



Glossary of definitions

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Glossary



<i>absolute FX exposure limit</i>	(in <i>ELM</i>) the amount by which an <i>ELMI's own funds</i> exceed 2.5% of its <i>e-money outstandings</i> , calculated in accordance with ■ ELM 3.4.6 R (FX exposure limits).
<i>accepted channel for dissemination of information</i>	(in relation to any <i>prescribed market</i>) an approved channel of communication by which information concerning <i>investments</i> traded on the market is formally disseminated to other market users on a structured and equitable basis.
<i>accepted market practice</i>	(as defined in section 130A(3) of the <i>Act</i>) practices that are reasonably expected in the financial market or markets in question and are accepted by the <i>FSA</i> or, in the case of a market situated in another <i>EEA State</i> , the competent authority of that <i>EEA State</i> within the meaning of the <i>Market Abuse Directive</i> .
<i>accepting deposits</i>	the <i>regulated activity</i> , specified in article 5 of the <i>Regulated Activities Order</i> (Accepting deposits), which is in summary: accepting <i>deposits</i> if: <ul style="list-style-type: none"> (a) money received by way of <i>deposit</i> is lent to others; or (b) any other activity of the <i>person</i> accepting the <i>deposit</i> is financed, wholly or to a material extent, out of the capital of or interest on money received by way of <i>deposit</i>.
<i>accident</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 1 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of the <i>person</i> insured or, in the case of a contract made under section 140, 140A or 140B of the Local Government Act 1972 (or, in Scotland, section 86(1) of the Local Government (Scotland) Act 1973), a <i>person</i> for whose benefit the contract is made: <ul style="list-style-type: none"> (a) sustaining injury as the result of an accident or of an accident of a specified class; or (b) dying as a result of an accident or an accident of a specified class; or (c) becoming incapacitated in consequence of disease or of disease of a specified class; including contracts relating to industrial injury and occupational disease but excluding contracts within paragraph 2 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Sickness) and contracts within paragraph IV of Part II of that Schedule (Permanent health). <ul style="list-style-type: none"> (1) (except in <i>COLL</i> and <i>CIS</i>): <ul style="list-style-type: none"> (a) (in relation to a <i>company</i> incorporated in the <i>United Kingdom</i> under the Companies Acts) the accounting reference date of that <i>company</i> determined in accordance with section 224 of the Companies Act 1985; (b) (in relation to any other body) the last <i>day</i> of its financial year. (2) (in ■ COLL and ■ CIS): the date on which the <i>annual accounting period</i> of an <i>authorised fund</i> ends.
<i>accounting reference date</i>	

<i>accrual interval</i>	(in ■ COLL and ■ CIS) (in relation to an <i>authorised fund manager's</i> periodic charge) the interval specified in the <i>instrument constituting the scheme</i> over which the periodic charge accrues.
<i>accumulating with-profits policy</i>	a <i>with-profits insurance contract</i> which has a readily identifiable current benefit, whether or not this benefit is currently realisable, which is adjusted by an amount explicitly related to the amount of any <i>premium</i> payment and to which additional benefits are added in respect of participation in profits by additions directly related to the current benefit or a policy with similar characteristics.
<i>accumulation share</i>	a <i>share</i> in respect of which income is credited periodically to capital under ■ CIS 9.2.4R (Annual allocation to accumulation shares or accumulation units) or ■ CIS 9.2.6R (Interim allocations of income).
<i>accumulation unit</i>	a <i>unit</i> in respect of which income is credited periodically to capital under ■ CIS 9.2.4R (Annual allocation to accumulation shares or accumulation units) or ■ CIS 9.2.6R (Interim allocations of income).
ACD	<i>authorised corporate director</i> .
Act	the Financial Services and Markets Act 2000.
<i>acting as the depositary or sole director of an open-ended investment company</i>	the <i>regulated activity</i> , specified in article 51(1)(c) of the <i>Regulated Activities Order</i> (Establishing etc a collective investment scheme), of acting as the depositary or sole director of an <i>open-ended investment company</i> .
<i>acting as trustee of an authorised unit trust scheme</i>	the <i>regulated activity</i> , specified in article 51(1)(b) of the <i>Regulated Activities Order</i> (Establishing etc a collective investment scheme), of acting as a <i>trustee</i> of an <i>authorised unit trust scheme</i> .
<i>actuarial body</i>	the Institute of Actuaries or the Faculty of Actuaries.
<i>actuarial function</i>	<i>controlled function</i> CF12 in the <i>table of controlled functions</i> , described more fully in ■ SUP 4.3.13 R and ■ SUP 10.7.17 R .
<i>actuarial health insurance</i>	(in PRU) (in the context of the <i>rules</i> in ■ PRU 7.2 concerning the calculation of the <i>general insurance capital requirement</i>), health insurance which meets all the conditions set out in ■ PRU 7.2.72 R .
<i>actuarial investigation</i>	an investigation to which IPRU(INS) rule 9.4 applies.
<i>actuarial valuation date</i>	(in PRU) the date as at which the <i>mathematical reserves</i> are calculated.

<i>actuary</i>	a fellow of an <i>actuarial body</i> or (in connection with <i>general insurance business</i>) a Fellow of the Casualty Actuarial Society who is a member of an <i>actuarial body</i> .
<i>actuating purpose</i>	a purpose which motivates or incites a <i>person</i> to act.
<i>additional voluntary contribution</i>	<p>(a) a voluntary contribution paid by a member of an <i>occupational pension scheme</i> under the terms of the scheme or of a separate contract;</p> <p>(b) an additional contribution paid by a member of an <i>occupational pension scheme</i> to which his employer is not a contributor, under which additional benefits are provided to supplement the benefits under another <i>occupational pension scheme</i> of which he is also a member and to which his employer is a contributor.</p>
<i>adequate public disclosure</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) disclosure made in accordance with the procedure laid down in Articles 102(1) and 103 of the <i>Consolidated Admissions and Reporting Directive</i> .
<i>administering a regulated lifetime mortgage contract</i>	the <i>regulated activity</i> , specified in article 61(2) of the <i>Regulated Activities Order</i> , which is in summary: administering a <i>regulated mortgage contract</i> (which is a <i>lifetime mortgage</i>) where the contract was entered into on or after 31 October 2004.
<i>administering a regulated mortgage contract</i>	the <i>regulated activity</i> , specified in article 61(2) of the <i>Regulated Activities Order</i> , which is in summary: administering a <i>regulated mortgage contract</i> where the contract was entered into on or after 31 October 2004.
<i>administrative expenses</i>	has the meaning set out in the <i>insurance accounts rules</i> .
<i>administrative functions</i>	<p>(a) (in relation to managing <i>investments</i>):</p> <ul style="list-style-type: none"> (i) arranging settlement; (ii) monitoring and processing corporate actions; (iii) <i>client</i> account administration, liaison and reporting, including valuation and performance measurement; (iv) <i>ISA</i>, <i>PEP</i> or <i>CTF</i> administration; (v) <i>investment trust savings scheme</i> administration; <p>(b) (in relation to <i>effecting or carrying out life policies</i>):</p> <ul style="list-style-type: none"> (i) new business administration; (ii) <i>policy</i> alterations including surrenders and <i>policy</i> loans; (iii) preparing <i>projections</i>; (iv) processing claims including pension payments; (v) fund switching;

	<p>(c) (in relation to the operation of a <i>stakeholder pension scheme</i>):</p> <ul style="list-style-type: none"> (i) new business administration; (ii) receipt of or alteration to contributions; (iii) preparing <i>projections</i> and annual statements; (iv) administration of transfers; (v) handling claims, including pension payments; (vi) fund allocation and switching.
<i>admissible asset</i>	<p>(1) (in <i>LLD</i>) an asset that falls into one or more categories in ■ PRU 2 Annex 1R as modified by ■ LLD 19.3.19 R .</p> <p>(2) (in <i>PRU</i>) an asset that falls into one or more categories in ■ PRU 2 Annex 1R .</p>
<i>admission or admission to listing</i>	(in <i>LR</i>) <i>admission of securities to the official list.</i>
<i>admission to trading</i>	<p>(1) (in <i>LR</i>) <i>admission of securities to trading on an RIE's market for listed securities.</i> (2) (in <i>PR</i> and <i>DR</i>) <i>admission to trading on a regulated market.</i> (3) (elsewhere in the <i>Handbook</i>) (in relation to an <i>investment</i> and an exchange) the process by which the exchange permits members of the exchange to enter into transactions in that <i>investment</i> under and subject to the rules of the exchange.</p>
<i>adopted packaged product</i>	<p>(in relation to a <i>firm</i>) a <i>stakeholder pension scheme</i> or a <i>CTF</i> which is a <i>packaged product</i>:</p> <ul style="list-style-type: none"> (a) not produced by the <i>firm</i> or in the <i>firm's</i> marketing group, but by another producer (whether a <i>firm</i> or not); and (b) on which the <i>firm</i> is able to advise as a result of a decision taken under ■ COB 5.1.4 G .
<i>advertisement</i>	<p>(in <i>PR</i> and ■ LR 4) (as defined in the <i>PD Regulation</i>) announcements:</p> <ul style="list-style-type: none"> (a) relating to a specific offer to the public of securities or to an admission to trading on a regulated market; and (b) aiming to specifically promote the potential subscription or acquisition of securities.
<i>adviser</i>	an individual who is: a <i>representative</i> ; or an <i>appointed representative</i> .
<i>adviser on syndicate participation at Lloyd's function</i>	controlled function CF25 in the table of controlled functions, described more fully in ■ SUP 10.10.15 R .

