

CHANGES TO POLARISATION RULES

Introduction

In January 2001 the FSA consulted on proposed changes to its rules governing polarisation (Reforming Polarisation: First Steps (CP80)). The FSA has designated rules in respect of SROs. The effect of designation is that the FSA's rules apply directly to firms which are members of IMRO (and members of the other SROs). The IMRO rules have not been changed directly and nor will IMRO be producing rules of its own. Instead, the FSA's designated rules will modify the effect of IMRO's own rules. This Notice to Firms explains how the IMRO rules have been affected and what the changes require firms to do. It also reminds firms of the obligations that remain in place. The following paragraphs explain the requirements of the FSA's designated rules and each rule is cross-referenced, where relevant, to the affected IMRO rule.

For the avoidance of doubt, where there may be any conflict between the Designated Rules and IMRO's rules, the Designated Rules will prevail. The Designated Rules are issued with this Notice.

There are two new key concepts introduced by the designated rules:

- the introduction of the "adopted packaged product";
- the relaxation of the rules on distribution and marketing by direct offer advertising.

Product companies are now permitted to "adopt" into their product range stakeholder pension schemes manufactured by companies outside of their marketing group. For the purposes of the designated rules these products are defined as "adopted packaged products". Product companies may be able to delegate their ability to adopt packaged products to a marketing associate within its marketing group.

A product company and its marketing associate are now permitted to issue and approve direct offer advertisements for all "packaged products" provided the direct offer advertisement contains no advice. They are also permitted to approve direct offer advertisements of their appointed representatives for all packaged products provided the direct offer advertisement contains no advice. Similarly they may issue and approve direct offer advertisements for their "adopted packaged products" but it is permissible for these advertisements to contain advice.

The rules come into effect on 29 March 2001.

Lynda Blackwell
Company Secretary
29 March 2001

THE NEW RULES

Rule 2.01(1) allows product provider firms to give advice on products to be known as adopted packaged products. These are stakeholder pensions that have been manufactured by a product provider outside the marketing group. The designated rules set no limit on the number of products which may be adopted and do not set out any criteria for the selection of products to be adopted.

Following consultation, some product companies took the view that they are restricted in their ability to advise on the products of another manufacturer because of the potential difficulties created by section 83 of the Financial Services Act 1986. Generally, the concept of subsidiarisation meets these concerns, e.g. the sales force of a company is employed by or contracted to a subsidiary company which is a marketing group associate of the product company life office. A product company may delegate the task of adopting a packaged product to its marketing group associate. The decision of the marketing group associate to adopt a packaged product will bind the company representatives and the appointed representatives of the product company. Regardless of whether a product company has delegated the power to adopt a packaged product to its marketing group associate, it must modify the “section 44 agreement” with its appointed representatives to take account of any adopted packaged products. If a “section 44 agreement” exists between the marketing group associate and its appointed representatives, that would need to be modified to take account of adopted packaged products. For the avoidance of doubt, “marketing group associate” has the meaning given to it in the IMRO rules.

Rule 2.01(2) includes within the concept of adopted packaged products those provided by an overseas regulated insurer. Overseas regulated insurers are insurers who are authorised to carry on long term insurance business in Guernsey, Jersey, the Isle of Man, Iowa and Pennsylvania. However, any product provider adopting such products must take steps to ensure that it has no reason to doubt that the overseas product provider will deal with customers in the UK in an honest and reliable way.

Rule 2.01(3) permits all marketing group associates of a product provider firm to advise on the products adopted by the product provider firm.

Rule 2.01(4) requires a firm within a marketing group advising on adopted packaged products to inform private customers on a timely basis that they are able to advise on the products of other product providers. The information should be given sufficiently early in the contact with the customer to ensure that they can take it into account when judging the advice they receive. Firms should also ensure as far as possible that there is no possibility of their ability to advise on adopted packaged products being construed as meaning that the advice is independent. *(Cross reference IMRO Chapter II, Rule 6.1(1)(b))*

Rule 2.01(5) requires a firm within a marketing group advising a private customer on his portfolio of investments, which may include packaged products, to inform the customer in advance that the firm is only able to recommend or advise on the packaged products or adopted packaged products of its marketing

group. The glossary to the Designated Rules also includes a definition of advice that specifies that this activity includes the activity of managing a portfolio in the exercise of discretion.

