
STATUTORY INSTRUMENTS

2001 No. 3629

The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001

PART 3

AMENDMENTS TO SECONDARY LEGISLATION

The Income Tax (Life Assurance Premium Relief) Regulations 1978 (S.I. [1978/1159](#))

Interpretation

110. In regulation 2(1) of the Income Tax (Life Assurance Premium Relief) Regulations 1978 (interpretation)(1) in the definition of “industrial branch business” after “means” insert “any such business carried on before 1st December 2001 as was”.

*The Friendly Societies (Life Assurance Premium Relief)
(Change of Rate) Regulations 1980 (S.I. [1980/1947](#))*

Interpretation

111. In regulation 2 of the Friendly Societies (Life Assurance Premium Relief) (Change of Rate) Regulations 1980 (interpretation) in the definition of “collecting society” for “has” substitute “means a society which before 1st December 2001 was a collecting society within”.

The Stamp Duty Reserve Tax Regulations 1986 (S.I. [1986/1711](#))

Introduction

112. Amend the Stamp Duty Reserve Tax Regulations 1986 in accordance with Articles 113 to 115.

Interpretation

113.—(1) Amend regulation 2 (interpretation)(2) as follows.

(2) In the definition of “accountable date” in paragraphs (a)(ii) and (b) for “a recognised self-regulating organisation, a recognised professional body” substitute “the Financial Services Authority”.

(1) Regulation 2(1) was amended by Article 3 of S.I. [1979/1576](#).

(2) Regulation 2 was relevantly amended by regulation 2(a) and (b) of S.I. [1992/3287](#) and regulation 3(a), (c), (f) and (g) of S.I. [1997/2430](#).

(3) In the definition of “EEA regulated market” for the words from “paragraphs” to “1995” substitute “paragraph 36(2) of Part III of the Schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001⁽³⁾”.

(4) Omit the definition of “European institution”.

(5) In the definition of “exchange” in paragraph (a) for “207(1) of the Financial Services Act 1986” substitute “285(1)(a) of the Financial Services and Markets Act 2000”.

(6) For the definition of “investment business” substitute—

““investment business” means business which consists of the carrying on of one or more of the activities specified in Articles 14, 21, 25, 37, 40, 45, 51 and 53 and, in so far as it applies to any of those Articles, Article 64 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;”.

(7) In the definition of “qualified dealer” for paragraphs (a) and (b) substitute—

“(a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on investment business, or”.

(8) Omit the definition of “recognised professional body” and “recognised self-regulating organisation”.

Notice of charge and payment

114. In regulation 4A(1)(a)(ii) (notice of charge and payment)(4) for “a recognised self-regulating organisation, a recognised professional body” substitute “the Financial Services Authority”.

The Taxes Management Act 1970: provisions to apply

115.—(1) Amend the Schedule (the Taxes Management Act 1970: provisions to apply)(5) as follows.

(2) In the Table in Part I in the entry relating to section 25(4)(6) in the second column for the words from “paragraphs” to “1995” substitute “paragraph 36(2) of Part III of the Schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001”.

(3) In Part II in section 25(4) (as modified) for the words from “paragraphs” to “1995” substitute “paragraph 36(2) of Part III of the Schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001”.

The Capital Gains Tax (Definition of Unit Trust Scheme) Regulations 1988 (S.I. 1988/266)

Interpretation

116. In regulation 2 of the Capital Gains Tax (Definition of Unit Trust Scheme) Regulations 1988 (interpretation) for the definition of “participant” substitute—

““participant”, in relation to a unit trust scheme, shall be construed in accordance with section 235 of the Financial Services and Markets Act 2000;”.

(3) S.I. 2001/1201.

(4) Regulation 4A was inserted by regulation 5 of S.I. 1997/2430.

(5) The Schedule was relevantly amended by regulations 11(2) and 12(2) of S.I. 1997/2430.

(6) Section 25(4) was amended by paragraph 8(1) of Schedule 18 to the Finance Act 1986.

The Income Tax (Definition of Unit Trust Scheme) Regulations 1988 (S.I. [1988/267](#))

Interpretation

117. In regulation 2 of the Income Tax (Definition of Unit Trust Scheme) Regulations 1988 (interpretation) for the definition of “participant” substitute—

““participant”, in relation to a unit trust scheme, shall be construed in accordance with section 235 of the Financial Services and Markets Act 2000;”.

The Stamp Duty and Stamp Duty Reserve Tax (Definition of Unit Trust Scheme) Regulations 1988 (S.I. [1988/268](#))

Interpretation

118. In regulation 2 of the Stamp Duty and Stamp Duty Reserve Tax (Definition of Unit Trust Scheme) Regulations 1988 (interpretation) for the definition of “participant” substitute—

““participant”, in relation to a unit trust scheme, shall be construed in accordance with section 235 of the Financial Services and Markets Act 2000;”.

The Occupational Pension Schemes (Transitional Provisions) Regulations 1988 (S.I. [1988/1436](#))

Disapplication of paragraphs 2, 3, 4 and 6 of Schedule 23 to the Income and Corporation Taxes Act 1988—further provision

119.—(1) Amend regulation 4ZA(4) of the Occupational Pension Schemes (Transitional Provisions) Regulations 1988 (disapplication of paragraphs 2, 3, 4 and 6 of the Schedule—further provision)(7) as follows.

(2) In the definition of “bad investment advice” for paragraph (d) substitute—

“(d) by reason of a contravention which is actionable—

(i) under section 62 of the Financial Services Act 1986; or

(ii) under section 150 of the Financial Services and Markets Act 2000;”.

(3) For the definition of “investment advice” substitute—

““investment advice”—

(a) in relation to a time before 1st December 2001, means advice such as is mentioned in paragraph 15 of Schedule 1 to the Financial Services Act 1986; and

(b) in relation to a time on or after that date, means advice such as is mentioned in Article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;”.

The Personal Equity Plan Regulations 1989 (S.I. [1989/469](#))

Introduction

120. Amend the Personal Equity Plan Regulations 1989 in accordance with Articles 121 to 125.

(7) Regulation 4ZA was inserted by regulation 4 of S.I. [1996/3115](#).

Interpretation

121.—(1) Amend regulation 2(1) (interpretation)(8) as follows.

(2) Amend sub-paragraph (a) in accordance with paragraphs (3) and (4) below.

(3) In the definition of “company” in paragraph (i) for “75(8) of the Financial Services Act 1986” substitute “236 of the Financial Services and Markets Act 2000”.

(4) For the definition of “European institution” substitute—

““European institution” means an EEA firm of the kind mentioned in paragraph 5(a), (b) or (c) of Schedule 3 to the Financial Services and Markets Act 2000 which is an authorised person for the purposes of that Act as a result of qualifying for authorisation under paragraph 12 of that Schedule;”.

(5) Amend sub-paragraph (b) in accordance with paragraphs (6) to (14) below.

(6) Before the definition of “authorised unit trust” insert—

““authorised fund” means—

- (i) an authorised unit trust, or
- (ii) an open-ended investment company with variable capital incorporated in the United Kingdom in the case of which an authorisation order made by the Financial Services Authority under regulation 14 of the Open-Ended Investment Companies Regulations 2001(9) is in force;”.

(7) In the definition of “authorised unit trust” for “78 of the Financial Services Act 1986” substitute “243 of the Financial Services and Markets Act 2000”.

(8) In the definition of “the first condition” for the words from “subject to” to the end substitute “of the scheme, or subject to the trusts of the scheme, to consist of units in, or shares of, authorised funds or parts of umbrella schemes which are not securities schemes or warrant schemes;”.