<i>advising on investments</i>	<p>the regulated activity, specified in article 53 of the <i>Regulated Activities Order</i> (Advising on investments), which is in summary: advising a person if the advice is:</p> <ul style="list-style-type: none"> (a) given to the person in his capacity as an investor or potential investor, or in his capacity as agent for an investor or a potential investor; and (b) advice on the merits of his doing any of the following (whether as principal or agent): <ul style="list-style-type: none"> (i) buying, selling, subscribing for or underwriting a particular investment which is a security or relevant investment (that is, any designated investment, funeral plan contract, pure protection contract, general insurance contract or right to or interests in a funeral plan contract); or (ii) exercising any right conferred by such an investment, other than a pure protection contract or a general insurance contract, to buy, sell, subscribe for or underwrite such an investment.
<i>advising on investments (except pension transfers and pension opt-outs)</i>	<i>advising on investments except in respect of pension transfers and pension opt-outs.</i>
<i>advising on pension transfers and pension opt-outs</i>	<i>advising on investments in respect of pension transfers and pension opt-outs.</i>
<i>advising on regulated mortgage contracts</i>	<p>the regulated activity, specified in article 53A of the <i>Regulated Activities Order</i>, which is in summary: advising a person if the advice:</p> <ul style="list-style-type: none"> (a) is given to the person in his capacity as a borrower or potential borrower; and (b) is advice on the merits of his: <ul style="list-style-type: none"> (i) entering into a particular regulated mortgage contract; or (ii) varying the terms of a regulated mortgage contract entered into by him on or after 31 October 2004 in such a way as to vary his obligations under that contract.
<i>advising on syndicate participation at Lloyd's</i>	the regulated activity, specified in article 56 of the <i>Regulated Activities Order</i> (Advice on syndicate participation at Lloyd's), of advising a person to become, or continue or cease to be, a member of a particular Lloyd's syndicate.
<i>affected person</i>	<p>(in ■ COLL and ■ CIS):</p> <ul style="list-style-type: none"> (a) (in relation to an ICVC):

	<ul style="list-style-type: none"> (i) the ICVC; (ii) its <i>depository</i>; (iii) a <i>director of the ICVC</i>; (iv) any <i>investment adviser of the ICVC</i>; (v) any <i>associate of any person in (a)(i), (ii), (iii) or (iv)</i>; (vi) the <i>auditor of the scheme</i>; <p>(b) (in relation to an AUT):</p> <ul style="list-style-type: none"> (i) the <i>manager</i>; (ii) the <i>trustee</i>; (iii) any <i>investment adviser of the manager</i>; (iv) any <i>associate of any person in (b)(i), (ii) or (iii)</i>; (v) the <i>auditor of the scheme</i>.
<i>affiliated company</i>	(in relation to a person) an <i>undertaking in the same group as that person</i> .
<i>agreeing to carry on a regulated activity</i>	<p>the <i>regulated activity</i>, specified in article 64 of the <i>Regulated Activities Order</i> (Agreeing to carry on specified kinds of activity), of agreeing to carry on an activity specified in Part II of that Order other than:</p> <ul style="list-style-type: none"> (a) <i>accepting deposits</i>; (aa) <i>issuing electronic money</i>; (b) <i>effecting contracts of insurance</i>; (c) <i>carrying out contracts of insurance</i>; (d) <i>establishing, operating or winding up a collective investment scheme</i>; (e) <i>acting as trustee of an authorised unit trust scheme</i>; (f) <i>acting as the depository or sole director of an open-ended investment company</i>; (g) <i>establishing, operating or winding up a stakeholder pension scheme</i>.
<i>aircraft</i>	(in relation to a class of contract of insurance) the class of contract of insurance, specified in paragraph 5 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), upon aircraft or upon the machinery, tackle, furniture or equipment of aircraft.
<i>aircraft liability</i>	(in relation to a class of contract of insurance) the class of contract of insurance, specified in paragraph 11 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against damage arising out of or in connection with the use of aircraft, including third-party risks and carrier's liability.
<i>allocation period</i>	a single 24-hour period or, with the agreement of each <i>intermediate customer</i> concerned, a period spanning five consecutive <i>business days</i> , during which an aggregated series of transactions may be executed.

<i>allotment</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) the process or processes by which the number of <i>relevant securities</i> to be received by investors who have previously subscribed or applied for them is determined.
<i>alternative trading system</i>	<p>a system that brings together multiple buying and selling interests in <i>designated investments</i> (other than <i>life policies</i> or <i>stakeholder pension schemes</i> or rights to or interests in <i>life policies</i> or <i>stakeholder pension schemes</i>), in the system and according to non-discretionary rules set by the system's operator in a way that results in a contract but does not include:</p> <ul style="list-style-type: none"> (a) a system that is operated by an <i>RIE</i> or that is <i>regulated market</i> or an <i>EEA commodities market</i>; or (b) a <i>bilateral system</i>.
<i>ancillary activity</i>	<p>an activity which is not a <i>regulated activity</i> but which is:</p> <ul style="list-style-type: none"> (a) carried on in connection with a <i>regulated activity</i>; or (b) held out as being for the purposes of a <i>regulated activity</i>.
<i>ancillary banking services undertaking</i>	<p>(as defined in article 1.23 of the <i>Banking Consolidation Directive</i> (Definitions)) and in relation to an <i>undertaking</i> in a <i>consolidation group</i>, <i>sub-group</i> or another group of persons) an <i>undertaking</i> complying with the following conditions:</p> <ul style="list-style-type: none"> (a) its principal activity consists in: <ul style="list-style-type: none"> (i) owning or managing property; (ii) managing data-processing services; or (iii) any other similar activity; (b) the activity in (a) is ancillary to the principal activity of one or more <i>credit institutions</i>; and (c) those <i>credit institutions</i> are also members of that <i>consolidation group</i>, <i>sub-group</i> or group.
<i>ancillary insurance services undertaking</i>	<p>(in relation to any <i>undertaking</i> in a <i>consolidation group</i>, <i>sub-group</i> or other group of persons) an <i>undertaking</i> complying with the following conditions:</p> <ul style="list-style-type: none"> (a) its principal activity consists of: <ul style="list-style-type: none"> (i) owning or managing property; or (ii) managing data-processing services; or (iii) any other similar activity; (b) the activity in (a) is ancillary to the principal activity of one or more <i>insurance undertakings</i>; (c) those <i>insurance undertakings</i> are also members of that <i>consolidation group</i>, <i>sub-group</i> or other group of persons; and (d) (for the purpose of ■ PRU 8.4 (Cross sector groups), ■ PRU 8.5 (Third country groups), ■ PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) and ■ PRU 8 Ann 2R (Prudential rules for third country groups) it is not an <i>ancillary banking services undertaking</i>.

ancillary investment services undertaking

(in relation to any *undertaking in a consolidation group, sub-group or other group of persons*) an *undertaking* complying with the following conditions:

(a) its principal activity consists of:

- (i) owning or managing property; or
- (ii) managing data-processing services; or
- (iii) any other similar activity;

(b) the activity in (a) is ancillary to the principal activity of one or more *investment firms*;

(c) those *investment firms* are also members of that *consolidation group, sub-group or other group of persons*; and

(d) (for the purpose of ■ PRU 8.4 (Cross sector groups), ■ PRU 8.5 (Third country groups), ■ PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) and ■ PRU 8 Ann 2R (Prudential rules for third country groups) it is not an *ancillary banking services undertaking*.

ancillary risk

(in relation to an *insurer with permission under the Act to insure a principal risk belonging to one class (as defined for the purposes of AUTH, PRU, LLD and SUP) of general insurance business*) a risk included in another such class which is:

(a) connected with the principal risk,

(b) concerned with the object which is covered against the principal risk, and

(c) the subject of the same contract insuring the principal risk.

However, the risks included in *classes 14, 15 and 17* may not be treated as risks ancillary to other classes, except that the risk included in *class 17* (legal expenses insurance) may be regarded as an ancillary risk of *class 18* where:

(d) the conditions laid down in (a) to (c) are fulfilled, and

(e) the principal risk relates solely to assistance provided for *persons who fall into difficulties while travelling, while away from home or while away from their permanent residence or where it concerns disputes or risks arising out of, or in connection with, the use of sea-going vessels*.

ancillary services undertaking

an *ancillary insurance services undertaking, an ancillary banking services undertaking or an ancillary investment services undertaking*.

ancillary stabilisation

(as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) the exercise of an *overallotment facility or of a greenshoe option by investment firms or credit institutions, in the context of a significant distribution of relevant securities, exclusively for facilitating stabilisation activity*.

announceable information

information which is usually the subject of a public announcement, although not subject to any formal disclosure requirement.