- Rule 2.01(6) requires a firm advising on adopted packaged products to make clear that the firm and not the manufacturer of the product is responsible for the advice given. The firm must also make clear that the manufacturer is responsible for the product terms and conditions. It would be appropriate for firms to arrange formal complaint handling service level agreements between the manufacturer and the adopting firm.
- The adopting firm must also disclose any charges imposed by it in excess of those charged by the manufacturer of the product. Were charges to exceed 1%, it would lead to a breach of the IMRO rules on misleading advertising if a product were promoted as a stakeholder pension. *(Cross reference IMRO Chapter II, Appendix 6.1(1)(b))*
- Rule 2.01(7) makes requirements on the timeliness of the communication to the customer of the matters dealt with in rule 2.01(6). The information should be conveyed at first point of contact with the customer. Where the first point of contact is by word of mouth, the information should be conveyed in writing as soon as possible afterwards. *(Cross reference IMRO Chapter II, 6.1(1)(b))*
- Rule 2.01(8) requires firms within a marketing group to ensure that their representatives and agents have adequate product knowledge to give advice on adopted packaged products. *(Cross reference IMRO Chapter II, 6.3(1)(a))*
- Rule 2.01(9) restricts firms within a marketing group to providing advice on products manufactured within the marketing group and adopted packaged products.
- Rule 2.01(10) requires firms advising on adopted packaged products to disclose in written and word of mouth communications with customers, that they may give advice on adopted packaged products. Where applicable, the disclosure statement in a firm's terms of business must be amended appropriately. Firms are not required to make similar disclosure statements on the business cards of their representatives, their stationery, in broadcast advertising or at their premises but are not prohibited from so doing provided that any disclosure statements are clear, fair and not misleading. *(Cross reference IMRO Chapter II, Rule 4.2(1))*
- Rule 2.01(11) requires that where a firm could recommend an adopted packaged product, it recommends the most suitable from amongst those manufactured within the marketing group and the adopted packaged products on which it has decided to advise. *(Cross reference IMRO Chapter II, Rule 6.3(1)(b))*
- If the same products within a class are priced differently a company representative must recommend the cheaper version. However, if the cheaper product is only available through a different distribution channel the company representative is not prohibited from recommending the product that is available to him.

- Rule 2.01(12) requires product provider firms with appointed representatives to take reasonable steps to ensure that those representatives only act as appointed representatives for principals within the same marketing group. Regardless of whether a product company has delegated the power to adopt a packaged product to its marketing group associate, it must modify the “section 44 agreement” with its appointed representatives to take account of any adopted packaged products. If a “section 44 agreement” exists between the marketing group associate and its appointed representatives, that would need to be modified to take account of adopted packaged products. For the avoidance of doubt, “marketing group associate” has the meaning given to it in the IMRO rules. *(Cross reference IMRO Chapter IV, Rule 1.7)*
- Rule 2.01(13) provides that firms within a marketing group may use the key features document of the product manufacturer when they advise on an adopted packaged product. The key features must be “appropriate”, therefore, if the terms of the adopted packaged product are different from the terms of the product for which the key features was originally prepared, e.g. there are additional charges, then the key features must be amended.
- A product company or its marketing associate which adopts a packaged product may produce its own key features but in practice IMRO presumes firms will use the product manufacturer’s key features. Product companies or marketing associates producing their own key features would have to take responsibility for them. *(Cross reference IMRO Chapter II, Rule 6.2(2))*
- It will not be possible for firms to use solely their own logo on any product they adopt. Co-branding is acceptable provided the logo of the adopting company is of no greater prominence than that of the manufacturer. The branding should not leave the customer in any doubt about whose product they are being offered. The logo of the manufacturer whose product is adopted may appear on its own.
- Rule 2.01(14) requires that where a product provider firm selling an adopted packaged product discloses the amount of remuneration or commission it receives from the manufacturer, it should include all cash payments, benefits and services provided by the manufacturer irrespective of whether those amounts are actually passed onto the representatives of the firm. This rule requires the disclosure of onward payments to representatives. *(Cross reference IMRO Chapter II, Rule 6.4)*
- Rule 2.02(1) permits a product company or its marketing associate to issue and approve direct offer advertisements promoting any packaged product provided that the direct offer advertisement does not contain advice. A product company or marketing group associate which has appointed an introducer firm may make available for distribution by the introducer firm any advertisement approved by a firm within the marketing group.

Rule 2.02(2) permits a product company or its marketing group associate to issue and approve direct offer advertisements containing advice about its adopted packaged products.

