
STATUTORY INSTRUMENTS

2001 No. 544

The Financial Services and Markets Act
2000 (Regulated Activities) Order 2001

PART II

SPECIFIED ACTIVITIES

CHAPTER VI

Arranging Deals in Investments

Exclusions

Arrangements not causing a deal

26. There are excluded from article 25(1) arrangements which do not or would not bring about the transaction to which the arrangements relate.

Enabling parties to communicate

27. A person does not carry on an activity of the kind specified by article 25(2) merely by providing means by which one party to a transaction (or potential transaction) is able to communicate with other such parties.

Arranging transactions to which the arranger is a party

28.—(1) There are excluded from article 25(1) any arrangements for a transaction into which the person making the arrangements enters or is to enter as principal or as agent for some other person.

(2) There are excluded from article 25(2) any arrangements which a person makes with a view to transactions into which he enters or is to enter as principal or as agent for some other person.

Arranging deals with or through authorised persons

29.—(1) There are excluded from article 25(1) and (2) arrangements made by a person (“A”) who is not an authorised person for or with a view to a transaction which is or is to be entered into by a person (“the client”) with or through an authorised person if—

- (a) the transaction is or is to be entered into on advice to the client by an authorised person; or
- (b) it is clear, in all the circumstances, that the client, in his capacity as an investor, is not seeking and has not sought advice from A as to the merits of the client’s entering into the transaction (or, if the client has sought such advice, A has declined to give it but has recommended that the client seek such advice from an authorised person).

(2) But the exclusion in paragraph (1) does not apply if A receives from any person other than the client any pecuniary reward or other advantage, for which he does not account to the client, arising out of his making the arrangements.

Arranging transactions in connection with lending on the security of insurance policies

30.—(1) There are excluded from article 25(1) and (2) arrangements made by a money-lender under which either—

- (a) a relevant authorised person or a person acting on his behalf will introduce to the money-lender persons with whom the relevant authorised person proposes to enter into a relevant transaction; or
- (b) a relevant authorised person gives an assurance to the money-lender as to the amount which, on the security of any contract effected pursuant to a relevant transaction, will or may be received by the money-lender should the money-lender lend money to a person introduced to him pursuant to the arrangements.

(2) In paragraph (1)—

“money-lender” means a person who is—

- (a) a money-lending company within the meaning of section 338 of the Companies Act 1985(1);
- (b) a body corporate incorporated under the law of, or of any part of, the United Kingdom relating to building societies; or
- (c) a person whose ordinary business includes the making of loans or the giving of guarantees in connection with loans;

“relevant authorised person” means an authorised person who has permission to effect qualifying contracts of insurance or to sell investments of the kind specified by article 89, so far as relevant to such contracts;

“relevant transaction” means the effecting of a qualifying contract of insurance or the sale of an investment of the kind specified by article 89, so far as relevant to such contracts.

Arranging the acceptance of debentures in connection with loans

31.—(1) There are excluded from article 25(1) and (2) arrangements under which a person accepts or is to accept, whether as principal or agent, an instrument creating or acknowledging indebtedness in respect of any loan, credit, guarantee or other similar financial accommodation or assurance which is, or is to be, made, granted or provided by that person or his principal.

(2) The reference in paragraph (1) to a person accepting an instrument includes a reference to a person becoming a party to an instrument otherwise than as a debtor or a surety.

Provision of finance

32. There are excluded from article 25(2) arrangements having as their sole purpose the provision of finance to enable a person to buy, sell, subscribe for or underwrite investments.

Introducing

33. There are excluded from article 25(2) arrangements where—

- (a) they are arrangements under which persons (“clients”) will be introduced to another person;

(1) 1985 c. 6. Section 338 was amended by section 138 of, and para. 10 of Sch. 10 to, the Companies Act 1989 (c. 40).