<i>annual accounting period</i>	(in ■ CIS) a period determined in accordance with ■ CIS 9.2.1R (Accounting period); (in COLL) the 12 month period stipulated in the <i>prospectus</i> which ends on the <i>accounting reference date</i> .
<i>Annual Accounts</i>	the Council Directive of 19 December 1991 concerning the annual accounts and consolidated accounts of <i>insurance undertakings</i> (No. 91/674/EEC).
<i>annual bonus</i>	(in relation to a <i>with-profits insurance contract</i>) a discretionary addition to <i>policy benefits</i> under a <i>with-profits insurance contract</i> made by a <i>long-term insurer</i> as a result of the annual <i>actuarial investigation</i> .
<i>annual budget</i>	the annual budgeted costs of operating the <i>Financial Ombudsman Service</i> .
<i>annual eligible income</i>	(in COMP) the annual income (as described in Part 2 of ■ FEES 4 Annex 1R) for the <i>firm's</i> last financial year preceding the date for submission of the information under ■ FEES 6.5.13 R attributable to the relevant <i>contribution group</i> ; or if the <i>firm</i> prefers, that amount of that annual income attributable to business conducted with or on behalf of <i>eligible claimants</i> , but only if the <i>firm</i> notifies FSCS of the amount in accordance with FSCS reporting requirements.
<i>annual income allocation date</i>	the date in any year stated in the most recently published <i>prospectus</i> as the date on or before which, in respect of each <i>annual accounting period</i> , an allocation of income is to be made.
<i>annual information update</i>	(in PR) the document referred to in ■ PR 5.2.1 R .
<i>annual percentage rate</i>	the annual percentage rate of charge for a contract as calculated in accordance with ■ MCOB 10 (Annual percentage rate).
<i>annual report and accounts</i>	<p>(a) (in relation to a <i>company</i> incorporated in the <i>United Kingdom</i>) an annual report and annual accounts as those terms are defined in sections 261(2) and 262(1) of the Companies Act 1985, together with an auditor's report prepared in relation to those accounts under section 235 of the Companies Act 1985;</p> <p>(b) (in relation to any other body) any similar or analogous <i>documents</i> which it is required to prepare whether by its constitution or by the law under which it is established.</p>
<i>annualised net written premiums</i>	<p>(for the purposes of ■ PRU 7.5) in relation to a <i>financial year</i>, the <i>net written premiums</i> received during that <i>financial year</i>, except that in relation to a <i>financial year</i> that has been validly extended beyond, or shortened from, a period of 12 months, the amount of <i>net written premiums</i> is the amount determined in accordance with the formula: $NWP \times 365/D$ where:</p> <p>(1) NWP is the amount of <i>net written premiums</i> received in the financial year; and</p> <p>(2) D is the number of days in that <i>financial year</i>.</p>
APER	the part of the <i>Handbook</i> in High Level Standards which has the title Statements of Principle and Code of Practice for Approved Persons.

applicable provisions

the *Host State* rules with which:

(a) an *incoming EEA firm* is required to comply when carrying on a *permitted activity* through a *branch* or by providing services (as applicable) in the *United Kingdom*, as defined in paragraphs 13(4) and 14(4) of Part II of Schedule 3 to the *Act* (Exercise of passport rights by EEA firms); or

(b) a *UK firm* is required to comply when conducting business through a *branch* (in accordance with paragraph 19(13) of Part III of Schedule 3 to the *Act* (Exercise of passport rights by UK firms)) or by providing services (as applicable) in another *EEA State*.

applicable sectoral consolidation rules

(in respect of a *financial sector* and in accordance with paragraph 6.10 of ■ PRU 8 Ann 1R (Applicable sectoral consolidation rules)) the *FSA's sectoral rules* about capital adequacy and solvency on a consolidated basis applicable to that *financial sector* under the table in paragraph 6.11 of ■ PRU 8 Ann 1R .

applicable sectoral rules

(in respect of a *financial sector*) *applicable sectoral consolidation rules* for that *financial sector* and the *FSA's sectoral rules* about capital adequacy and solvency applicable to that *financial sector* under the table in paragraph 6.8 of ■ PRU 8 Ann 1R ; which of those sets of *rules* apply for the purpose of a particular calculation depends on the nature of that calculation.

applicant

(1) (in *LR*) an *issuer* which is applying for admission of securities. (2) (in *PR*) an applicant for approval of a *prospectus* or *supplementary prospectus* relating to *transferable securities*.

applications day

the first *day* on which section 40 of the *Act* (Application for permission) comes into force (for any purpose).

appointed

(in accordance with section 39 of the *Act*) a *person* (other than an

appointed representative

(in accordance with section 39 of the *Act* (other than an *authorised person*) who:

(a) is a party to a contract with an *authorised person* (his *principal*) which:

(i) permits or requires him to carry on business of a description prescribed in the *Appointed Representatives Regulations*; and

(ii) complies with such requirements as are prescribed in those *Regulations*; and

(b) is someone for whose activities in carrying on the whole or part of that business his *principal* has accepted responsibility in writing;

and who is therefore an *exempt person* in relation to any *regulated activity* comprised in the carrying on of that business for which his *principal* has accepted responsibility.

Appointed Representatives Regulations

the Financial Services and Markets Act 2000 (Appointed Representatives) Regulations 2001 (SI 2001/1217).

<i>apportionment and oversight function</i>	<i>controlled function</i> CF8 in the <i>table of controlled functions</i> , described more fully in ■ SUP 10.7.1 R .
<i>appropriate actuary</i>	an <i>actuary</i> appointed under ■ SUP 4.4.1 R (Appointment of an appropriate actuary).
<i>appropriate personal pension</i>	a <i>personal pension policy</i> or a <i>personal pension contract</i> under which contributions are made to a <i>personal pension scheme</i> which is an appropriate scheme under section 1(8) of the Social Security Act 1986 or article 3(8) of the Social Security (Northern Ireland) Order 1986.
<i>appropriate valuer</i>	(in COLL and CIS) a <i>person</i> who complies with the requirements of ■ COLL 5.6 18R(7) (Investment in property), ■ COLL 8.4.11R(4) (Investment in property) or, as the case may be, ■ CIS 5A.8.5R(7) (<i>Approved immovables</i>).
<i>approve</i>	(in relation to a <i>financial promotion</i>) approve the content of the <i>financial promotion</i> for the purposes of section 21 of the Act (Restrictions on financial promotion).
<i>approved bank</i>	(except in ■ COLL and ■ CIS) (in relation to a <i>bank</i> account opened by a firm): <ul style="list-style-type: none"> (a) if the account is opened at a branch in the <i>United Kingdom</i>: <ul style="list-style-type: none"> (i) the Bank of England; or (ii) the central bank of a member state of the <i>OECD</i>; or (iii) a <i>bank</i>; or (iv) a <i>building society</i> ; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the <i>OECD</i>; or (b) if the account is opened elsewhere: <ul style="list-style-type: none"> (i) a bank in (a); or (ii) a <i>credit institution</i> established in an <i>EEA State</i> other than the <i>United Kingdom</i> and duly authorised by the relevant <i>Home State</i> regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (c) a bank supervised by the South African Reserve Bank; or (d) any other bank that: <ul style="list-style-type: none"> (i) is subject to regulation by a national banking regulator; (ii) is required to provide audited accounts; (iii) has minimum net assets of ?5 million (or its equivalent in any other currency at the relevant time) and has a surplus revenue over expenditure for the last two financial years; and (iv) has an annual audit report which is not materially qualified.

<i>approved collateral</i>	<p>(in ■ COLL and ■ CIS) any person falling within (a-c).</p> <p>any form of security for the discharge of any liability arising from a <i>contingent liability investment</i> (other than a guarantee) which:</p> <ul style="list-style-type: none"> (a) (in relation to an <i>on-exchange</i> transaction) is acceptable under the rules of the relevant exchange or <i>clearing house</i>; and (b) (in relation to an <i>OTC</i> transaction) would be acceptable for a similar transaction to the relevant exchange or <i>clearing house</i>.
<i>approved counterparty</i>	<p>any of the following:</p> <ul style="list-style-type: none"> (a) an <i>approved credit institution</i>; or (b) a firm whose permission includes dealing in investments as principal with respect to derivatives which are not listed; or (c) an <i>ISD investment firm</i> whose authorisation (as referred to in article 3 of the <i>ISD</i>) authorises it to carry on activities of the kind referred to in (b); or (d) in respect of a transaction involving a new issue of securities which are to be listed, the issuer or an <i>ISD investment firm</i> acting on behalf of the issuer.
<i>approved credit institution</i>	a <i>credit institution</i> recognised or permitted under the law of an <i>EEA State</i> to carry on any of the activities set out in Annex 1 to the <i>Banking Consolidation Directive</i> .
<i>approved depositary</i>	<p>any <i>depositary</i>:</p> <ul style="list-style-type: none"> (a) which is subject to regulation by a national <i>regulatory body</i> in connection with its custody services; (b) which is required to prepare audited accounts; (c) whose latest annual audit report is not materially qualified; and (d) which <ul style="list-style-type: none"> (i) has minimum net assets of ?5 million (or its equivalent in any other currency at the relevant time) and has surplus revenue over expenditure for the last two financial years; or (ii) if not, nevertheless has adequate financial resources for its business.
<i>approved derivative</i>	<ul style="list-style-type: none"> (1) (in <i>COLL</i> and <i>CIS</i>) a derivative which is traded or <i>dealt</i> in on an eligible derivatives market. (2) (in <i>PRU</i>) a <i>derivative</i> in respect of which the conditions in ■ PRU 4.3.5 R are met.
<i>approved financial institution</i>	<p>any of the following:</p> <ul style="list-style-type: none"> (a) the European Central Bank; (b) the central bank of an <i>EEA State</i>;