(9) In the definition of “the second condition”—

- (a) for “subject to the trusts of the scheme” substitute “of the scheme, or subject to the trusts of the scheme;”;
- (b) in paragraph (i) for “87 or 88 of the Financial Services Act 1986” substitute “270 or 272 of the Financial Services and Markets Act 2000”;
- (c) for paragraph (ii) to the end substitute—

“(ii) a part of a scheme mentioned in paragraph (i) which would be a part of an umbrella scheme if the definition of “umbrella scheme” and a part thereof applied to a scheme mentioned in paragraph (i),

where the terms of the scheme mentioned in paragraph (i) identify that scheme, or the part thereof, as the case may be, as a scheme or part that would belong to one of the categories of securities scheme or warrant scheme, if that scheme or part, as the case may be, were independently an authorised fund;”.

(10) In the definition of “fund of funds”—

- (a) for ““fund of funds”” substitute ““fund of funds scheme””;
- (b) in paragraph (i)—
 - (i) for “authorised unit trust” substitute “authorised fund”;
 - (ii) for “fund of funds” substitute “fund of funds scheme”;

(8) Regulation 2(1) was relevantly amended by regulation 3(a) of S.I. [1995/3287](#), regulation 3(2) and (3) of S.I. [1997/1716](#), regulation 3 of S.I. [1998/1869](#) and regulation 3 of S.I. [2001/923](#).

(9) S.I. [2001/1228](#).

- (c) in paragraph (ii) for “authorised unit trust” substitute “authorised fund”.
- (11) In the definition of a “relevant UCITS”—
 - (a) in paragraph (i) for “86 of the Financial Services Act 1986” substitute “264 of the Financial Services and Markets Act 2000”;
 - (b) in paragraph (ii) for the words from “an umbrella company” to “in either case” substitute “an umbrella scheme, if the definition of “umbrella scheme” and a part thereof”;
 - (c) for “securities fund, warrant fund, securities company or warrant company” substitute “securities scheme or warrant scheme”;
 - (d) for the words from “authorised unit trust” to the end substitute “authorised fund”.
- (12) For the definition of “securities fund” substitute—

““securities scheme” means—

 - (i) an authorised fund which according to the terms of the scheme is a securities scheme belonging to the category under that name established by the Financial Services Authority, and
 - (ii) a part of an umbrella scheme which the terms of the scheme identify as a part which would belong to that category if it were itself an authorised fund;”.
- (13) For the definition of “umbrella scheme” substitute—

““umbrella scheme” means an authorised fund which according to the terms of the scheme is an umbrella scheme belonging to the category under that name established by the Financial Services Authority, and

 - (i) in the case of an authorised fund which is an authorised unit trust, references to a part of an umbrella scheme shall be construed in accordance with subsection (8) of section 468 of the Taxes Act, and, in relation to a part of an umbrella scheme, references to investments subject to the trusts of an authorised unit trust and to a unit holder shall be construed in accordance with subsection (9) of that section, and
 - (ii) in the case of an authorised fund which is an open-ended investment company, references to a part of an umbrella scheme shall be construed in accordance with subsection (18) of section 468 of the Taxes Act as that subsection is added in relation to open-ended investment companies by regulation 10(4) of the 1997 Regulations, and, in relation to a part of an umbrella scheme, references to investments of the company shall be construed in accordance with subsection (12) of that section as so added;”.
- (14) For the definitions of “warrant company” and “warrant fund” substitute—

““warrant scheme” means—

 - (i) an authorised fund which according to the terms of the scheme is a warrant scheme belonging to the category under that name established by the Financial Services Authority, and
 - (ii) a part of an umbrella scheme which the terms of the scheme identify as a part that would belong to that category if it were itself an authorised fund;”.
- (15) In sub-paragraph (c)—
 - (a) omit the definitions of “securities company” and “umbrella company”;
 - (b) in the definition of “shares” for “umbrella company” substitute “umbrella scheme”.

General investment rules

- 122.**—(1) Amend regulation 5 (general investment rules)(**10**) as follows.
- (2) In paragraph (1) for sub-paragraphs (a) and (b) substitute—
- “(a) in the case of an authorised fund which is a dual priced unit trust, at the manager’s price for the sale of the relevant class of units within the meaning of, and complying with the requirements of, rule 15.4.4 of the Collective Investment Schemes Sourcebook;
- (b) in the case of an authorised fund which is a single priced unit trust or an open-ended investment company, at the price of a unit or share within the meaning of, and complying with the requirements of, rule 4.3.11 of the Collective Investment Schemes Sourcebook; and”.
- (3) After paragraph (1) insert—
- “(1ZA) In paragraph (1)(a) and (b)—
- “the Collective Investment Schemes Sourcebook” means the sourcebook of that name made by the Financial Services Authority under the Financial Services and Markets Act 2000(**11**);
- “a dual priced unit trust” means an authorised unit trust in respect of which the manager gives different prices for buying and selling units at the same time;
- “a single priced unit trust” means an authorised unit trust in respect of which the manager gives the same price for buying and selling units at the same time.”.

Qualifying investments

- 123.**—(1) Amend regulation 6 (qualifying investments)(**12**) as follows.
- (2) In paragraph (2)—
- (a) for sub-paragraph (g) substitute—
- “(g) units in, or shares of, a securities scheme or a warrant scheme, in circumstances where the scheme satisfies the condition specified in paragraph (8);”;
- (b) for sub-paragraph (j) substitute—
- “(j) units in, or shares of, a fund of funds scheme, in circumstances where the scheme satisfies the condition specified in paragraph (9);”.
- (3) In paragraph (4)(a) for paragraphs (iv) and (v) substitute—
- “(iv) units in or shares in, or rights to units in or shares in, an authorised fund or a part of an umbrella scheme;”.
- (4) In paragraph (8) for “company” substitute “scheme” (twice).
- (5) For paragraph (9) substitute—
- “(9) The condition specified in this paragraph is that not more than 50 per cent. in value of the investments of the scheme, or subject to the trusts of the scheme, are—
- (a) units in, or shares of, a securities scheme or a warrant scheme, or
- (b) units in, or shares of, a relevant UCITS,
- where the securities scheme, warrant scheme or UCITS does not satisfy the condition in paragraph (8).”.

(10) Regulation 5 was relevantly amended by regulation 6(2) of S.I. [2001/923](#).

(11) This sourcebook is part of the FSA Handbook. The FSA Handbook may be purchased on paper and on CD Rom from the Publications Department (Sales), Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS and is available on line at www.fsa.gov.uk.

(12) Regulation 6 was substituted by regulation 7 of S.I. [2001/923](#).

Plan manager—qualifications and Board’s approval

124. Amend regulation 11(2) (plan manager—qualifications and Board’s approval)(**13**) as follows—

- (a) in sub-paragraph (b)(i) for the words from “Chapter III” to “Act”) substitute
“section 31(1)(a) or (c) of, or Schedule 5 to, the Financial Services and Markets Act 2000 who has permission to carry on one or more of the activities specified in Articles 14, 21, 25, 37, 40, 45, 51 and 53 and, in so far as it applies to any of those activities, Article 64 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001”;
- (b) in paragraph (b)(ii) for the words from “may” to “1992” substitute “carries on one or more of those activities”;
- (c) in sub-paragraph (c) for the words from “any prohibition” to “65 of the 1986 Act” substitute “any requirement imposed under section 43 of the Financial Services and Markets Act 2000, or by any prohibition imposed by or under any rules made by the Financial Services Authority under that Act”.

Returns of information by plan manager

125. In regulation 24A(3) (returns of information by plan manager)(**14**)—

- (a) in sub-paragraph (a) for paragraph (iv) substitute—
“(iv) units in, or shares of, securities schemes and warrant schemes,”;
- (b) in sub-paragraph (a) for paragraph (vi) substitute—
“(vi) units in, or shares of, fund of funds schemes, and”.

