to an investment by means of a relevant system (within the meaning of the Uncertificated Securities Regulations 1995—S.I.1995/3272). The paragraph also concerns offers or agreements to send such instructions. The activities of certain persons are expressly excluded from the new paragraph.

Article 2 adds a sub-paragraph to paragraph 18 of Schedule 1 to the Act. It provides an exclusion in respect of activities falling within the new paragraph 16A in which one body corporate in a group engages on behalf on another body corporate in the same group.

Article 3 adds a sub-paragraph to paragraph 22 of Schedule 1 to the Act. It provides an exclusion in respect of activities falling within the new paragraph 16A engaged in by a trustee or personal representative.

Article 4 adds a sub-paragraph to paragraph 27 of Schedule 1 to the Act. It provides an exclusion in respect of offers or agreements by overseas persons to engage in activities falling within the new paragraph 16A where the offer or agreement is the result of an unsolicited approach made to the overseas person or is the result of an approach or solicitation by the overseas person which did not contravene the provisions of the Act relating to unsolicited calls and advertising.