	<p>(c) the International Bank for Reconstruction and Development;</p> <p>(d) the European Bank for Reconstruction and Development;</p> <p>(e) the International Finance Corporation;</p> <p>(f) the International Monetary Fund;</p> <p>(g) the Inter-American Development Bank;</p> <p>(h) the African Development Bank;</p> <p>(i) the Asian Development Bank;</p> <p>(j) the Caribbean Development Bank;</p> <p>(k) the European Investment Bank;</p> <p>(l) the European Community; and</p> <p>(m) the European Atomic Energy Community.</p>
<i>approved immovable</i>	an interest in any land or building which satisfies the conditions in ■ CIS 5A.8.5R (Approved immovables).
<i>approved mortgage</i>	<p>(in ■ COLL and ■ CIS) a mortgage:</p> <p>(a) which the <i>trustee</i> reasonably believes can be discharged on demand or within 28 <i>days</i> by repayment of all the <i>money</i> secured by the mortgage (including, where appropriate, any additional sum provided for under the mortgage); and</p> <p>(b) on which there is not secured any property, whether immediately or contingently, other than the <i>approved immovable</i> in question.</p>
<i>approved person</i>	a <i>person</i> in relation to whom the FSA has given its approval under section 59 of the Act (Approval for particular arrangements) for the performance of a <i>controlled function</i> .
<i>approved quasi-derivative</i>	a <i>quasi-derivative</i> in respect of which the conditions in ■ PRU 4.3.5 R are met.
<i>approved reinsurance to close</i>	<p>(a) a <i>reinsurance to close</i> effected before 1 January 2005; or</p> <p>(b) an agreement under which <i>members</i> of a <i>syndicate</i> in one <i>syndicate year</i> ("the <i>reinsured members</i>") agree with the <i>members</i> of that <i>syndicate</i> in a later <i>syndicate year</i> or the <i>members</i> of another <i>syndicate</i> ("the <i>reinsuring members</i>") that the <i>reinsuring members</i> will discharge, or procure the discharge of, or indemnify the <i>reinsured members</i> against, all known and unknown <i>insurance business liabilities</i> of the <i>reinsured members</i> arising out of the <i>insurance business</i> carried on by the <i>reinsured members</i> in that <i>syndicate year</i> that is:</p> <p>(i) effected after 1 January 2005; and</p> <p>(ii) not a balance transfer between two <i>syndicate years</i> where the <i>syndicate</i> has only one <i>member</i> and the <i>member</i> is the same in each of those years.</p>
<i>approved security</i>	(1) (in COLL and CIS) a <i>transferable security</i> that is admitted to <i>official listing</i> in an EEA State or is traded on or under the rules of an <i>eligible</i>

	<p><i>securities</i> market (otherwise than by the specific permission of the market authority).</p> <p>(2) (in</p> <p>PRU</p> <p>) any of the following:</p> <p>(a) any <i>security</i> issued or guaranteed by, or the repayment of the principal of which, or the interest on which, is guaranteed by, and any loans to or deposits with, any government, public or local authority or nationalised industry or undertaking, which belongs to a <i>Zone A</i> country;</p> <p>(b) any loan to, or deposit with, an <i>approved financial institution</i>;</p> <p>(c) any <i>debenture</i> issued before 31 December 1994 by the Agricultural Mortgage Corporation Limited or the Scottish Agricultural Securities Corporation Limited.</p>
<i>approved stock lending transaction</i>	a <i>stock lending</i> transaction in respect of which the conditions in ■ PRU 4.3.36 R have been met.
APR	<i>annual percentage rate</i> .
<i>arrangement</i>	(as defined in section 59(10) of the <i>Act</i> (Approval for particular arrangements)) any kind of arrangement for the performance of a function of an <i>authorised person</i> ("A") which is entered into by A or any contractor of his with another <i>person</i> , including, in particular, that other <i>person's</i> appointment to an office, his becoming a partner, or his employment (whether under a contract of service or otherwise).
<i>arranger</i>	<p>(1) (For the purposes of ■ PRU 8 (Group risk) a <i>firm</i> with <i>permission</i> for one or more of the following:</p> <p>(a) <i>arranging</i> (bringing about) <i>deals in investments</i>; or</p> <p>(b) <i>making arrangements with a view to transactions in investments</i>;</p> <p>and which:</p> <p>(c) is not a <i>bank</i>, a <i>building society</i> or an <i>ELMI</i>;</p> <p>(d) is not an <i>insurer</i>;</p> <p>(e) is not a <i>UCITS management company</i>;</p> <p>(f) is not a <i>local</i>; and</p> <p>(g) does not have <i>permission</i>:</p> <p>(i) to <i>deal in investments as principal</i>; or</p> <p>(ii) for <i>dealing in investments as agent</i>; or</p> <p>(iii) for <i>managing investments</i>.</p>

	(2) (for all other purposes) a person who is arranging (bringing about) deals in investments, making arrangements with a view to transactions in investments, or agreeing to carry on any of those regulated activity.
arranging	<p>(a) (except in relation to a regulated mortgage contract) arranging (bringing about) deals in investments, making arrangements with a view to transactions in investments or agreeing to carry on either of those regulated activities.</p> <p>(b) (in relation to a regulated mortgage contract) arranging (bringing about) regulated mortgage contracts, making arrangements with a view to regulated mortgage contracts or agreeing to carry on either of those regulated activities;</p>
arranging (bringing about) deals in investments	<p>the regulated activity, specified in article 25(1) of the Regulated Activities Order, which is in summary: making arrangements for another person (whether as principal or agent) to buy, sell, subscribe for or underwrite a particular investment which is:</p> <ul style="list-style-type: none"> (a) a designated investment; or (b) a funeral plan contract; or (c) the underwriting capacity of a Lloyd's syndicate; or (d) membership of a Lloyd's syndicate; or (da) a pure protection contract; or (db) a general insurance contract; or (e) rights to or interests in investments in (b), (c) or (d).
arranging (bringing about) regulated mortgage contracts	<p>the regulated activity, specified in article 25A(1) of the Regulated Activities Order, which is in summary: making arrangements for another person to:</p> <ul style="list-style-type: none"> (a) enter into a regulated mortgage contract as borrower; or (b) vary the terms of a regulated mortgage contract entered into by him as borrower on or after 31 October 2004. <p>(see also arranging (in relation to regulated mortgage contracts) and making arrangements with a view to regulated mortgage contracts.)</p>
arranging deals in contracts of insurance written at Lloyd's	the regulated activity, specified in article 58 of the Regulated Activities Order (Arranging deals in contracts of insurance written at Lloyd's), carried on by the Society of Lloyd's of arranging deals in contracts of insurance written at Lloyd's.
arranging qualifying credit	<p>the controlled activity, specified in paragraph 10A of Schedule 1 to the Financial Promotion Order, of making arrangements:</p> <ul style="list-style-type: none"> (a) for another person to enter as borrower into an agreement for the provision of qualifying credit; or (b) for a borrower under a regulated mortgage contract, entered into on or after 31 October 2004, to vary the terms of that contract.

*arranging
safeguarding
and
administration
of assets*

that part of *safeguarding and administering investments* which consists solely of arranging for one or more other *persons* to carry on both:

- (a) the safeguarding of assets belonging to another; and
- (b) the administration of those assets.

arrears

(in relation to a *regulated mortgage contract*) either:

- (a) a shortfall (equivalent to two or more regular payments) in the accumulated total payments actually made by the *customer* measured against the accumulated total amount of payments due to be received from the *customer*; or
- (b) remaining in breach, for more than one month, of an agreed borrowing limit or of an obligation to repay where the loan does not have a regular repayment plan.

*article 9
default*

(as defined in article 2(2) of the *compensation transitionals order*) any of the following:

- (a) the passing of a resolution for the voluntary winding up of an authorised insurance company within the meaning of section 3 of the Policyholders Protection Act 1975 in circumstances falling within section 5(1)(a) of that Act;
- (b) the making by the court of an order for the winding up of such a company in accordance with section 5(1)(b) of that Act;
- (c) the appointment of a provisional liquidator in the circumstances falling within section 15 of that Act in respect of such a company;
- (d) such a company becoming a company in financial difficulties within the meaning of section 16 of that Act;
- (e) a *participating deposit-taker* becoming insolvent for the purposes of Part II of the Banking Act 1987;
- (f) a *participating institution* becoming insolvent within the meaning of section 25A of the Building Societies Act 1986;
- (g) the beginning of a dissolution or transfer of engagements of a *member society* in accordance with rule 9(2) of the Rules of the Friendly Societies Protection Scheme.

*asset backed
security*

(as defined in the *PD Regulation*) securities which:

- (a) represent an interest in assets, including any rights intended to assure servicing, or the receipt or timeliness of receipts by holders of assets of amounts payable thereunder; or
- (b) are secured by assets and the terms of which provide for payments which relate to payments or reasonable projections of payments calculated by reference to identified or identifiable assets.

*assessable
mutual*

(for the purposes of ■ PRU 7.5) a *mutual* where the *insurance business* carried on by the *mutual* is limited to the provision of *insurance business* to its members and whose articles of association, rules or bye-laws provide for the calling of additional contributions from members to meet *claims*.