*The Retirement Benefits Schemes (Tax Relief on Contributions)
(Disapplication of Earnings Cap) Regulations 1990 (S.I. [1990/586](#))*

Mis-sold pension contracts—further disapplication of paragraphs 5(4) and 6(5) of Schedule 6 to the Finance Act 1989

126.—(1) Amend regulation 6(5) of the Retirement Benefits Schemes (Tax Relief on Contributions) (Disapplication of Earnings Cap) Regulations 1990 (mis-sold pension contracts—further disapplication of paragraphs 5(4) and 6(5) of the Schedule)(**15**) as follows.

- (2) In the definition of “bad investment advice” for paragraph (d) substitute—
 - “(d) by reason of a contravention which is actionable—
 - (i) under section 62 of the Financial Services Act 1986; or
 - (ii) under section 150 of the Financial Services and Markets Act 2000;”.
- (3) For the definition of “investment advice” substitute—
““investment advice”—
 - (a) in relation to a time before 1st December 2001, means advice such as is mentioned in paragraph 15 of Schedule 1 to the Financial Services Act 1986; and
 - (b) in relation to a time on or after that date, means advice such as is mentioned in Article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;”.

(13) Regulation 11 was amended by regulation 5 of S.I. [1995/3287](#).

(14) Regulation 24A was inserted by regulation 13 of S.I. [1993/756](#) and relevantly amended by regulation 12 of S.I. [2001/923](#).

(15) Regulation 6 was added by regulation 5 of S.I. [1996/3113](#).

The Retirement Benefits Schemes (Continuation of Rights of Members of Approved Schemes) Regulations 1990 (S.I. 1990/2101)

Interpretation

127.—(1) Amend regulation 2(1) of the Retirement Benefits Schemes (Continuation of Rights of Members of Approved Schemes) Regulations 1990 (interpretation)(**16**) as follows.

(2) In the definition of “bad investment advice” for paragraph (d) substitute—

“(d) by reason of a contravention which is actionable—

(i) under section 62 of the Financial Services Act 1986; or

(ii) under section 150 of the Financial Services and Markets Act 2000;”.

(3) For the definition of “investment advice” substitute—

““investment advice”—

(a) in relation to a time before 1st December 2001, means advice such as is mentioned in paragraph 15 of Schedule 1 to the Financial Services Act 1986; and

(b) in relation to a time on or after that date, means advice such as is mentioned in Article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;”.

The Income Tax (Building Societies) (Dividends and Interest) Regulations 1990 (S.I. 1990/2231)

Gross payments

128. In regulation 4(1)(r) of the Income Tax (Building Societies) (Dividends and Interest) Regulations 1990 (gross payments)(**17**) for “75(8) of the Financial Services Act 1986” substitute “237(1) of the Financial Services and Markets Act 2000”.

The Tax-exempt Special Savings Account Regulations 1990 (S.I. 1990/2361)

Introduction

129. Amend the Tax-exempt Special Savings Account Regulations 1990 in accordance with Articles 130 to 133.

Interpretation

130. In regulation 2(1) (interpretation)(**18**) for the definition of a “society or institution” substitute—

“a “society, person or institution” means a building society or a person falling within section 840A(1)(b) of the Taxes Act or a relevant European institution;”.

Notification by society or institution of intention to operate accounts

131. In regulation 5(3) (notification by society or institution of intention to operate accounts)(**19**) for “is authorised under the Banking Act 1987” substitute “falls within section 840A(1)(b) of the Taxes Act”.

(16) Regulation 2(1) was relevantly amended by regulation 3(a) and (b) of S.I. 1996/3114.

(17) Regulation 4(1)(r) was added by regulation 4(1)(a)(v) of S.I. 1992/2915.

(18) Regulation 2 was relevantly amended by regulation 3(1) of S.I. 1995/1929 and regulation 8(c) of S.I. 1995/3239.

(19) Regulation 5 was amended by regulation 9 of S.I. 1995/3239.

Society or institution ceasing to be entitled to operate accounts

132. In regulation 11(a) (society or institution ceasing to be entitled to operate accounts) **(20)** for “be authorised under the Banking Act 1987” substitute “fall within section 840A(1)(b) of the Taxes Act”.

Miscellaneous amendments

133.—(1) In the following regulations after “societies” insert “, persons”—

- (a) regulation 3(b), (c) and (cd)**(21)**;
- (b) regulation 12(3)(a) (twice) and (d).

(2) In the following places after “society” insert “, person”—

- (a) regulation 3(cc) and (d);
- (b) regulation 4 (three times);
- (c) the heading to regulation 5 and paragraphs (1) and (3) of that regulation;
- (d) regulation 6(1), (3)(b) and (c) and (5)**(22)**;
- (e) regulation 7(1)(a) (twice) and (3)(b)(iii);
- (f) regulation 7A(1) (twice), (2), (3)(b)(i) and (ii) and (4)**(23)**;
- (g) regulation 7B(1), (2)(a) and (b) (twice);
- (h) regulation 8(1) (twice), (2), (3)(a) and (4);
- (i) regulation 9(1);
- (j) the heading to regulation 10 and that regulation (twice);
- (k) the heading to regulation 11 and that regulation;
- (l) the heading to regulation 12 and paragraphs (1) (three times), (2) and (3) (four times) of that regulation**(24)**;
- (m) the heading to regulation 13 and paragraphs (1) (three times) and (3) (six times) of that regulation**(25)**;
- (n) the heading to regulation 14 and paragraphs (1) and (2) (twice) of that regulation**(26)**;
- (o) regulation 15;
- (p) regulation 16**(27)**.

The Debts of Overseas Governments (Determination of Relevant Percentage) Regulations 1990 (S.I. 1990/2529)

A, B and C factors: introductory

134. In Schedule 1 to the Debts of Overseas Governments (Determination of Relevant Percentage) Regulations 1990 in paragraph 1(1) (A, B and C factors: introductory) in the definition of “regional development bank” for the words from “for the time” to “1987” substitute “listed in Part I of the Financial Services and Markets Act 2000 (Exemption) Order 2001”.

(20) Regulation 11(a) was amended by regulation 10(a) of S.I. 1995/3239.

(21) Regulation 3 was amended by regulation 4 of S.I. 1995/1929.

(22) Regulation 6 was amended by regulation 5 of S.I. 1995/1929.

(23) Regulation 7A was inserted, together with regulation 7B, by regulation 7 of S.I. 1995/1929.

(24) Regulation 12 was amended by regulation 8 of S.I. 1995/1929.

(25) Regulation 13 was amended by regulation 9 of S.I. 1995/1929.

(26) Regulation 14 was substituted by regulation 10 of S.I. 1995/1929.

(27) Regulation 16 was amended by regulation 11 of S.I. 1995/3239.

The Inheritance Tax (Market Makers) Regulations 1992 (S.I. [1992/3181](#))

Modification of sections 105(7) and 234(4) of the Inheritance Tax Act 1984

135. In regulation 4(a) of the Inheritance Tax (Market Makers) Regulations 1992 (modification of subsection (7) and subsection (4)) for “of the Financial Services Act 1986” substitute “given by section 285(1)(a) of the Financial Services and Markets Act 2000”.

The Income Tax (Prescribed Deposit-takers) Order 1992 (S.I. [1992/3234](#))

Meaning of European deposit-taker

136. For Article 2(2) of the Income Tax (Prescribed Deposit-takers) Order 1992 (meaning of European deposit-taker) substitute—

“(2) In paragraph (1) above, “European deposit-taker” means an EEA firm of the kind mentioned in paragraph 5(b) of Schedule 3 to the Financial Services and Markets Act 2000 which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12(1) of that Schedule) to accept deposits.”.

The Exchange Gains and Losses (Alternative Method of Calculation of Gain or Loss) Regulations 1994 (S.I. [1994/3227](#))

Settlement and replacement of debts

137. In regulation 2(4) of the Exchange Gains and Losses (Alternative Method of Calculation of Gain or Loss) Regulations 1994 (reduction in exchange gains and losses) for “long term” substitute “long-term” (twice).