If a product company or marketing group associate wishes to approve and issue a direct offer advertisement for a stakeholder pension product without advice, it is not necessary for the firm to “adopt” the product. If a firm does adopt a packaged product it must make it available for sale by its representatives.

HOW THE DESIGNATED RULES AFFECT IMRO

The purpose of this section of the Notice is to help firms identify how the two sets of rules work together. None of the IMRO rules have been revoked. In the event of any conflict between these rules and the Designated Rules, the Designated Rules will prevail.

The IMRO Rules on polarisation cover the provision of advice on packaged products and the purchase of packaged products for a customer in the exercise of discretion. Firms should note that the effect of the new definition of ‘advice’ within the Core Glossary ensures that the Designated Rules extend to cover the purchase of adopted packaged products in the exercise of discretion for a private customer.

Designated Rule 2.01(12) extends the requirements in IMRO Chapter IV, Rule 1.7 applicable to a Firm that has accepted responsibility for the acts of an Appointed Representative requiring a Firm to ensure that an Appointed Representative advising on Adopted Packaged Products does not act as an Appointed Representative for another principal.

IMRO Chapter II, Rule 4.1(1), Rule 4.2(1) requires a Firm to take reasonable steps to ensure that a Private Customer is given adequate information about its identity and business address, the identity and status with the Firm of employees and other relevant agents with whom the Customer has contact and the identity of the Firm’s regulator. The guidance to this Rule includes the information that a Company Representative of a Firm should deliver to a Customer in the case of an oral communication. All this guidance holds true save that, for practical reasons, it will not necessarily be possible to include all relevant information on a business card where a firm sells adopted packaged products. Firms should, nevertheless make every reasonable effort to comply with the requirements of Designated Rule 2.01(10).

IMRO Chapter II, Rule 6.1(1)(b) requires that unless a Firm is acting as an Investment Manager, it must take reasonable steps to ensure that a Private Customer it advises to buy a Packaged Product is also given adequate information about the Firm’s polarisation status, the buying process and any limits on the Packaged Products on which it can advise. The guidance to this rule states that when complying with the requirements of paragraph (b) of Rule 6.1(1), a Firm should observe the appropriate standards for disclosure of its polarisation status set out in Appendix 6.1(1)(b). The Designated Rules make some of the disclosure statements in Appendix 6.1(1)(b) no longer appropriate. The

following is an example of how the Buyer's Guide for tied firms could be appropriately amended:

PART 3

BUYER'S GUIDE TO LIFE ASSURANCE, PERSONAL PENSIONS AND INVESTMENT FUNDS APPROPRIATE TO A FIRM WHICH IS A TIED FIRM OR WHICH IS A TIED FIRM WHICH ADDITIONALLY MAY ADVISE ON THE PRODUCTS OF CERTAIN OTHER SPECIFIED COMPANIES

- 1 Advisers on life assurance, personal pensions and/or investment funds (unit trusts, open-ended investment companies and investment trust savings schemes) are:

EITHER representatives of one company who additionally may advise on the products of certain other specified companies

OR independent advisers

Each type of adviser should only recommend one of these products if they consider it suitable to your needs.

- 2 Your adviser is the representative of a particular company, [name of company]* [that company being part of (name of marketing group)]**. He (or she) will act on its behalf, in the sense that he will recommend a product that is picked from the range of those offered by that particular company [or marketing group]. The representative (or the firm he works for) will be paid by the company whose product you buy. [or Your adviser is the representative of a particular company, [name of company]* [that company being part of (name of marketing group)]**. [Name of company] also sells the products of some other companies that your adviser will explain to you. This does not make your adviser independent. Because your adviser is not independent he or she cannot advise you on the purchase of life assurance, pensions and unit trusts beyond the limited range offered by [name of company].]

The disclosure statements in Appendix 6.1(1)(b) may all be modified to cope with adopted packaged products using the alternative model above. For the avoidance of doubt, only one of the wordings may be used, i.e. either the first or the second in the second set of square brackets.

The disclosure statement may also be an appropriate vehicle for a firm to disclose the requirements of Designated Rule 2.01(6) as follows

- 3 Where your adviser recommends a product of another specified company, [name of company] remains responsible for the provision of this advice although the provider of the product which is recommended is responsible for the terms and conditions of that product.
- 4 You will be given details of any charges which [name of company] imposed in excess of those charged by the other specified provider.