<i>asset identification rules</i>	(as defined in subsection 142(2) of the <i>Act</i> (Insurance business: regulations supplementing Authority's rules)) <i>rules made by the FSA which require an authorised person who has permission to effecting or carry out contracts of insurance to identify assets which belong to him and which are maintained in respect of a particular aspect of his business.</i>
<i>asset management company</i>	(for the purpose of ELM and PRU and in accordance with Article 2(5) of the <i>Financial Groups Directive</i> (Definitions)) a management company within the meaning of Article 1a(2) of the <i>UCITS Directive</i> , as well as an <i>undertaking</i> the registered office of which is outside the EEA and which would require authorisation in accordance with Article 5(1) of the <i>UCITS Directive</i> if it had its registered office within the EEA.
<i>asset-related capital requirement</i>	a component of the calculation of the ECR for a firm carrying on general insurance business as set out in ■ PRU 3.3 .
<i>assistance</i>	<p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph 18 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), providing either or both of the following benefits:</p> <p>(a) assistance (whether in cash or in kind) for <i>persons</i> who get into difficulties while travelling, while away from home or while away from their permanent residence;</p> <p>(b) assistance (whether in cash or in kind) for <i>persons</i> who get into difficulties otherwise than as in (a).</p>
<i>assisting in the administration and performance of a contract of insurance</i>	the <i>regulated activity</i> , specified in article 39A of the <i>Regulated Activities Order</i> (Assisting in the administration and performance of a contract of insurance) of assisting in the administration and performance of a contract of insurance.
<i>associate</i>	<p>(1) (in LR) (in relation to a <i>director, substantial shareholder, 50/50 joint venture partner or person exercising significant influence, who is an individual</i>):</p> <p>(a) that individual's spouse , civil partner or child (together "the individual's family");</p> <p>(b) the trustees (acting as such) of any trust of which the individual or any of the individual's family is a beneficiary or discretionary object (other than a trust which is either an <i>occupational pension scheme</i> or an <i>employees' share scheme</i> which does not, in either case, have the effect of conferring benefits on persons all or most of whom are related parties;</p> <p>(c) any <i>company</i> in whose <i>equity securities</i> the individual or any member or members (taken together) of the individual's family or the individual and any such member or members (taken together) are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they are (or would on the fulfilment of the condition or the occurrence of the contingency be) able:</p>

(i) to exercise or control the exercise of 30% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or

(ii) to appoint or remove *directors* holding a majority of voting rights at board meetings on all, or substantially all, matters.

For the purpose of paragraph (c), if more than one *director* of the *listed company*, its *parent undertaking* or any of its *subsidiary undertakings* is interested in the *equity securities* of another *company*, then the interests of those *directors* and their *associates* will be aggregated when determining whether that *company* is an associate of the *director*. (2) (in LR) (in relation to a *substantial shareholder*, *50/50 joint venture partner* or *person exercising significant influence*, which is a *company*):

(a) any other *company* which is its *subsidiary undertaking* or *parent undertaking* or fellow *subsidiary undertaking* of the *parent undertaking*;

(b) any *company* whose *directors* are accustomed to act in accordance with the *substantial shareholder's*, *50/50 joint venture partner's* or *person exercising significant influence's*, directions or instructions.

(3) (except in LR) (in relation to a *person* ("A")):

(a) an *affiliated company* of A;

(b) an *appointed representative* of A or of any *affiliated company* of A;

(c) any other *person* whose business or domestic relationship with A or his *associate* might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.

associated call option

a right to acquire a particular amount of the *relevant security* or of any *associated security* at a future date at a particular price.

associated instrument

(as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) any of the following *financial instruments* (including those which are not admitted to trading on a *regulated market*, or for which a request for admission to trading on such a market has not been made, provided that the relevant competent authorities have agreed to standards of transparency for transactions in such *financial instruments*):

(a) contracts or rights to subscribe for, acquire or dispose of *relevant securities*;

(b) financial derivatives on *relevant securities*;

(c) where the *relevant securities* are convertible or exchangeable debt instruments, the securities into which such convertible or exchangeable debt instruments may be converted or exchanged;

(d) instruments which are issued or guaranteed by the *issuer* or guarantor of the *relevant securities* and whose market price is likely

	<p>to materially influence the price of the <i>relevant securities</i>, or vice versa; and</p> <p>(e) where the <i>relevant securities</i> are <i>securities</i> equivalent to <i>shares</i>, the <i>shares</i> represented by those <i>securities</i> (and any other <i>securities</i> equivalent to those <i>shares</i>).</p>
ATS	<i>alternative trading system</i>
ATS operator	a <i>firm</i> that operates an <i>ATS</i> or that has accepted responsibility for the operation of an <i>ATS</i> by an <i>appointed representative</i> .
AUT	an <i>authorised unit trust scheme</i> .
AUTH	the Authorisation manual.
authorisation	authorisation as an <i>authorised person</i> for the purposes of the <i>Act</i> .
authorisation order	<p>an order made by the <i>FSA</i>:</p> <p>(a) in relation to an <i>AUT</i> under section 243 of the <i>Act</i> (Authorisation orders);</p> <p>(b) in relation to an <i>ICVC</i> under regulation 14 of the <i>OEIC Regulations</i> (Authorisation);</p> <p>as a result of which the <i>AUT</i> becomes authorised or the body becomes incorporated as an <i>ICVC</i> under regulation 3 of the <i>OEIC Regulations</i> (Open-ended investment company).</p>
authorised corporate director	the director of an <i>ICVC</i> who is the <i>authorised corporate director</i> of the <i>ICVC</i> in accordance with ■ COLL 6.5.3R (Appointment of an ACD) or, as the case may be, CIS 7.2.1R (The <i>directors</i>) including, if relevant, an <i>EEA UCITS management company</i> .
authorised fund	an <i>ICVC</i> or an <i>AUT</i> .
authorised fund manager	an <i>ACD</i> or an <i>authorised unit trust manager</i> .
authorised person	<p>(in accordance with section 31 of the <i>Act</i> (Authorised persons)) one of the following:</p> <p>(a) a <i>person</i> who has a <i>Part IV</i> permission to carry on one or more regulated activities;</p> <p>(b) an <i>incoming EEA firm</i>;</p> <p>(c) an <i>incoming Treaty firm</i>;</p> <p>(d) a <i>UCITS</i> qualifier;</p> <p>(e) an <i>ICVC</i>;</p> <p>(f) the <i>Society of Lloyd's</i>.</p>

	(see also ■ GEN 2.2.18 R for the position of an <i>unauthorised partnership</i> or <i>unincorporated association</i> which is dissolved.)
<i>authorised professional firm</i>	a <i>professional firm</i> which is an <i>authorised person</i> .
<i>authorised property unit trust</i>	(in LR) a <i>unit trust scheme</i> authorised by the FSA and which is a <i>property scheme</i> or an <i>umbrella scheme</i> each separate part of which would qualify as a <i>property scheme</i> if it were a separate <i>authorised unit trust scheme</i> .
<i>authorised UK representative</i>	(in relation to a <i>firm</i>) a <i>person</i> resident in the <i>United Kingdom</i> who is authorised to act generally, and to accept service of any <i>document</i> , on behalf of the <i>firm</i> .
<i>authorised unit trust manager</i>	a <i>manager</i> of an AUT.
<i>authorised unit trust scheme</i>	(as defined in section 237(3) of the <i>Act</i> (Other definitions)) a <i>unit trust scheme</i> which is authorised for the purposes of the <i>Act</i> by an <i>authorisation order</i> .
<i>authorised Voluntary Jurisdiction participant</i>	a <i>participant</i> in the <i>Voluntary Jurisdiction</i> who is an <i>authorised person</i> .
AVC	<i>additional voluntary contribution</i> .

<i>backwardation</i>	a situation in which <i>futures</i> prices are lower than cash prices.
<i>balancing amount</i>	<p>(in LLD) in respect of a <i>syndicate</i>, any part of the <i>capital resources</i> that:</p> <p>(a) the <i>managing agent</i> of the <i>syndicate</i> has assessed to be necessary to support the <i>insurance business</i> carried on by the <i>members</i> of the <i>syndicate</i> through the <i>syndicate</i>, including those <i>capital resources</i> required to support the risks arising at <i>syndicate</i> level that affect that business; but</p> <p>(b) are not managed by or at the direction of the <i>managing agent</i> of the <i>syndicate</i>.</p>
<i>Balancing and Settlement Code</i>	the document designated by the Secretary of State and adopted by the National Grid Company plc as the Balancing and Settlement Code as modified from time to time in accordance with the terms of the transmission licence granted under section 6(1)(b) of the Electricity Act 1989 in respect of England and Wales, or any subsequent similar instrument or arrangements.
<i>bank</i>	<p>(a) a <i>firm</i> with a <i>Part IV permission</i> which includes accepting deposits, and:</p> <p>(i) which is a <i>credit institution</i>; or</p> <p>(ii) whose <i>Part IV permission</i> includes a requirement that it comply with ■ IPRU(BANK) ;</p> <p>but which is not a <i>building society</i>, a <i>friendly society</i> or a <i>credit union</i>;</p> <p>(b) an <i>EEA bank</i> which is a <i>full credit institution</i>.</p>
<i>Bank Accounts Directive</i>	Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions.
<i>bank consolidation rule</i>	the <i>FSA consolidation rule</i> in ■ IPRU(BANK) .
<i>banking and investment group</i>	<p>a group of persons (at least one of which is an <i>EEA regulated entity</i> that is a <i>credit institution</i> or an <i>investment firm</i>) who:</p> <p>(a) form a group in respect of which the consolidated capital adequacy requirements for the <i>banking sector</i> or the <i>investment services sector</i> under:</p> <p>(i) the <i>FSA's sectoral rules</i>; or</p> <p>(ii) the <i>sectoral rules</i> of another <i>competent authority</i>; apply; or</p> <p>(b) would form such a group if the scope of those <i>sectoral rules</i> were amended as described in paragraph 3.1 of ■ PRU 8 Ann 2R (removing restrictions relating to place of incorporation or head office of members of those <i>financial sectors</i>).</p>
<i>banking conglomerate</i>	a <i>financial conglomerate</i> identified as a banking conglomerate in the decision tree in paragraph 4.5 of ■ PRU 8 Ann 1R (Decision tree for types of <i>financial conglomerate</i> and definition of most important <i>financial sector</i>).

