

STATUTORY INSTRUMENTS

2017 No. 1212

The Risk Transformation Regulations 2017

PART 3

Offers of investments by transformer vehicles

Meaning of “qualified investor”

10.—(1) In this Part, “qualified investor”, in relation to an offer of investments, means a person—

[^{F1}(a) described in paragraph 3(a) of Schedule 1 to MIFIR;]

[^{F2}(b) recognised by the Financial Conduct Authority (“FCA”) as an eligible counterparty for the purposes of Section 6 of Chapter 3 of the Conduct of Business sourcebook in the Handbook of Rules and Guidance published by the FCA containing rules made by the FCA under FSMA, as the sourcebook has effect on IP completion day; or]

(c) in respect of whom the conditions mentioned in paragraph (2) are satisfied.

(2) The conditions referred to in paragraph (1)(c) are satisfied in respect of a person (“the proposed investor”) where—

(a) the proposed investor confirms in writing to the person making the offer (“the offeror”) that the proposed investor is to be treated as a qualified investor for the purposes of this Part;

(b) the offeror carries out an assessment of the proposed investor's expertise, experience and knowledge;

(c) the offeror concludes from the assessment referred to in sub-paragraph (b) that—

(i) the proposed investor is capable of making an informed decision to acquire the investments; and

(ii) the proposed investor understands the risks involved in acquiring the investments;

(d) the offeror's conclusion referred to in sub-paragraph (c) is reasonable; and

(e) the proposed investor provides sufficient evidence to the offeror that the proposed investor satisfies at least two of the following criteria—

(i) the proposed investor has entered into or arranged at least 40 transactions in the reinsurance markets in the period of one year ending on the date on which confirmation is given under sub-paragraph (a);

(ii) the proposed investor has a portfolio of cash deposits and other financial instruments, the value of which exceeded £425,000 at any time in the period of two weeks ending on the date on which confirmation is given under sub-paragraph (a);

(iii) the proposed investor has worked for at least one year in a professional capacity in the financial sector and the proposed investor's role required knowledge of the reinsurance markets.

^{F3}(3)

(4) In this regulation—

Changes to legislation: The Risk Transformation Regulations 2017, PART 3 is up to date with all changes known to be in force on or before 11 October 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (a) “financial instrument” means a financial instrument listed in [^{F4}Part 1 of Schedule 2 to the Regulated Activities Order];
- ^{F5}(b)
- ^{F5}(c)
- ^{F5}(d)
- [^{F6}(da) “MIFIR” means Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments; and]
- (e) “reinsurance markets” includes the markets in insurance linked securities.

- F1** Reg. 10(1)(a) substituted (31.12.2020) by [The Risk Transformation and Solvency 2 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1233\)](#), regs. 1(4), **2(4)(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F2** Reg. 10(1)(b) substituted (31.12.2020) by [The Risk Transformation and Solvency 2 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1233\)](#), regs. 1(4), **2(4)(a)(ii)** (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 47**; 2020 c. 1, **Sch. 5 para. 1(1)**)
- F3** Reg. 10(3) omitted (31.12.2020) by virtue of [The Risk Transformation and Solvency 2 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1233\)](#), regs. 1(4), **2(4)(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F4** Words in reg. 10(4)(a) substituted (31.12.2020) by [The Risk Transformation and Solvency 2 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1233\)](#), regs. 1(4), **2(4)(c)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F5** Reg. 10(4)(b)(c)(d) omitted (31.12.2020) by virtue of [The Risk Transformation and Solvency 2 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1233\)](#), regs. 1(4), **2(4)(c)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F6** Reg. 10(4)(da) inserted (31.12.2020) by [The Risk Transformation and Solvency 2 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1233\)](#), regs. 1(4), **2(4)(c)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)

Investments to be offered only to qualified investors

11.—(1) A transformer vehicle must not offer to any person who is not a qualified investor an investment issued by the transformer vehicle.

(2) A transformer vehicle must take such steps as are reasonable in the circumstances to prevent an investment issued by the transformer vehicle to a qualified investor from being offered subsequently to a person who is not a qualified investor.

(3) A contravention of paragraph (1) or (2) is actionable, at the suit of a person who suffers loss as a result of the contravention, subject to the defences and other incidents applying to actions for breach of statutory duty.

Changes to legislation:

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Changes and effects yet to be applied to :

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)