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| IMRO Chapter II, Rule 6.1(2)(a) | restricts advice on packaged products to those of one product provider or marketing group. The Designated Rules have the effect of widening the scope of the restriction to embrace adopted packaged products where they are offered. |
| IMRO Chapter II, Rule 6.1(3)(a) | requires a Product Company or member of its Marketing Group when acting as an Investment Manager to inform in advance Private Customers whether it will either recommend or buy any Packaged Product or only those of the Marketing group. Designated Rule 2.01(5) modifies this disclosure to require a Firm acting as investment manager to disclose whether he will only buy or recommend packaged or adopted packaged products or whether he may buy or recommend any packaged product. |
| IMRO Chapter II, Rule 6.2(2) | requires a Firm to provide a Private Customer with Key Features before it recommends or effects a transaction in a Packaged Product. Designated Rule 2.01(13) notes that a Firm recommending or effecting a transaction in Adopted Packaged products may satisfy this requirement by providing to the customer Key Features produced by the company responsible for the Adopted Packaged Product. |
| IMRO Chapter II, Rule 6.3(1) | places an obligation on Product Companies and Marketing Groups to inform themselves and their agents about Packaged Products available from the Marketing Group. Designated rule 2.01(8) expands this requirement to include the adopted packaged products on which advice can be given. |
| IMRO Chapter II, Rule 6.3(1)(b) | states that a product company or marketing group associate must not advise a Private Customer to buy a package product unless it is aware of another product of the marketing group that would better meet his needs. This obligation is now expanded by Designated Rule 2.01(11) to include consideration of the adopted packaged products on which the company may provide advice. |
| IMRO Chapter II, Rule 6.4(1) | makes provisions for the disclosure of commission or commission equivalent in respect of the sale of a Packaged Product by a Firm with a Private Customer. Designated Rule 2.01(14) requires that such disclosure in respect of the sale of an adopted packaged product includes all payments benefits and services provided by the producer of the adopted packaged product. |

USE OF DECISION TREES FOR STAKEHOLDER PENSIONS (SHPS)

Firms will need to exercise care in setting the scope of their service to customers in the marketing of SHPs. There are boundaries to be observed between what constitutes:

- i) the giving of advice;
- ii) the use of decision trees and “tree-walking”;
- iii) direct offer advertising.

The use of decision trees and “tree-walking” for stakeholder pension schemes will not necessarily constitute advice. However, where advice is given, the Designated Rules will apply. Where their use does constitute advice, stakeholder pension schemes will have to be adopted. If the firm restricts itself to not giving advice adoption will not be necessary.

The Financial Services (Conduct of Business) (Modification of Polarisation) Rules 2001

The Financial Services Authority (the 'Authority'), in exercise of the powers conferred by section 48 and 63A of the Financial Services Act 1986 (the 'Act') and now exercisable by the Authority, hereby makes the following rules:

PART 1 Introduction

1.01 Citation and Commencement

These rules, the Financial Services (Conduct of Business) (Modification of Polarisation) Rules 2001 are made on 15 March 2001 and shall come into force on 29 March 2001.

1.02 Purpose

- (1) The purpose of these rules is to make changes to the conduct of business provisions concerning polarisation and designate them to apply to members of SROs.
- (2) In the event of any conflict between the Financial Services (Conduct of Business) Rules 1990 (the '1990 rules') and these rules, these rules will prevail.

1.03 Designation

- (1) These rules are designated under section 63A of the Act so as to apply to members of an SRO.
- (2) In the event of any conflict between the rules of an SRO and these rules, these rules will prevail.

PART 2 Modification of polarisation in the 1990 rules

2.01 Modification of polarisation where product companies and members of their marketing group advise on stakeholder pension schemes.

- (1) A firm which is a product company may choose to adopt an adopted packaged product.
- (2) The adopted packaged products which a product company may choose to adopt include packaged products provided by an overseas regulated insurer, provided that the product company has no reason to doubt that the overseas regulated insurer will deal with customers in the United Kingdom in an honest and reliable way.