<i>Banking Consolidation Directive</i>	the Council Directive of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions (No 2000/12/EC).
<i>Banking Ombudsman scheme</i>	the <i>former scheme</i> set up, on a voluntary basis, to handle complaints against those banks which subscribed to it.
<i>banking sector</i>	a sector composed of one or more of the following entities: <ul style="list-style-type: none"> (a) a <i>credit institution</i>; (b) a <i>financial institution</i>; and (c) an <i>ancillary banking services undertaking</i>.
<i>base capital resources requirement</i>	an amount of <i>capital resources</i> that a <i>firm</i> must hold as set out in ■ PRU 2.1.26 R .
<i>base costs</i>	<i>management expenses</i> , other than <i>establishment costs</i> , which are not dependent on the level of <i>claims</i> made on the FSCS.
<i>base costs levy</i>	a levy, forming part of the <i>management expenses levy</i> , to meet the <i>base costs</i> in the financial year of the <i>compensation scheme</i> to which the levy relates, each <i>participant firm's</i> share being calculated in accordance with ■ FEES 6.4.5 R .
<i>base currency</i>	<ul style="list-style-type: none"> (1) (in ■ COLL and CIS) the currency specified: <ul style="list-style-type: none"> (a) in the <i>instrument of incorporation</i> of an ICVC as the currency in which its accounts are to be prepared; or (b) in the <i>trust deed</i> of an AUT as the base currency of the AUT. (2) (in ■ ELM) (in relation to an ELMI) the currency in which that ELMI's books of account are drawn up.
<i>base prospectus</i>	(in <i>Part 6 rules</i>) a base prospectus referred to in ■ PR 2.2.7 R .
<i>basic advice</i>	see <i>providing basic advice on a stakeholder product</i> .
<i>basis risk</i>	the risk that the relationship between two financial variables will change, particularly between two sorts of interest rate or between a hedge and the position it ostensibly hedges.
BCD	<i>Banking Consolidation Directive</i> .
<i>BCD credit institution</i>	a <i>credit institution</i> that has its registered office (or, if it has no registered office, its head office) in an <i>EEA State</i> , excluding an institution to which the BCD does not apply under article 2(3) of the BCD (see also <i>full BCD credit institution</i> .).

<i>bearer certificate</i>	<p>(in ■ COLL and CIS) a certificate or other documentary evidence of title, for which provision is made in the <i>instrument constituting the scheme</i>, which indicates that:</p> <ul style="list-style-type: none"> (a) the <i>holder</i> of the document is entitled to the <i>units</i> specified in it; and (b) no entry will be made on the <i>register</i> identifying the <i>holder</i> of those <i>units</i>.
<i>bearer form</i>	(in relation to a <i>client's</i> certificate, <i>share</i> transfer or other <i>document</i>) in a form signed by the <i>client</i> so that it enables a <i>designated investment</i> or <i>deposit</i> to which it relates to be sold, transferred, surrendered or dealt with in any other way without the need to obtain further written instructions and allows the <i>firm</i> access to the sale proceeds.
<i>behaviour</i>	any kind of conduct, including action or inaction.
<i>bid price</i>	the <i>price</i> at which a <i>person</i> could sell a <i>unit</i> in a <i>dual-priced AUT</i> or a <i>security</i> .
<i>bilateral system</i>	a system that brings together buying and selling interests in the way described in the definition of an <i>alternative trading system</i> , where a single <i>person</i> enters into one side of every transaction effected using the system, on his own account and not merely as a central counterparty interposed between a buyer and seller, or would enter into every trade in that way but for <i>client</i> orders that are crossed occasionally. This definition includes such a system where, rather than a single <i>person</i> , it is one of a number of <i>persons</i> in the same <i>group</i> that enters into one side of every transaction effected using the system.
<i>body corporate</i>	(in accordance with section 417(1) of the <i>Act</i> (Definitions)) any body corporate, including a body corporate constituted under the law of a country or territory outside the <i>United Kingdom</i> .
<i>bonded investment</i>	<p>a <i>designated investment</i> not held by a trustee when acting as a trustee:</p> <ul style="list-style-type: none"> (a) which, except in the case of a <i>unit</i>, is one of the following: <ul style="list-style-type: none"> (i) a <i>readily realisable security</i> held for a <i>customer</i>, whether or not held under a discretionary arrangement; or (ii) a <i>designated investment</i> in <i>bearer form</i>; or (iii) a <i>designated investment</i> held by a <i>nominee company</i> under the control of the <i>firm</i> or a <i>person</i> whom the <i>firm</i> controls; or (iv) a <i>designated investment</i> to which the title is recorded in electronic form; (b) which the <i>firm</i> may <i>sell</i> or procure the sale of without the signature or other action of the <i>customer</i> or an independent third party; and (c) where the proceeds of such a sale are or could be payable to the <i>firm</i> or its <i>associate</i>.
<i>book value of property</i>	(in <i>LR</i>) (in relation to a <i>property company</i>) the value of a <i>property</i> (which is not classified as a net current asset) before the deduction of mortgages or borrowings as shown in the <i>company's</i> latest annual report and accounts.
<i>borrow back</i>	a feature of a <i>regulated mortgage contract</i> under which the <i>customer</i> has the ability to re-borrow monies paid by him.

branch

- (a) (in relation to a *credit institution*):
 - (i) a place of business which forms a legally dependent part of a *credit institution* and which carries out directly all or some of the transactions inherent in the business of *credit institutions*;
 - (ii) for the purposes of the *Banking Consolidation Directive*, any number of places of business set up in the same *EEA State* by a *credit institution* with headquarters in another *EEA State* are to be regarded as a single *branch*;
- (b) (in relation to an *investment firm*):
 - (i) a place of business which is a part of an *investment firm*, not being the principal place of business, which has no separate legal personality and which provides *investment services* for which the *investment firm* has been authorised;
 - (ii) for the purposes of the *Investment Services Directive*, all the places of business set up in the same *EEA State* by an *investment firm* with headquarters in another *EEA State* are to be regarded as a single *branch*;
- (c) (in relation to an *insurance undertaking*) any permanent presence of the *insurance undertaking* in an *EEA State* other than that in which it has its head office is to be regarded as a single *branch*, whether that presence consists of a single office which, or two or more offices each of which:
 - (i) is managed by the *insurance undertaking's* own staff; or
 - (ii) is an agency of the *insurance undertaking*; or
 - (iii) is managed by a *person* who is independent of the *insurance undertaking*, but has permanent authority to act for the *insurance undertaking* as an agency would.
- (d) (in relation to an *IMD insurance intermediary*):
 - (i) a place of business which is a part of an *IMD insurance intermediary*, not being the principal place of business, which has no separate legal personality and which provides insurance mediation for which the *IMD insurance intermediary* has been registered;
 - (ii) for the purposes of the *Insurance Mediation Directive*, all the places of business set up in the same *EEA State* by an *IMD insurance intermediary* with headquarters in another *EEA State* are to be regarded as a single *branch*.
- (e) (in relation to an *IMD reinsurance intermediary*):
 - (i) a place of business which is a part of an *IMD reinsurance intermediary*, not being the principal place of business, which has no separate legal personality and which provides *reinsurance mediation* for which the *IMD reinsurance intermediary* has been registered;
 - (ii) for the purposes of the *Insurance Mediation Directive*, all the places of business set up in the same *EEA State* by an *IMD reinsurance intermediary* with headquarters in another *EEA State* are to be regarded as a single *branch*.
- (f) (in relation to an *EEA UCITS management company*):