The Exchange Gains and Losses (Insurance Companies) Regulations 1994 (S.I. [1994/3231](#))

Specified assets

138. In regulation 7(9) and (13) of the Exchange Gains and Losses (Insurance Companies) Regulations 1994 (specified assets)(**28**) for “long term business” substitute “long-term insurance”.

The Lloyd’s Underwriters (Tax) Regulations 1995 (S.I. [1995/351](#))

Cessation of individual member’s underwriting business—terminal loss relief

139. In regulation 14(2) of the Lloyd’s Underwriters (Tax) Regulations 1995 (cessation of individual member’s underwriting business—terminal loss relief) for “premiums” substitute “premium”.

The Insurance Companies (Taxation of Reinsurance Business) Regulations 1995 (S.I. [1995/1730](#))

Prescribed percentage rates of return

140. In regulation 7(11) of the Insurance Companies (Taxation of Reinsurance Business) Regulations 1995 (prescribed percentage rates of return for the purposes of regulations 4 and 5)—

(28) Regulation 7 was added by regulation 4 of S.I. [1996/673](#).

- (a) in sub-paragraph (a) for “long term” substitute “long-term”;
- (b) in sub-paragraph (b)(i) and (ii) for “long term business” substitute “long-term insurance”.

The Retirement Benefits Schemes (Information Powers) Regulations 1995 (S.I. [1995/3103](#))

Reporting of chargeable events

141. In regulation 13(2)(b) of the Retirement Benefits Schemes (Information Powers) Regulations 1995 (reporting of chargeable events) for “section 96D of the Insurance Companies Act 1982” substitute “sections 417(1) and 423 of the Financial Services and Markets Act 2000 respectively”.

The Insurance Companies (Overseas Life Assurance Business) (Compliance) Regulations 1995 (S.I. [1995/3237](#))

Miscellaneous amendments

142. In the following regulations of the Insurance Companies (Overseas Life Assurance Business) (Compliance) Regulations 1995 for “long term” substitute “long-term”—

- (a) regulation 2(1)(**29**) (twice);
- (b) regulation 5(1A)(a)(i) and (ii)(**30**);
- (c) regulation 7(1A)(a)(i) and (ii)(**31**);
- (d) regulation 7A(2)(a)(i) and (ii)(**32**);
- (e) regulation 8(1A)(a)(i) and (ii)(**33**);
- (f) regulation 13(1A)(a)(i) and (ii)(**34**);
- (g) regulation 14(1A)(a)(i) and (ii)(**35**);
- (h) regulation 14A(2)(a)(i) and (ii)(**36**).

the Capital Gains Tax (Pension Funds Pooling Schemes) Regulations 1996 (S.I. [1996/1583](#))

Interpretation

143. In regulation 2 of the Capital Gains Tax (Pension Funds Pooling Schemes) Regulations 1996 (interpretation) in the definition of “unit trust scheme” for “75(8) of the Financial Services Act 1986” substitute “237(1) of the Financial Services and Markets Act 2000”.

(29) Regulation 2(1) was relevantly amended by regulation 3(2) and (4) of S.I. [1999/2839](#).

(30) Regulation 5(1A) was inserted by regulation 5(3) of S.I. [1999/2839](#).

(31) Regulation 7(1A) was inserted by regulation 6(3) of S.I. [1999/2839](#).

(32) Regulation 7A was inserted by regulation 7 of S.I. [1999/2839](#).

(33) Regulation 8(1A) was inserted by regulation 8(3) of S.I. [1999/2839](#).

(34) Regulation 13(1A) was inserted by regulation 13(2) of S.I. [1999/2839](#).

(35) Regulation 14(1A) was inserted by regulation 14(3) of S.I. [1999/2839](#).

(36) Regulation 14A was inserted by regulation 15 of S.I. [1999/2839](#).

The Stamp Duty and Stamp Duty Reserve Tax (Pension Funds Pooling Schemes) Regulations 1996 (S.I. 1996/1584)

Interpretation

144. In regulation 2 of the Stamp Duty and Stamp Duty Reserve Tax (Pension Funds Pooling Schemes) Regulations 1996 in the definition of “unit trust scheme” for “75(8) of the Financial Services Act 1986” substitute “237(1) of the Financial Services and Markets Act 2000”.

The Income Tax (Pension Funds Pooling Schemes) Regulations 1996 (S.I. 1996/1585)

Interpretation

145.—(1) Amend regulation 2 of the Income Tax (Pension Funds Pooling Schemes) Regulations 1996 as follows.

(2) In paragraph (1) in the definition of “units” and “unit trust scheme” for “75(8) of the Financial Services Act 1986” substitute “237 of the Financial Services and Markets Act 2000”.

(3) In paragraph (4) for the words from “within” to “1986” substitute “and, for the purposes of this paragraph, “participant” shall be construed in accordance with section 235 of the Financial Services and Markets Act 2000”.

the Insurance Companies (Reserves) (Tax) Regulations 1996 (S.I. 1996/2991)

Introduction

146. Amend the Insurance Companies (Reserves) (Tax) Regulations 1996 in accordance with Articles 147 to 151.

Interpretation

147.—(1) Amend regulation 2(1) (interpretation) as follows.

(2) After the definition of “branch” insert—

““company tax return” has the meaning given by paragraph 3(1) of Schedule 18 to the Finance Act 1998;”

(3) For the definition of “EC Company” substitute—

““EEA firm” means an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to the Financial Services and Markets Act 2000;”.

(4) After the definition of “equivalent reserve” insert—

““equalisation reserves rules” means the rules in Chapter 6 of the Prudential Sourcebook (Insurers);”.

(5) Omit the definition of “the Management Act”.

(6) After the definition of “paragraph 52 method of accounting on a non-annual basis” insert—

““the Prudential Sourcebook (Insurers)” means the Interim Prudential Sourcebook for Insurers made by the Financial Services Authority under the Financial Services and Markets Act 2000;”.

(7) In the definition of “return period” for “17 of the 1982 Act” substitute “9.3 of the Prudential Sourcebook (Insurers)”.

(8) Omit the definition of “section 34A regulations”.

(9) After the definition of “the Taxes Act” insert—

““Treaty firm” means a firm which has permission under paragraph 4 of Schedule 4 to the Financial Services and Markets Act 2000 (as a result of qualifying for authorisation under paragraph 2 of that Schedule) to effect or carry out contracts of insurance in the United Kingdom and, in this definition, “contract of insurance” has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;”.

(10) Omit the definition of “the 1982 Act”.

(11) The amendments made by paragraphs (2), (4) to (8) and (10) above have effect in relation to periods of account ending on or after 1st December 2001.

Non-annual accounts: tax returns prepared on an annual basis

148.—(1) Amend regulation 5 (non-annual accounts: tax returns prepared on an annual basis) as follows.

(2) In paragraph (1)—

- (a) in sub-paragraph (a) for “17 of the 1982 Act” substitute “9.3 of the Prudential Sourcebook (Insurers)”;
- (b) in sub-paragraph (b) for “return under section 11 of the Management Act” substitute “company tax return”.

(3) In paragraph (4)—

- (a) for “Secretary of State pursuant to section 22 of the 1982 Act” substitute “Financial Services Authority pursuant to Chapter 9 of the Prudential Sourcebook (Insurers)”;
- (b) for “prescribed by the Insurance Companies (Accounts and Statements) Regulations 1996” substitute “prescribed by the Accounts and Statements Rules contained in that Chapter”.

(4) This Article has effect in relation to periods of account ending on or after 1st December 2001.

EEA firms and Treaty firms

149.—(1) For the heading to regulation 7 (EC companies) substitute “EEA firms and Treaty firms” and amend that regulation as follows.

(2) In paragraph (1)(a) for “EC Company” substitute “EEA firm or a Treaty firm”.

(3) In paragraph (2) for “return under section 11 of the Management Act” substitute “company tax return”.