- (b) the person to whom introductions are to be made is—
 - (i) an authorised person;
 - (ii) an exempt person acting in the course of a business comprising a regulated activity in relation to which he is exempt; or
 - (iii) a person who is not unlawfully carrying on regulated activities in the United Kingdom and whose ordinary business involves him in engaging in an activity of the kind specified by any of articles 14, 21, 25, 37, 40, 45, 51, 52 and 53 (or, so far as relevant to any of those articles, article 64), or would do so apart from any exclusion from any of those articles made by this Order; and
- (c) the introduction is made with a view to the provision of independent advice or the independent exercise of discretion in relation to investments generally or in relation to any class of investments to which the arrangements relate.

Arrangements for the issue of shares etc.

34.—(1) There are excluded from article 25(1) and (2)—

- (a) arrangements made by a company for the purposes of issuing its own shares or share warrants; and
- (b) arrangements made by any person for the purposes of issuing his own debentures or debenture warrants;

and for the purposes of article 25(1) and (2), a company is not, by reason of issuing its own shares or share warrants, and a person is not, by reason of issuing his own debentures or debenture warrants, to be treated as selling them.

(2) In paragraph (1), “company”, “shares”, “debentures”, “share warrants” and “debenture warrants” have the meanings given by article 18(2).

International securities self-regulating organisations

35.—(1) There are excluded from article 25(1) and (2) any arrangements made for the purposes of carrying out the functions of a body or association which is approved under this article as an international securities self-regulating organisation, whether the arrangements are made by the organisation itself or by a person acting on its behalf.

(2) The Treasury may approve as an international securities self-regulating organisation any body corporate or unincorporated association with respect to which the conditions mentioned in paragraph (3) appear to them to be met if, having regard to such matters affecting international trade, overseas earnings and the balance of payments or otherwise as they consider relevant, it appears to them that to do so would be desirable and not result in any undue risk to investors.

(3) The conditions are that—

- (a) the body or association does not have its head office in the United Kingdom;
- (b) the body or association is not eligible for recognition under section 287 or 288 of the Act (applications by investment exchanges and clearing houses) on the ground that (whether or not it has applied, and whether or not it would be eligible on other grounds) it is unable to satisfy the requirements of one or both of paragraphs (a) and (b) of section 292(3) of the Act (requirements for overseas investment exchanges and overseas clearing houses);
- (c) the body or association is able and willing to co-operate with the Authority by the sharing of information and in other ways;

- (d) adequate arrangements exist for co-operation between the Authority and those responsible for the supervision of the body or association in the country or territory in which its head office is situated;
- (e) the body or association has a membership composed of persons falling within any of the following categories, that is to say, authorised persons, exempt persons, and persons whose head offices are outside the United Kingdom and whose ordinary business involves them in engaging in activities which are activities of a kind specified by this Order (or would be apart from any exclusion made by this Part); and
- (f) the body or association facilitates and regulates the activity of its members in the conduct of international securities business.

(4) In paragraph (3)(f), “international securities business” means the business of buying, selling, subscribing for or underwriting investments (or agreeing to do so), either as principal or agent, where—

- (a) the investments are securities or contractually based investments and are of a kind which, by their nature, and the manner in which the business is conducted, may be expected normally to be bought or dealt in by persons sufficiently expert to understand the risks involved; and
- (b) either the transaction is international or each of the parties may be expected to be indifferent to the location of the other;

and, for the purposes of this definition, it is irrelevant that the investments may ultimately be bought otherwise than in the course of such business by persons not so expert.

(5) Any approval under this article is to be given by notice in writing; and the Treasury may by a further notice in writing withdraw any such approval if for any reason it appears to them that it is not appropriate to it to continue in force.

Other exclusions

36. Article 25 is also subject to the exclusions in articles 66 (trustees etc.), 67 (profession or non-investment business), 68 (sale of goods and supply of services), 69 (groups and joint enterprises), 70 (sale of body corporate), 71 (employee share schemes) and 72 (overseas persons).