	<p>(i) a place of business which is a part of an <i>EEA UCITS management company</i>, which has no separate legal personality and which provides the services for which the <i>EEA UCITS management company</i> has been authorised;</p> <p>(ii) for the purposes of the <i>UCITS Directive</i>, all the places of business set up in the same <i>EEA State</i> by an <i>EEA UCITS management company</i> with headquarters in another <i>EEA State</i> are to be regarded as a single <i>branch</i>.</p>
<i>branded fund</i>	a <i>life policy</i> or a <i>regulated collective investment scheme</i> other than a <i>broker fund</i> which is available as an <i>investment</i> only or mainly to the <i>clients</i> of a particular <i>firm</i> other than a <i>provider firm</i> .
<i>break fee</i>	(in <i>LR</i>) a fee payable by a <i>listed company</i> if certain specified events occur which have the effect of materially impeding a transaction or causing the transaction to fail.
<i>broker</i>	(in ■ <i>MAR</i> and <i>PRU</i>) any person when dealing as agent.
<i>broker fund</i>	<p>(in relation to a fund for which the <i>firm</i> is or will be a <i>broker fund adviser</i>):</p> <p>(a) an actual or notional fund of a <i>long-term insurer</i> or <i>overseas long-term insurer</i>, which contains or will contain contributions made or to be made by a <i>client</i> or <i>clients</i> of a <i>firm</i> in connection with a <i>life policy</i> or <i>policies</i>;</p> <p>(b) a fund of a <i>collective investment scheme</i>, which contains or will contain cash contributions made or to be made by a <i>client</i> or <i>clients</i> of a <i>firm</i> in connection with the purchase of <i>units</i> in the <i>scheme</i>.</p>
<i>broker fund adviser</i>	<p>a <i>firm</i> which has, or whose associate being an authorised person has, an arrangement with a <i>long-term insurer</i>, <i>overseas long-term insurer</i> or <i>operator</i> of a <i>regulated collective investment scheme</i>, under which it is to be expected that the <i>long-term insurer</i>, <i>overseas long-term insurer</i> or <i>operator</i> will take into account the advice of that <i>firm</i> or its associate:</p> <p>(a) in the case of a <i>long-term insurer</i> or <i>overseas long-term insurer</i>, on any matter likely to influence the performance of any of the <i>long-term insurer's</i> or <i>overseas long-term insurer's</i> funds or of any <i>investment</i> issued by the <i>long-term insurer</i> or <i>overseas long-term insurer</i> into which cash contributions of that <i>firm's</i> customers have been made;</p> <p>(b) in the case of an <i>operator</i>, on the composition of the property of the <i>collective investment scheme</i> into which cash contributions of that <i>firm's</i> customers have been made;</p> <p>in this definition <i>associate</i> includes any authorised person in respect of whose services the first <i>firm</i> receives any benefit or reward, either directly or indirectly, in connection with advice of the kind described in (a) and (b) given to a <i>long-term insurer</i> or <i>overseas long-term insurer</i> or to a <i>collective investment scheme operator</i>.</p>
<div>PAGE B5</div> <i>broker/manager</i>	<p>a <i>firm</i> with permission for dealing in investments as agent or managing investments (including an <i>operator</i> of an <i>unregulated collective investment scheme</i>) but which:</p> <p>(a) does not have permission to deal in investments as principal;</p> <p>(b) is not a <i>UCITS management company</i>;</p>

	<p>(c) is not an <i>insurer</i>; and</p> <p>(d) is not a <i>bank</i>, a <i>building society</i> or an <i>ELMI</i>.</p>
<i>brought forward amount</i>	an amount, as defined in ■ PRU 7.2.51 R , used in the calculation of the <i>general insurance capital requirement</i> .
<i>building block</i>	(in <i>PR</i> and <i>LR</i>) (as defined in the <i>PD Regulation</i>) a list of additional information requirements, not included in one of the schedules, to be added to one or more schedules, as the case may be, depending on the type of instrument and/or transaction for which a prospectus or base prospectus is drawn up.
<i>building society</i>	(as defined in section 119(1) of the Building Societies Act 1986) a building society incorporated (or deemed to be incorporated) under that Act.
<i>building society conglomerate</i>	a <i>financial conglomerate</i> identified as a <i>building society conglomerate</i> in the decision tree in paragraph 4.5 of ■ PRU 8 Ann 1R (Decision tree for types of <i>financial conglomerate</i> and definition of <i>most important financial sector</i>).
<i>Building Societies Ombudsman scheme</i>	the <i>former scheme</i> set up and recognised under the Building Societies Act 1986 to handle complaints about <i>building societies</i> .
<i>business day</i>	<p>(1) (in relation to anything done or to be done in (including to be submitted to a place in) any part of the <i>United Kingdom</i>):</p> <p>(a) (except in ■ REC) any <i>day</i> which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in that part of the <i>United Kingdom</i>;</p> <p>(b) (in ■ REC) (as defined in section 167 of the Companies Act 1989) any <i>day</i> which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in any part of the <i>United Kingdom</i>.</p> <p>(2) (in relation to anything done or to be done by reference to a market outside the <i>United Kingdom</i>) any <i>day</i> on which that market is normally open for business.</p>
<i>business illustration</i>	an <i>illustration</i> for a <i>regulated mortgage contract</i> that is for a business purpose.
<i>business offer document</i>	an <i>offer document</i> for a <i>regulated mortgage contract</i> that is for a business purpose.
<i>Business Order</i>	the Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business Order) 2001 (SI 2001/1177).
<i>Buy-back and Stabilisation Regulation</i>	Commission Regulation (EC) of 22 December 2003 implementing the <i>Market Abuse Directive</i> as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003).

<i>buy-back programme</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) trading in own shares in accordance with Articles 19 to 24 of the <i>PLC Safeguards Directive</i> .
<i>buying</i>	(in accordance with article 3(1) of the <i>Regulated Activities Order (Interpretation)</i>) any form of buying, including acquiring for valuable consideration.
<i>byelaw</i>	(in ■ LLD) any Byelaw, direction, regulation, or other instrument made using the powers of the <i>Council</i> under section 6 of Lloyd's Act 1982 (including any regulation ratified by the <i>Council</i> by special resolution) and any condition or requirement made under any such Byelaw, direction, regulation or other instrument.

CAD bank	a bank which uses the <i>Capital Adequacy Directive</i> to measure the capital requirement on its trading book.
callable contribution	(in LLD) amounts that members are liable to pay to the Society (or may by resolution of the Society be liable to pay) as contributions to the <i>Central Fund</i> .
cancellation	(in ■ COLL and CIS) (in relation to units) a cancellation of a unit by an ICVC or by the trustee of an AUT.
cancellation rules	■ COB 6.7 (Cancellation and withdrawal).
candidate	a person in respect of whom an application is made for approval under section 59 of the Act (Approval for particular arrangements).
capacity transfer market	any method of transferring capacity in <i>syndicates</i> , including capacity auctions, bilateral arrangements, capacity offers, minority buy-outs and conversion schemes.
capital account	(in ■ COLL and CIS) an account relating to the <i>capital property</i> of an authorised fund.
Capital Adequacy Directive	the Council Directive of 15 March 1993 on capital adequacy of investment firms and credit institutions (No 93/6/EEC).
capital property	(in ■ COLL and CIS) the <i>scheme property</i> , other than <i>income property</i> and any amount for the time being standing to the credit of the <i>distribution account</i> .
capital redemption	(in relation to a class of contract of insurance) capital redemption contracts where effected or carried out by a person who does not carry on a banking business, and otherwise carries on the regulated activity of effecting or carrying out contracts of insurance, as specified in paragraph VI of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance).
capital resources	in relation to a firm, the firm's capital resources as calculated in accordance with PRU 2.2.12R.
capital resources requirement	an amount of capital resources that a firm must hold as set out in PRU 2.1.14R to PRU 2.1.20R.
CARD	<i>Consolidated Admissions and Reporting Directive</i> .
carrying out contracts of insurance	the regulated activity, specified in article 10(2) of the <i>Regulated Activities Order</i> (Effecting and carrying out contracts of insurance), of carrying out a contract of insurance as principal.
cashback	(in MCOB) a cash amount paid by a mortgage lender to a customer (typically at the beginning of a contract) as an inducement to enter into a regulated mortgage contract with the mortgage lender.

<i>cash component</i>	a <i>qualifying investment</i> prescribed in paragraph 8 of the <i>ISA Regulations</i> (Qualifying investments for a cash component).
<i>cash deposit CTF</i>	a <i>deposit account</i> held within a CTF.
<i>cash deposit ISA</i>	a <i>cash component</i> of an <i>ISA</i> which does not include the <i>qualifying investments</i> prescribed in paragraphs 8(2)(c), (d), (e) or (f) of the <i>ISA Regulations</i> .
CASS	the Client Assets sourcebook.
CAT standards	the CAT standards for <i>ISAs</i> prescribed by the Treasury on 22 December 1998.
<i>causing dematerialised instructions to be sent</i>	<p>the <i>regulated activity</i>, specified in article 45(2) of the <i>Regulated Activities Order</i>, which is in summary: causing dematerialised instructions relating to a <i>security</i> to be sent by means of a relevant system in respect of which an operator is approved under the 1995 Regulations where the <i>person</i> causing them to be sent is a system-participant; in this definition:</p> <p>(a) "the 1995 Regulations" means the Uncertificated Securities Regulations 1995 (SI 1995/3272);</p> <p>(b) "dematerialised instruction", "operator" and "system-participant" have the meaning given by regulation 3 of the 1995 Regulations.</p>
<i>central assets</i>	(in ■ LLD) the <i>Society's</i> own assets that are available at its discretion to meet a <i>member's</i> liabilities in respect of <i>insurance business</i> .
Central Fund	(in LLD) the Central Fund established under Lloyd's Central Fund Byelaw (No 4 of 1986) and the New Central Fund established under Lloyd's New Central Fund Byelaw (No 23 of 1996).
<i>certificate representing certain securities</i>	<p>the <i>investment</i> specified in article 80 of the <i>Regulated Activities Order</i> (Certificates representing certain securities), which is in summary: a certificate or other instrument which confers contractual or property rights (other than rights consisting of <i>options</i>):</p> <p>(a) in respect of any <i>share</i>, <i>debenture</i>, <i>government and public security</i> or <i>warrant</i> held by a <i>person</i> other than the <i>person</i> on whom the rights are conferred by the certificate or instrument; and</p> <p>(b) the transfer of which may be effected without requiring the consent of that <i>person</i>;</p> <p>but excluding any certificate or other instrument which confers rights in respect of two or more <i>investments</i> issued by different <i>persons</i> or in respect of two or more different <i>government and public securities</i> issued by the same <i>person</i>.</p>
<i>certificate representing debt securities</i>	(in LR) a <i>certificate representing certain securities</i> where the certificate or other instrument confers rights in respect of <i>debentures</i> or <i>government and public securities</i> .