(4) The amendment made by paragraph (3) has effect in relation to periods of account ending on or after 1st December 2001.

Certain business carried on outside the United Kingdom

150.—(1) Amend regulation 8 (certain business carried on outside the United Kingdom)(**37**) as follows.

(2) In paragraph (1)(a) omit “(within the meaning of the 1982 Act)”.

(3) After paragraph (5) add—

“(6) In paragraph (1)(a) “insurance business” means business which consists of the effecting or carrying out of contracts of insurance and, for the purposes of this definition, “contract of insurance” has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.”.

(37) Regulation 8 was amended by regulation 7(2) of S.I. [1999/1408](#).

Miscellaneous amendments

151.—(1) For “section 34A regulations” substitute “equalisation reserves rules” in the following places—

- (a) regulation 3(3)(a);
 - (b) regulation 4(1)(a);
 - (c) regulation 5(2) (twice);
 - (d) regulation 6(1), (2) and (4);
 - (e) regulation 7(1)(a), (3) and (6);
 - (f) regulation 8(1)(a), (2) and (4);
 - (g) regulation 8A(3)(**38**);
 - (h) the heading to regulation 9 and paragraph (3) of that regulation;
 - (i) regulation 10(1), (2)(a), (3) and (5);
 - (j) regulation 12.
- (2) This Article has effect in relation to periods of account ending on or after 1st December 2001.

The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. [1997/473](#))

Introduction

152. Amend the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 in accordance with Articles 153 to 165.

Interpretation

153.—(1) Amend regulation 2 (interpretation) as follows.

(2) After the definition of “directive society” insert—

““general business” means business which consists of the effecting or carrying out of contracts that fall within Part I of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;”.

(3) In the definition of “linked business” for “within Class III of Head A of Schedule 2 to the Friendly Societies Act 1992” substitute “of effecting or carrying out contracts of insurance which fall within paragraph III of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001”.

(4) In the definition of “section 37(3) society” for paragraph (b) substitute—

“(b) is subject to relevant section 43 requirements;”.

(5) After the definition of “section 37(3) society” insert—

““relevant section 43 requirements” means requirements imposed, or treated as imposed, under section 43 of the Financial Services and Markets Act 2000 which—

- (a) are intended to secure that the society’s long-term business and general business are kept separate; and
- (b) subject to any exceptions or other conditions, require that the assets representing the funds maintained in respect of the society’s long-term business or, as the case may be, its general business are to be generally applicable for the purposes of that business only;”.

(38) Regulation 8A was inserted by regulation 7(3) of S.I. [1999/1408](#).

Modifications of section 12 of the Income and Corporation Taxes Act 1988

- 154.**—(1) In the heading to regulation 4 (modification of section 12(7A) of the Taxes Act)—
- (a) for “Modification” substitute “Modifications”;
 - (b) omit “(7A)”.
- (2) Amend regulation 4 in accordance with paragraphs (3) and (4) below.
- (3) In paragraph (1) for “Paragraph (2) prescribes a modification of section 12(7A)” substitute “Paragraphs (2) and (3) prescribe modifications of section 12”.
- (4) For paragraph (2) substitute—
- “(2) In subsection (7A) for the words from “an insurance business transfer scheme has effect to transfer from a company to another person” there shall be substituted the words “there is a transfer from a company to another person of”.
 - (3) In subsection (7B) the definition of “insurance business transfer scheme” shall be omitted.”.

Modification of section 76(7) of the Income and Corporation Taxes Act 1988

- 155.** Omit regulation 5(6) (modification of section 76(7) of the Income and Corporation Taxes Act 1988).

Modifications of section 431 of the Income and Corporation Taxes Act 1988

- 156.**—(1) Amend regulation 6 (modifications of section 431 of the Taxes Act) as follows.
- (2) In paragraph (2) in the inserted definition of “valuation report”—
- (a) in paragraph (a) for “section 46(3) of the Friendly Societies Act 1992” substitute “rule 5.1(2) of the Prudential Sourcebook (Friendly Societies)”;
 - (b) in paragraph (b) for “section 47(2) of the Friendly Societies Act 1992” substitute “rule 5.2(2) of the Prudential Sourcebook (Friendly Societies)”.
- (3) In paragraph (2) after the inserted definition of “non-directive society” insert—
- ““the Prudential Sourcebook (Friendly Societies)” means the Interim Prudential Sourcebook for Friendly Societies made by the Financial Services Authority under the Financial Services and Markets Act 2000;”.
- (4) In paragraph (3) in the substituted definition of “liabilities” in paragraph (b)(ii) for “section 47(2) of the Friendly Societies Act 1992” substitute “rule 5.2(2) of the Prudential Sourcebook (Friendly Societies)”.
- (5) In paragraph (5) in the substituted definition of “periodical return”—
- (a) in paragraph (a) for the words from “means” to the end substitute “means the FSC1 return within the meaning given in Chapter 5 of the Prudential Sourcebook (Friendly Societies); and”;
 - (b) in paragraph (b) for “its valuation report” substitute “the FSC2 return within the meaning given in that Chapter”.
- (6) In paragraph (6) in the substituted definition of “value” in paragraph (b)(ii) for “section 47(2) of the Friendly Societies Act 1992” substitute “rule 5.2(2) of the Prudential Sourcebook (Friendly Societies)”.
- (7) This Article has effect in relation to periods of account ending on or after 1st December 2001.

Modifications of section 432A of the Income and Corporation Taxes Act 1988

157.—(1) Amend regulation 9 (modifications of section 432A of the Taxes Act) as follows.

(2) In paragraph (2) in the inserted subsection (1B) in paragraph (a) for “section 46(5) of the Friendly Societies Act 1992” substitute “rule 5.1(3) of the Prudential Sourcebook (Friendly Societies)”.

(3) In paragraph (3) in the inserted subsection (1E)—

(a) for the words from “Friendly Societies Commission” to “1992” substitute “Financial Services Authority, by giving a direction under section 148 of the Financial Services and Markets Act 2000”;

(b) for “subsection (2) of that section” substitute “rule 5.2 of the Prudential Sourcebook (Friendly Societies)”.

(4) This Article has effect in relation to periods of account ending on or after 1st December 2001.

Modifications of section 440 of the Income and Corporation Taxes Act 1988

158.—(1) In regulation 22(1)(b) (modifications of section 440 of the Taxes Act) for the words from “conditions” to “1992” substitute “relevant section 43 requirements”.

(2) In regulation 23 (modifications of section 440 of the Taxes Act) for paragraph (2) substitute—

“(2) For the words “an insurance business transfer scheme which has effect to transfer” there shall be substituted the words “a transfer of”. ”.

Modifications of section 444A of the Income and Corporation Taxes Act 1988

159. In regulation 30 (modification of section 444A(1) of the Taxes Act) for paragraph (2) substitute—

“(2) For the words “where an insurance business transfer scheme has effect to transfer” there shall be substituted the words “where there is a transfer of”. ”.

Modifications of section 83 of the Finance Act 1989

160.—(1) Amend regulation 35 (modifications of section 83 of the Finance Act 1989) as follows.

(2) In paragraph (1) for “Paragraph (2) prescribes a modification of section 83(6)” substitute “Paragraphs (2) and (3) prescribe modifications of section 83”.

(3) For paragraph (2) substitute—

“(2) In subsection (6)(a) the words “effected under an insurance business transfer scheme” shall be omitted.

(3) In subsection (6A) the definition of “insurance business transfer scheme” shall be omitted.”.

Modifications of section 211 of the Taxation of Chargeable Gains Act 1992

161.—(1) In the heading to regulation 44 (modification of section 211(1) of the 1992 Act)—

(a) for “Modification” substitute “Modifications”;

(b) omit “(1)”.

(2) Amend regulation 44 in accordance with paragraphs (3) and (4) below.

