
STATUTORY INSTRUMENTS

2005 No. 680

FINANCIAL SERVICES AND MARKETS

The Financial Services and Markets Act 2000 (Variation of Threshold Conditions) (Amendment) Order 2005

<i>Made</i>	- - - -	<i>14th March 2005</i>
<i>Laid before Parliament</i>		<i>14th March 2005</i>
<i>Coming into force</i>	- -	<i>6th April 2005</i>

The Treasury, in exercise of the powers conferred on them by paragraphs 8 and 9 of Schedule 6 to, and section 428(3) of, the Financial Services and Markets Act 2000⁽¹⁾, hereby make the following Order:

Citation and commencement

1. This Order may be cited as the Financial Services and Markets Act 2000 (Variation of Threshold Conditions) (Amendment) Order 2005 and comes into force on 6th April 2005.

Amendments

2.—(1) The Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001⁽²⁾ is amended as follows.

(2) For paragraph (3) of article 3 (non-EEA insurers) substitute—

“(3) The conditions set out in paragraphs 4 and 5 of Schedule 6 (adequate resources and suitability) are removed in relation to a Swiss general insurance company.”.

(3) After article 3 insert—

“Swiss general insurance companies

4.—(1) A Swiss general insurance company must, for the purposes of section 41 and Schedule 6, satisfy the following additional conditions—

(a) the value of the assets of the business carried on by it in the United Kingdom must not fall below the amount of the liabilities of that business, that value and amount being determined in such manner as may be specified;

(1) 2000 c. 8.
(2) S.I. 2001/2507.

- (b) such assets must be maintained in such places as may be specified and must be of such a nature as may be specified as being appropriate in relation to the currency in which the liabilities of the company are or may be required to be met; and
 - (c) when applying to the Authority for permission to carry on a regulated activity it must submit to the Authority a statement from the supervisory authorities in Switzerland—
 - (i) stating the classes of insurance business which the company is authorised to carry on in Switzerland,
 - (ii) specifying the risks covered there,
 - (iii) declaring that the company is constituted in Switzerland in a form permitted by Annex 3 of the Agreement signed on 10th October 1989 between the European Economic Community and the Swiss Confederation on direct insurance other than life assurance⁽³⁾,
 - (iv) confirming that the company limits its business activities to insurance and to operations directly arising therefrom to the exclusion of all other commercial business, and
 - (v) declaring that the company has the required solvency margin or minimum guarantee fund.
- (2) In this article, “specified” means specified in rules.”.

14th March 2005

Jim Murphy
Joan Ryan
Two of the Lords Commissioners of Her
Majesty’s Treasury

(3) O.J. No. L205, 27.9.91, p.3.

EXPLANATORY NOTE

(This note is not part of the Order)

Schedule 6 to the Financial Services and Markets Act 2000 (c. 8) (“the Act”) sets out threshold conditions which authorised persons, and applicants for authorisation, under that Act must satisfy.

This Order, which amends the Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (S.I.2001/2507) (“the 2001 Order”), varies those conditions in so far as they apply to Swiss general insurance companies as defined in article 1(2) of the 2001 Order.

This Order re-applies to Swiss general insurance companies the condition set out in paragraph 3 of Schedule 6 (which had previously been removed by the 2001 Order) so that, where such a company has close links with a parent or subsidiary undertaking, the Financial Services Authority (“the Authority”) must be satisfied that those close links are not likely to prevent the Authority’s effective supervision of that company (article 2(2)).

The Order also sets out additional threshold conditions which a Swiss general insurance company must satisfy. These include conditions requiring such a company to ensure that the value of the assets of the business carried on by it in the United Kingdom does not fall below the amount of the liabilities of that business and that such assets are maintained in such places, and are of such a nature, as may be specified in rules made by the Authority under the Act (article 2(3)).

A regulatory impact assessment has been prepared in relation to this Order and a copy can be obtained from the Financial Stability and Regulatory Policy Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ.