
STATUTORY INSTRUMENTS

1997 No. 32

FINANCIAL SERVICES

The Financial Services Act 1986 (Restriction of Scope of Act and Meaning of Collective Investment Scheme) Order 1997

<i>Made</i>	- - - -	<i>13th January 1997</i>
<i>Laid before Parliament</i>		<i>14th January 1997</i>
<i>Coming into force</i>	- -	<i>6th February 1997</i>

The Treasury, in exercise of the powers conferred by sections 2 and 75(9) of the Financial Services Act 1986⁽¹⁾ and now vested in them⁽²⁾, and of all other powers enabling them in that behalf, hereby make the following Order:—

Citation and commencement

1.—(1) This Order may be cited as the Financial Services Act 1986 (Restriction of Scope of Act and Meaning of Collective Investment Scheme) Order 1997.

(2) This Order shall come into force on 6th February 1997.

2.—(1) In section 75(6)(l) of the Financial Services Act 1986⁽³⁾, for “paragraphs 34 to 36” there shall be substituted “paragraphs 34 to 37”.

(2) In Schedule 1 to that Act, after paragraph 36⁽⁴⁾ there shall be inserted—

“**37.** For the purposes of this Schedule, arrangements are not a collective investment scheme if—

- (a) the purpose of the arrangements is that participants should receive, by way of reward, payments or other benefits in respect of the introduction by any person of other persons who become participants;
- (b) the arrangements are such that the payments or other benefits referred to in paragraph (a) above are to be wholly or mainly funded out of the contributions of other participants; and

⁽¹⁾ 1986 c. 60.

⁽²⁾ See the Transfer of Functions (Financial Services) Order 1992 (S.I. 1992/1315).

⁽³⁾ Section 75(6)(l) was inserted by the Financial Services Act 1986 (Restriction of Scope of Act and Meaning of Collective Investment Scheme) Order 1990 (S.I. 1990/349) and amended by the Financial Services Act 1986 (Restriction of Scope of Act and Meaning of Collective Investment Scheme) Order 1996 (S.I. 1996/2996).

⁽⁴⁾ Paragraph 36 was inserted by the Financial Services Act 1986 (Restriction of Scope of Act and Meaning of Collective Investment Scheme) Order 1996 (S.I. 1996/2996).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (c) the only reason why the arrangements have either or both of the characteristics mentioned in section 75(3) of this Act is because, pending their being used to fund those payments or other benefits, contributions of participants are managed as a whole by or on behalf of the operator of the scheme.”

13th January 1997

Bowen Wells
Roger Knapman
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends references to collective investment scheme in the Financial Services Act 1986 (“FSA”). Paragraph (2) of article 2 of the Order excludes from references to collective investment schemes in Schedule 1 to the FSA any arrangements that meet the conditions set out in the inserted paragraph 37 of that Schedule. Paragraph (1) of that article amends section 75 of the FSA so that such arrangements are excluded from the definition contained in that section of what constitutes a collective investment scheme.