(3) In paragraph (1) for “Paragraph (2) prescribes a modification of section 211(1)” substitute “Paragraphs (2) and (3) prescribe modifications of section 211”.

(4) For paragraph (2) substitute—

“(2) In subsection (1) for the words “where an insurance business transfer scheme has effect to transfer” there shall be substituted the words “where there is a transfer of”.

(3) In subsection (1A) omit the definition of “insurance business transfer scheme”.

Modifications of section 213 of the Taxation of Chargeable Gains Act 1992

162. In regulation 47 (modifications of section 213 of the 1992 Act) for paragraph (2) substitute—

“(2) For the words “an insurance business transfer scheme has effect to transfer” there shall be substituted the words “there is a transfer of”.

Modifications of paragraph 12 of Schedule 9 to the Finance Act 1996

163.—(1) Amend regulation 52 (modifications of paragraph 12 of Schedule 9 to the Finance Act 1996) as follows.

(2) In paragraph (1) for “Paragraphs (2) and (3)” substitute “Paragraphs (2) to (4)”.

(3) For paragraph (2) substitute—

“(2) In sub-paragraph (1)(c) the words “which has effect under an insurance business transfer scheme” shall be omitted.”.

(4) After paragraph (3) add—

“(4) In sub-paragraph (9) the definition of “insurance business transfer scheme” shall be omitted.”.

Modification of paragraph 18 of Schedule 12 to the Finance Act 1997

164.—(1) In regulation 53A (modification of paragraph 18 of Schedule 12 to the Finance Act 1997)(39) for paragraph (2) substitute—

“(2) In sub-paragraph (1) for the words “Chapter 9 of the Prudential Sourcebook (Insurers)” there shall be substituted the words “Chapter 5 of the Prudential Sourcebook (Friendly Societies)”.

(3) In sub-paragraph (2) for the words ““the Prudential Sourcebook (Insurers)” means the Interim Prudential Sourcebook for Insurers” substitute the words ““Prudential Sourcebook (Friendly Societies)” means the Interim Prudential Sourcebook for Friendly Societies””.

(2) This Article has effect in relation to periods of account ending on or after 1st December 2001.

Miscellaneous amendments

165.—(1) In the following regulations for “long term business fund” substitute “long-term insurance fund”—

- (a) regulation 13(5) (in the added subsection (11));
- (b) regulation 34(2) (in the inserted subsection (2A));
- (c) regulation 45(3) (in the added subsection (9)).

(2) In the following places for “long term” substitute “long-term”—

- (a) in the heading to regulation 3 and in paragraph (1) of that regulation;
- (b) regulation 6(4) (twice);

(39) Regulation 53A was inserted by regulation 5 of S.I. [1997/2877](#).

- (c) regulation 13(5) (in the added subsections (11)(a) and (b) and (12)(a)(twice) and (b));
- (d) regulation 22(1)(b);
- (e) regulation 36(2) (in the substituted subsection (2)(a) and (b)).

The Open-ended Investment Companies (Tax) Regulations 1997 (S.I. [1997/1154](#))

Modifications of section 468 of the Income and Corporation Taxes Act 1988

166.—(1) Amend regulation 10(4) of the Open-ended Investment Companies (Tax) Regulations 1997 (modifications of section 468) as follows.

- (2) In the added subsection (10)—
 - (a) in the definition of “authorised corporate director” for “of the Financial Services Act 1986” substitute “given by section 31(2) of the Financial Services and Markets Act 2000”;
 - (b) in the definition of “collective investment scheme” for “75 of the Financial Services Act 1986” substitute “235 of the Financial Services and Markets Act 2000”;
 - (c) in the definition of “open-ended investment company” for “75(8) of the Financial Services Act 1986” substitute “236 of the Financial Services and Markets Act 2000”.
- (3) In the added subsection (18)—
 - (a) in paragraph (a)—
 - (i) for ““open-ended investment company”” substitute ““an open-ended investment company””
 - (ii) for “75(8) of the Financial Services Act 1986” substitute “236 of the Financial Services and Markets Act 2000”;
 - (b) in paragraph (c) for “75(3)(a)” substitute “235(a)”.

The Stamp Duty and Stamp Duty Reserve Tax (Open-ended Investment Companies) Regulations 1997 (S.I. [1997/1156](#))

Interpretation

167. In regulation 2 of the Stamp Duty and Stamp Duty Reserve Tax (Open-ended Investment Companies) Regulations 1997 (interpretation) in the definition of “authorised unit trust” for “78 of the Financial Services Act 1986” substitute “243 of the Financial Services and Markets Act 2000”.

The Individual Savings Account Regulations 1998 (S.I. [1998/1870](#))

Introduction

168. Amend the Individual Savings Account Regulations 1998 in accordance with Articles 169 to 178.

Interpretation

- 169.**—(1) Amend regulation 2(1) (interpretation)(**40**) as follows.
- (2) Amend sub-paragraph (a) in accordance with paragraphs (3) to (6) below.

(40) Regulation 2(1) was relevantly amended by regulation 3(3)(a) and (c) of S.I. [1998/3174](#).

(3) In the definition of “account” in paragraph (iv) for “an institution authorised under the Banking Act 1987” substitute “a person falling within section 840A(1)(b) of the Taxes Act”.

(4) In the definition of “company” in paragraph (i) for “75(8) of the Financial Services Act 1986” substitute “236 of the Financial Services and Markets Act 2000”.

(5) For the definition of “European institution” substitute—

““European institution” means an EEA firm of the kind mentioned in paragraph 5(a), (b) or (c) of Schedule 3 to the Financial Services and Markets Act 2000 which is an authorised person for the purposes of that Act as a result of qualifying for authorisation under paragraph 12 of that Schedule;”.

(6) Omit the definition of “long term business”.

(7) Amend sub-paragraph (b) in accordance with paragraphs (8) to (17) below.

(8) Before the definition of “authorised unit trust” insert—

““authorised fund” means—

- (i) an authorised unit trust, or
- (ii) an open-ended investment company with variable capital incorporated in the United Kingdom in the case of which an authorisation order made by the Financial Services Authority under regulation 14 of the Open-Ended Investment Companies Regulations 2001 is in force;”.

(9) In the definition of “authorised unit trust” for “78 of the Financial Services Act 1986” substitute “243 of the Financial Services and Markets Act 2000”.

(10) In the definition of “the first condition” for the words from “subject to” to the end substitute “of the scheme, or subject to the trusts of the scheme, to consist of units in, or shares of, authorised funds or parts of umbrella schemes which are not securities schemes or warrant schemes”.

(11) In the definition of “the second condition”—

- (a) for “subject to the trusts of the scheme” substitute “of the scheme, or subject to the trusts of the scheme”;
- (b) in paragraph (i) for “87 or 88 of the Financial Services Act 1986” substitute “270 or 272 of the Financial Services and Markets Act 2000”;
- (c) for paragraph (ii) and the words immediately after it substitute—
 - “(ii) a part of a scheme mentioned in paragraph (i) which would be a part of an umbrella scheme if the definition of “umbrella scheme” and a part thereof applied to a scheme mentioned in paragraph (i),
 - where the terms of the scheme mentioned in paragraph (i) identify that scheme, or part thereof, as the case may be, as a scheme or part that would belong to one of the categories of securities scheme or warrant scheme, if that scheme or part, as the case may be, were independently an authorised fund;”.

(12) In the definition of “fund of funds”—

- (a) for ““fund of funds”” substitute ““funds of funds scheme””;
- (b) in paragraph (i)—
 - (i) for “authorised unit trust” substitute “authorised fund”;
 - (ii) for “fund of funds” substitute “fund of funds scheme”;
- (c) in paragraph (ii) for “authorised unit trust” substitute “authorised fund”.