- (3) Once a product company in a marketing group has adopted an adopted packaged product, any firm which is a member of the marketing group of a product company must also provide advice on those packaged products adopted by the product company.
- (4) Where a firm within (1) or (3) is able to provide advice on adopted packaged products, it must ensure that private customers are informed on a timely basis that the firm may give advice on adopted packaged products.
- (5) Where a firm which is a member of a marketing group is advising a private customer and the customer's portfolio may include packaged products, the firm must inform its customer in advance whether it will act for him on the basis that it may recommend or acquire a packaged product which is only available from the marketing group to which the firm belongs, or where adopted packaged product will also be included.
- (6) A firm which is a product company or a member of its marketing group shall, if it advises a private customer to buy an adopted packaged product, ensure that it does so only in accordance with arrangements under which the firm clearly indicates that:
 - (a) the firm, and not the provider of the adopted packaged product, is responsible for the advice given;
 - (b) the provider of the adopted packaged product is responsible for the relevant terms and conditions; and
 - (c) the firm discloses any charges imposed by the firm in excess of those charged by the provider of the adopted packaged product.
- (7) A firm that advises private customers on adopted packaged products must ensure that private customers are informed of the arrangements set out in (6) above:
 - (a) at the point of first contact with the customer; and
 - (b) where the point of first contact is oral, on a timely basis in writing thereafter.
- (8) A firm which is a product company or a member of its marketing group must take reasonable steps to inform itself and relevant agents about packaged products available from the marketing group and, where relevant, the adopted packaged products on which advice can be given.
- (9) A firm which is a product company or a member of its marketing group must take reasonable steps to ensure that its company representatives and appointed representatives provide advice only on packaged products which are:
 - (a) those of the marketing group; or

- (b) adopted packaged products on which advice can be given.
- (10) Where a firm which is a product company decides that it, or any member of its marketing group, will provide advice to a private customer on adopted packaged products, it must take reasonable steps to ensure that any oral communication with the private customer, or communication with a private customer via a direct offer advertisement, or any disclosure in a firm's terms of business with a private customer by the firm, any member of its marketing group or relevant agents makes clear that advice can be given on adopted packaged products.
- (11) Where a firm is a product company or a member of its marketing group and makes a specific recommendation to a private customer to buy a packaged product, it must take reasonable steps to ensure that, where the firm can advise on adopted packaged products:
- (a) the recommended packaged product is the most suitable of those available from the marketing group and the adopted packaged products; and
 - (b) no such recommendation is made if there is no suitable packaged product or adopted packaged product available in the marketing group which would secure the private customer's objectives more advantageously.
- (12) Where a firm has accepted responsibility for advice given by an appointed representative in respect of adopted packaged products, it must take reasonable steps to ensure that the appointed representative does not act as an appointed representative for any principal outside the principal's marketing group.
- (13) A firm which is a product company or a member of its marketing group need not produce key features for an adopted packaged product on which advice can be given by the firm if it provides to private customers appropriate key features produced by the product company responsible for issuing the adopted packaged product.
- (14) Where a firm discloses the amount of remuneration receivable or payable by it in respect of an adopted packaged product, it must include all cash payments, benefits and services.

2.02 Advertisements

- (1) Subject to (2), a firm which is a product company or a member of its marketing group may issue or approve a direct offer advertisement which advertises a packaged product of a product company which is not within the firm's marketing group.
- (2) A firm must not issue or approve an advertisement within (1) which contains advice about the packaged product, unless the packaged product is an adopted packaged product on which the firm can provide advice.

PART 3 Glossary

3.01 In these rules, the following expressions have the following meanings:

'adopted packaged product' means a stakeholder pension scheme which is not that of the firm's marketing group, and on which the firm if a product company (or, where the firm is not a product company, a product company in the firm's marketing group) has taken a formal decision to provide advice;

'advice' includes, where applicable, a firm's management of a private customer's account or portfolio in the exercise of discretion;

'company representative' in relation to a firm or an appointed representative (whether the firm or the appointed representative is a company or not) means an individual who is:

- (a) the firm itself or the appointed representative himself, as the case may be, if the firm or the appointed representative is a sole trader, or
- (b) an employee, partner or officer of the firm or of the appointed representative as the case may be,

and whose activities include procuring or endeavouring to procure other persons to enter into investment agreements or giving advice to the persons with whom he deals about investment agreements, selling investments, or exercising rights conferred by investments;

'customer' does not include a market counterparty or a trust beneficiary but includes:

- (a) a potential customer;
- (b) an indirect customer; and
- (c) a customer of an appointed representative of a firm with or for whom the representative acts in the course of business for which the firm has accepted responsibility;

'direct offer advertisement' means a specific investment advertisement (including a pre-printed or off-the-screen advertisement) which:

- (a) contains:
 - (i) an offer by the firm or another offeror to enter into an investment agreement with anyone who responds to the advertisement; or
 - (ii) an invitation to anyone to respond to the advertisement by making an offer to the firm or another offeree to enter into an investment agreement; and
- (b) specifies the manner or indicates a form in which any response is to be made (for example by providing a tear-off slip);

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| ‘indirect customer’ | means, where a customer is known to be acting as agent, an identified principal who would be a customer if he were dealt with direct; |
| ‘investment manager’ | means a person who, acting only on behalf of a customer, either: <ul style="list-style-type: none"> (a) manages an account or portfolio in the exercise of discretion; or (b) has accepted responsibility on a continuing basis for advising on the composition of the account or portfolio; |
| ‘investment services’ | means activities undertaken in the course of carrying on investment business; |
| ‘investment trust savings scheme’ | means a dealing service dedicated to the securities of a particular investment trust or of investment trusts within a particular marketing group (and references to an investment trust savings scheme include references to securities to be acquired through that scheme); |
| ‘key features’ | has the meaning given in the PIA rulebook as at the date of these rules; |
| ‘life policy’ | means an investment falling within paragraph 10 of Schedule 1 to the Act; |
| ‘market counterparty’ | means a person dealing with the firm: <ul style="list-style-type: none"> (a) as principal or as agent for an unidentified principal; and (b) in the course of investment business of the same description as that in the course of which the firm acts; |
| ‘marketing group’ | means a group of persons who: <ul style="list-style-type: none"> (a) are allied together (either formally or informally) for purposes of marketing packaged products of the group; and (b) each of whom, if it holds itself out in the United Kingdom as marketing any packaged products to private investors, does so only as an investment manager or in relation to those of the marketing group; |

- ‘ordinary business investor’** means:
- (a) a government, local authority or public authority within the meaning of Schedule 1 to the Act;
 - (b) a company or partnership which satisfies any of the following size requirements:
 - (i) that it is a body corporate which has more than 20 members (or is the subsidiary of a company which has more than 20 members) and it (or any of its holding companies or subsidiaries) has a called up share capital or net assets of £500,000 or more;
 - (ii) that it is a body corporate and it (or any of its holding companies or subsidiaries) has a called up share capital or net assets of £5 million or more; or
 - (iii) if it is not a body corporate, it has net assets of £5 million or more; or
 - (c) a trustee of a trust which satisfies either of the following size requirements:
 - (i) that the aggregate value of the cash and investments which form part of the trust’s assets (before deducting the amount of its liabilities) is £10 million or more; or
 - (ii) that that aggregate value has been £10 million or more at any time during the previous two years;
- ‘overseas regulated insurer’** means a company authorised to carry on long term insurance business in any of the following countries or territories:
- (a) The Bailiwick of Guernsey;
 - (b) The Bailiwick of Jersey;
 - (c) The Isle of Man;
 - (d) The Commonwealth of Pennsylvania; and
 - (e) The State of Iowa;
- ‘packaged product’** means a life policy, a unit in a regulated collective investment scheme or an investment trust savings scheme;
- ‘private customer’** means:
- (a) a customer who is an individual and who is not acting in the course of carrying on investment business; or
 - (b) unless he is reasonably believed to be an ordinary business investor, a customer who is a small business investor;

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| ‘product company’ | <p>means:</p> <ul style="list-style-type: none"> (a) in relation to a life policy, the life office by which that policy is issued; (b) in relation to units in a regulated collective investment scheme, the operator of that scheme; (c) in relation to an investment trust savings scheme, the operator of that scheme; |
| ‘small business investor’ | <p>means:</p> <ul style="list-style-type: none"> (a) a company or partnership; or (b) a trustee acting for a trust <p>which does not satisfy a size requirement enabling the company, partnership or trustee to be treated as an ordinary business investor;</p> |
| ‘specific investment advertisement’ | <p>means an investment advertisement which identifies and promotes a particular investment or particular investment services;</p> |
| ‘stakeholder pension scheme’ | <p>means a scheme established in accordance with Part 1 of the Welfare and Pensions Reform Act 1999 and the Stakeholder Pension Scheme Regulations 2000.</p> |
| ‘terms of business’ | <p>means a letter, notice or written agreement between a firm and a private customer which sets out the terms on which the firm will conduct investment business with or on behalf of the private customer.</p> |