(13) In the definition of “money market fund”—

- (a) for ““money market fund”” substitute ““money market scheme””;

- (b) in paragraph (i)—
 - (i) for “authorised unit trust” substitute “authorised fund”;
 - (ii) for “money market fund” substitute “money market scheme”;
- (c) in paragraph (ii) for “authorised unit trust” substitute “authorised fund”.
- (14) In the definition of a “relevant UCITS”—
 - (a) in paragraph (i) for “86 of the Financial Services Act 1986” substitute “264 of the Financial Services and Markets Act 2000”;
 - (b) in paragraph (ii) for the words from “an umbrella company” to “in either case” substitute “an umbrella scheme, if the definition of “umbrella scheme” and a part thereof”;
 - (c) for “securities fund, warrant fund, securities company or warrant company” substitute “securities scheme or warrant scheme”;
 - (d) for the words from “authorised unit trust or an open-ended investment company” to the end substitute “authorised fund”.
- (15) For the definitions of “securities company” and “securities fund” substitute—

““securities scheme” means—

 - (i) an authorised fund which according to the terms of the scheme is a securities scheme belonging to the category under that name established by the Financial Services Authority, and
 - (ii) a part of an umbrella scheme which the terms of the scheme identify as a part which would belong to that category if it were itself an authorised fund;”.
- (16) For the definition of “umbrella company” and “umbrella scheme” substitute—

““umbrella scheme” means an authorised fund which according to the terms of the scheme is an umbrella scheme belonging to the category under that name established by the Financial Services Authority, and

 - (i) in the case of an authorised fund which is an authorised unit trust, references to a part of an umbrella scheme shall be construed in accordance with subsection (8) of section 468 of the Taxes Act, and, in relation to a part of an umbrella scheme, references to investments subject to the trusts of an authorised unit trust and to a unit holder shall be construed in accordance with subsection (9) of that section, and
 - (ii) in the case of an authorised fund which is an open-ended investment company, references to a part of an umbrella scheme shall be construed in accordance with subsection (18) of section 468 of the Taxes Act as that subsection is added in relation to open-ended investment companies by regulation 10(4) of the 1997 Regulations, and, in relation to a part of an umbrella scheme, references to investments of the company shall be construed in accordance with subsection (12) of that section as so added;”.
- (17) For the definitions of “warrant company” and “warrant fund” substitute—

““warrant scheme” means—

 - (i) an authorised fund which according to the terms of the scheme is a warrant scheme belonging to the category under that name established by the Financial Services Authority, and
 - (ii) a part of an umbrella scheme which the terms of the scheme identify as a part that would belong to that category if it were itself an authorised fund;”.

Transfers from matured tax-exempt special savings accounts

170. In regulation 5(3)(a) and (b) (twice), (4)(b)(i) and (ii) and (5) (transfers from matured tax-exempt special savings accounts) after “society” insert “, person”.

General investment rules

171.—(1) Amend regulation 6 (general investment rules) as follows.

(2) In paragraph (1) for sub-paragraphs (a) and (b) substitute—

“(a) in the case of an authorised fund which is a dual priced unit trust, at the manager’s price for the sale of the relevant class of units within the meaning of, and complying with the requirements of, rule 15.4.4 of the Collective Investment Schemes Sourcebook;

(b) in the case of an authorised fund which is a single priced unit trust or an open-ended investment company, at the price of a unit or share within the meaning of, and complying with the requirements of, rule 4.3.11 of the Collective Investment Schemes Sourcebook; and”.

(3) After paragraph (1) insert—

“(1ZA) In paragraph (1)(a) and (b)—

“the Collective Investment Scheme Sourcebook” means the sourcebook of that name made by the Financial Services Authority under the Financial Services and Markets Act 2000⁽⁴¹⁾;

“a dual priced unit trust” means an authorised unit trust in respect of which the manager gives different prices for buying and selling units at the same time;

“a single priced unit trust” means an authorised unit trust in respect of which the manager gives the same price for buying and selling units at the same time.”.

Qualifying investments for a stocks and shares component

172.—(1) Amend regulation 7 (qualifying investments for a stocks and shares component) as follows.

(2) In paragraph (2)—

(a) for sub-paragraph (e) substitute—

“(e) units in, or shares of, a securities scheme or a warrant scheme, in circumstances where the scheme satisfies the condition specified in paragraph (8);”;

(b) for sub-paragraph (g) substitute—

“(g) units in, or shares of, a fund of funds scheme, in circumstances where the scheme satisfies the condition specified in paragraph (9);”.

(3) In paragraph (4)(a) for paragraphs (iv) and (v) substitute—

“(iv) units in or shares in, or rights to units in or shares in, an authorised fund or a part of an umbrella scheme;”.

(4) In paragraph (8) for “company” substitute “scheme” (twice).

(5) For paragraph (9) substitute—

⁽⁴¹⁾ This sourcebook is part of the FSA Handbook. The FSA Handbook may be purchased on paper and on CD Rom from the Publications Department (Sales), Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS and is available on line at www.fsa.gov.uk.

“(9) The condition specified in this paragraph is that not more than 50 per cent. in value of the investments of the scheme, or subject to the trusts of the scheme, are—

- (a) units in, or shares of, a securities scheme or a warrant scheme, or
- (b) units in, or shares of, a relevant UCITS,

where the securities scheme, warrant scheme or UCITS does not satisfy the condition in paragraph (8).”.

Qualifying investments for a cash component

173. In regulation 8(2) (qualifying investments for a cash component)(**42**)—

- (a) in sub-paragraph (a) for “an institution authorised under the Banking Act 1987” substitute “a person falling within section 840A(1)(b) of the Taxes Act”;
- (b) for sub-paragraph (c) substitute—
 - “(c) units in, or shares of, a money market scheme;”;
- (c) for sub-paragraph (d) substitute—
 - “(d) units in, or shares of, a fund of funds scheme, within the meaning given in regulation 2(1)(b), with the modification that for the words from “comply with” to the end there are substituted the words
 “permit the investments of the scheme, or subject to the trusts of the scheme, to consist only of units in, or shares of, money market schemes;”.

Qualifying investments for an insurance component

174. In regulation 9(3) (qualifying investments for an insurance component) for sub-paragraph (c) substitute—

- “(c) the policy evidences or secures a contract of insurance which—
 - (i) falls within paragraph I or III of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, or
 - (ii) would fall within either of those paragraphs if the insurer was a company with permission under Part 4 of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance;”.

Account manager—qualifications and Board’s approval

175. Amend regulation 14(2) (account manager—qualifications and Board’s approval)(**43**) as follows—

- (a) in sub-paragraph (b)(i) for the words from “Chapter III” to “Act”) substitute
 “section 31(1)(a) or (c) of, or Schedule 5 to, the Financial Services and Markets Act 2000 who has permission to carry on one or more of the activities specified in Articles 14, 21, 25, 37, 40, 45, 51 and 53 and, in so far as it applies to any of those activities, Article 64 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 but excluding any person falling within paragraph (iv) below”;
- (b) in sub-paragraph (b)(ii) for the words from “may” to “1992” substitute “carries on one or more of those activities”;

(42) Regulation 8(2) was relevantly amended by regulation 6 of S.I. [1998/3174](#).

(43) Regulation 14(2) was amended by regulation 8 of S.I. [1998/3174](#).

- (c) in sub-paragraph (b)(iii) for “an institution authorised under the Banking Act 1987” substitute “a person falling within section 840A(1)(b) of the Taxes Act”;
- (d) in sub-paragraph (c) for the words from “any prohibition” to “65 of the 1986 Act” substitute “any requirement imposed under section 43 of the Financial Services and Markets Act 2000, or by any prohibition imposed by or under any rules made by the Financial Services Authority under that Act”.

Account manager ceasing to qualify

176. In regulation 20(1)(d) (account manager ceasing to qualify)—

- (a) for “an institution authorised under the Banking Act 1987” substitute “a person falling within section 840A(1)(b) of the Taxes Act”;
- (b) in paragraph (i) for “be authorised under the Banking Act 1987” substitute “fall within section 840A(1)(b) of the Taxes Act”.

Returns of information by account manager

177. In regulation 31(4) (returns of information by account manager)—

- (a) in sub-paragraph (a) for paragraph (iv) substitute—
“(iv) units in, or shares of, securities schemes and warrant schemes,”;
- (b) in sub-paragraph (a) for paragraph (vi) substitute—
“(vi) units in, or shares of, fund of funds schemes, and”;
- (c) in sub-paragraph (b) for paragraph (i) substitute—
“(i) units in, or shares of, money market schemes and fund of funds schemes within the meaning given by regulation 8(2)(d),”.

Capital gains tax—adaptation of enactments

178. In regulation 34(4) (capital gains tax—adaptation of enactments) for the words from “in relation to” to “company” substitute “in relation to qualifying investments falling within any of sub-paragraphs (a), (b), (d), (e), (f), (g) and (h) of regulation 7(2)”.

The Individual Savings Account (Insurance Companies) Regulations 1998 (S.I. [1998/1871](#))

Tax credits on distributions to insurance companies

179. In regulation 4(1) of the Individual Savings Account (Insurance Companies) Regulations 1998 (tax credits on distributions to insurance companies) for “long term business” substitute “long-term insurance”.

The Controlled Foreign Companies (Excluded Countries) Regulations 1998 (S.I. [1998/3081](#))

Interpretation

180. In regulation 2(1) of the Controlled Foreign Companies (Excluded Countries) Regulations 1998 (interpretation) in the definition of “insurance company” for the words from ““long-term business”” to “1982” substitute “the business of effecting or carrying out contracts which fall within Part I or II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001”.

The Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/3175)

Anti-avoidance provision

181. In regulation 14(6)(b)(ii) of the Corporation Tax (Instalment Payments) Regulations 1998 (anti-avoidance provision) for “long term” substitute “long-term”.

The Friendly Societies (Provisional Repayments for Exempt Business) Regulations 1999 (S.I. 1999/622)

Substitution of paragraph 1(5) of Schedule 19AB

182. In regulation 5(2) of the Friendly Societies (Provisional Repayments for Exempt Business) Regulations 1999 (substitution of paragraph 1(5) of Schedule 19AB where regulation 4 applies)—

- (a) in the substituted sub-paragraphs (5)(a)(ii) and (c), (5A)(c) and (5D) (twice) for “long term business fund” substitute “long-term insurance fund”;
- (b) in the substituted sub-paragraph (5D)(b) for “long term” in the first place where it occurs substitute “long-term”.

The Personal Portfolio Bonds (Tax) Regulations 1999 (S.I. 1999/1029)

Introduction

183. Amend the Personal Portfolio Bonds (Tax) Regulations 1999 in accordance with Articles 184 and 185.

Interpretation

184.—(1) Amend regulation 2(1) (interpretation) as follows.

(2) In the definition of “collective investment scheme” for “75 of the Financial Services Act 1986” substitute “235 of the Financial Services and Markets Act 2000”.

(3) In the definition of “internal linked fund” for the words from “regulation” to “1996” substitute “section 11.1 of the Prudential Sourcebook (Insurers) and in this definition “the Prudential Sourcebook (Insurers)” means the Interim Prudential Sourcebook for Insurers made by the Financial Services Authority under the Financial Services and Markets Act 2000”.

(4) In the definition of “insurance company” for “an insurance” to “1982” substitute “an undertaking carrying on the business of effecting or carrying out contracts of insurance and, for the purposes of this definition, “contract of insurance” has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001”.

(5) In the definition of “warrant” for the words from “paragraphs” to “1986” substitute “paragraph 14 of Schedule 2 to the Financial Services and Markets Act 2000”.

(6) The amendment made by paragraph (3) above has effect in relation to periods of account ending on or after 1st December 2001.

Definition of personal portfolio bond (applying to all policies or contracts whenever issued or made)

185. In regulation 4(4)(c) (definition of personal portfolio bond (applying to all policies or contracts whenever issued or made)) for “75(8) of the Financial Services Act 1986” substitute “236 of the Financial Services and Markets Act 2000”.

The Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999 (S.I. [1999/2383](#))

Interpretation

186. In regulation 2 of the Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999 (interpretation) in the definition of “collective investment scheme” for “75 of the Financial Services Act 1986” substitute “235 of the Financial Services and Markets Act 2000”.

The Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000 (S.I. [2000/2089](#))

Interpretation

187. In regulation 2(1) of the Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000 (interpretation) in the definition of “collective investment scheme” for “75 of the Financial Services Act 1986” substitute “235 of the Financial Services and Markets Act 2000”.

The Personal Pension Schemes (Information Powers) Regulations 2000 (S.I. [2000/2316](#))

Annuity contracts

188. In regulation 7 of the Personal Pension Schemes (Information Powers) Regulations 2000 (annuity contracts) for “section 96D of the Insurance Companies Act 1982” substitute “sections 417(1) and 423 of the Financial Services and Markets Act 2000 respectively”.

The Personal Pension Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 (S.I. [2001/117](#))

Interpretation

189. In regulation 2(1) of the Personal Pension Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 (interpretation) in the definition of “authorised unit trust” for “78 of the Financial Services Act 1986” substitute “243 of the Financial Services and Markets Act 2000”.

The Social Security (Contributions) Regulations 2001 (S.I. [2001/1004](#))

Introduction

190. Amend the Social Security (Contributions) Regulations 2001 in accordance with Articles 191 and 192.

Calculation of earnings for the purposes of earnings-related contributions in particular cases

191. In paragraph 3 of Schedule 2 (calculation of earnings for the purposes of earnings-related contributions in particular cases) for “75(8) of the Financial Services Act 1986” substitute “237 of the Financial Services and Markets Act 2000”.

Payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions

192.—(1) Amend Schedule 3 (payments to be disregarded in the calculation of earnings for the purposes of earnings-related contributions) as follows.

(2) In paragraph 2 of Part II—

(a) in sub-paragraph (1)(a) for sub-paragraph (ii) substitute—

“(ii) any contract of long-term insurance which falls within paragraph I, III or VI of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;”.

(b) in sub-paragraph (3) for the words from “provisions” to the end substitute

“contract—

(a) falls within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and Part I of that Schedule; or

(b) is treated for the purposes of that Order as falling within Part II of that Schedule by Article 3(3) of that Order,

that contract shall be treated as a contract of long-term insurance.”.

(3) In paragraph 5 of Part IV—

(a) in sub-paragraph (a) for “75(1) of the Financial Services Act 1986” substitute “235 of the Financial Services and Markets Act 2000”;

(b) for sub-paragraph (b) substitute—

“(b) “an open-ended investment company” has the meaning given in section 236 of the Financial Services and Markets Act 2000.”.

The General Insurance Reserves (Tax) Regulations 2001 (S.I. [2001/1757](#))

Provisions supplementing regulation 3

193.—(1) In regulation 4(1) of the General Insurance Reserves (Tax) Regulations 2001 (provisions supplementing regulation 3)—

(a) for sub-paragraph (a) substitute—

“(a) a transfer effected under a scheme falling within section 105 of the Financial Services and Markets Act 2000, including an excluded scheme falling within Case 2, 3, or 4 of subsection (3) of that section, or”;

(b) in sub-paragraph (b) for “52B of that Act” substitute “116 of the Financial Services and Markets Act 2000”.

(2) The amendment made by paragraph (1)(a) above has effect in relation to any transfer under a scheme falling within section 105 of the Financial Services and Markets Act 2000, including an excluded scheme falling within case 2, 3 or 4 of subsection (3) of that section.

(3) The amendment made by paragraph (1)(b) above has effect in relation to any transfer in relation to which section 116 of the Financial Services and Markets Act 2000 applies.