<i>certificate representing equity securities</i>	(in LR) a <i>certificate representing certain securities</i> where the certificate or other instrument confers rights in respect of <i>equity securities</i> .
<i>certificate representing shares</i>	(in LR) a <i>certificate representing certain securities</i> where the certificate or other instrument confers rights in respect of <i>equity shares</i> .
CESR ATS standards	the Standards for the Regulation of Alternative Trading Systems published by the Committee of European Securities Regulators.
CESR recommendations	the recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No 809/2004 published by the Committee of European Securities Regulators.
CFPPFM	the consumer-friendly version of a <i>firm's PPFM</i> , which must be produced pursuant to ■ COB 6.10.9A R .
CFTC	the Commodity Futures Trading Commission.
<i>charge</i>	<p>(1) (In LR) (in relation to <i>securitised derivatives</i>) means any payment identified under the terms and conditions of the <i>securitised derivatives</i> (2) (except in LR) any fee or charge made to a <i>client</i> in connection with:</p> <ul style="list-style-type: none"> (a) <i>designated investment business</i>; or (b) any <i>insurance mediation activities</i> in respect of a <i>non-investment insurance contract</i>; <p>whether levied by the <i>firm</i> or any other <i>person</i>, including a <i>mark-up</i> or <i>mark-down</i>.</p>
<i>chargeable case</i>	<p>any complaint referred to the <i>Financial Ombudsman Service</i>, except where:</p> <ul style="list-style-type: none"> (a) the <i>Ombudsman</i> considers it apparent from the complaint, when it is received, and from any <i>final response</i> which has been issued by the <i>firm</i>, that the complaint should not proceed because: <ul style="list-style-type: none"> i. the complainant is not an <i>eligible complainant</i> in accordance with ■ DISP 2; or ii. the complaint does not fall within the jurisdiction of the <i>Financial Ombudsman Service</i> (as described in ■ DISP 2); or iii. the <i>Ombudsman</i> considers that the complaint should be dismissed without consideration of its merits under ■ DISP 3.3 (Dismissal of complaints without consideration of the merits); or (b) the <i>Ombudsman</i> considers, at any stage, that the complaint should be dismissed under ■ DISP 3.3.1R(2) on the grounds that it is frivolous or vexatious.
<i>chief executive</i>	(1) (in relation to an undertaking whose principal place of business is within the <i>United Kingdom</i>) the <i>person</i> who, alone or jointly with one or more others, is responsible under the immediate authority of the <i>directors</i> for the conduct of the whole of its business.

	(2) (in relation to an undertaking whose principal place of business is outside the <i>United Kingdom</i>) the <i>person</i> who, alone or jointly with one or more others, is responsible for the conduct of its business within the <i>United Kingdom</i> .
<i>chief executive function</i>	controlled function CF3 in the table of controlled functions, described more fully in ■ SUP 10.6.11 R .
<i>Chinese wall</i>	an arrangement that requires information held by a <i>person</i> in the course of carrying on one part of its business to be withheld from, or not to be used for, <i>persons</i> with or for whom it acts in the course of carrying on another part of its business.
<i>circular</i>	(in LR) any document issued to holders of <i>listed securities</i> including notices of meetings but excluding <i>prospectuses</i> , <i>listing particulars</i> , annual reports and accounts, interim reports, proxy cards and dividend or interest vouchers.
CIS	the Collective Investment Schemes sourcebook.
CIS administrator	(in relation to <i>firm type</i> in SUP 16.10 (Confirmation of <i>standing data</i>)) a <i>person</i> responsible for the <i>administrative functions</i> of a <i>collective investment scheme</i> .
CIS stakeholder product	the <i>stakeholder product</i> specified by regulations 5 (units in certain collective investment schemes) and 7 of the <i>Stakeholder Regulations</i> .
CIS trustee	(in relation to <i>firm type</i> in SUP 16.10 (Confirmation of <i>standing data</i>)) a <i>person</i> holding the property of a <i>collective investment scheme</i> on trust for the participants in the <i>collective investment scheme</i> .
<i>claim</i>	<p>(1) (in ■ COMP) a valid claim made in respect of a civil liability owed by a <i>relevant person</i> to the claimant.</p> <p>(2) (in COB, ICOB, PRU, ■ LLD , SUP and ■ TC) a claim under a <i>contract of insurance</i>.</p>
<i>claims amount</i>	an amount, as defined in ■ PRU 7.2.47 R , used in the calculation of the <i>general insurance capital requirement</i> .
<i>claims handling</i>	(1) (in COB) in relation to a <i>claim</i> under a <i>long-term care insurance contract</i> , carrying out the contract (by an <i>insurer</i>) or paying or declining to pay a <i>claim</i> on behalf of a <i>member</i> (by a <i>managing agent</i>). (2) (in ICOB) in relation to a <i>claim</i> under a <i>non-investment insurance contract</i> , carrying out the contract (by an <i>insurer</i>) or paying or declining to pay a <i>claim</i> on behalf of a <i>member</i> (by a <i>managing agent</i>).
<i>claims representative</i>	a <i>person</i> appointed by a <i>motor vehicle liability insurer</i> to satisfy the requirements of <i>threshold condition 2A</i> or ■ COB 6.8.20R.
<i>class</i>	<p>(1) (in AUTH,</p> <p>PRU,</p>

LLD and SUP) (in relation to a *contract of insurance*) any class of *contract of insurance* listed in Schedule 1 to the *Regulated Activities Order (Contracts of insurance)*

and references to:

(a) *general insurance business class 1, 2, 3, etc.* are references to *contracts of insurance* of the kind mentioned in the corresponding numbered paragraph in Part I of Schedule 1 to that Order or, as the context may require, to the *effecting or carrying out of contracts of insurance* of that kind; and

(b) *long-term insurance business class I, II, III, etc.* are references to *contracts of insurance* of the kind mentioned in the corresponding numbered paragraph in Part II of Schedule 1 to that Order or, as the context may require, to the *effecting or carrying out of contracts of insurance* of that kind.

(2) (in ■ **COLL** and ■ **CIS**):

(a) a particular class of *units* of an *authorised fund*; or

(b) all of the *units* relating to a single *sub-fund*; or

(c) a particular class of *units* relating to a single *sub-fund*.

(3) (in ■ **COB**) a particular category or type of *packaged product*.

(4) (in *LR*) *securities* the rights attaching to which are or will be identical and which form a single issue or issues

class 1 acquisition

(in *LR*) a *class 1 transaction* that involves an acquisition by the relevant *listed company* or its *subsidiary undertaking*.

class 1 circular

(in *LR*) a *circular* relating to a *class 1 transaction*.

class 1 disposal

(in *LR*) a *class 1 transaction* that consists of a disposal by the relevant *listed company* or its *subsidiary undertaking* .

class 1 transaction

(in *LR* and *FEES*) a transaction classified as a class 1 transaction under ■ **LR 10** .

class 2 transaction

(in *LR*) a transaction classified as a class 2 transaction under ■ **LR 10** .

class 3 transaction

(in *LR*) a transaction classified as a class 3 transaction under ■ **LR 10** .

class meeting

(in ■ **COLL** and **CIS**) a separate meeting of *holders* of a *class* of *units*. (4) (in *LR*) *securities* the rights attaching to which are or will be identical and which form a single issue or issues

class tests

(in *LR*) the tests set out in ■ **LR 10 Annex 1** (and for certain specialist companies, those tests as modified by ■ **LR 10.7**), which are used to determine how a transaction is to be classified for the purposes of the *listing rules*.

<i>clearing firm</i>	a <i>firm</i> which assumes primary responsibility (including legal liability) for the execution and settlement of transactions for <i>clients</i> .
<i>clearing house</i>	a clearing house through which transactions on an exchange may be cleared.
<i>client</i>	<p>(1) (except in <i>ML</i>; in <i>PROF</i>; in relation to a <i>regulated mortgage contract</i>)) any <i>person</i> with or for whom a <i>firm</i> conducts or intends to conduct <i>designated investment business</i> or any other <i>regulated activity</i>; and:</p> <p>(a) every client is a <i>customer</i> or a <i>market counterparty</i>;</p> <p>(b) "client" includes:</p> <p>(i) a potential client;</p> <p>(ii) a client of an <i>appointed representative</i> of a <i>firm</i> with or for whom the <i>appointed representative</i> acts or intends to act in the course of business for which the <i>firm</i> has accepted responsibility under section 39 of the <i>Act</i> (Exemption of appointed representatives);</p> <p>(iii) a <i>collective investment scheme</i> even if it does not have separate legal personality;</p> <p>(iv) if a <i>person</i> ("C1"), with or for whom the <i>firm</i> is conducting or intends to conduct <i>designated investment business</i>, is acting as agent for another <i>person</i> ("C2"), either C1 or C2 in accordance with ■ COB 4.1.5R (Agent as client);</p> <p>(c) "client" does not include:</p> <p>(i) a trust beneficiary;</p> <p>(ii) a <i>corporate finance contact</i>;</p> <p>(iii) a <i>venture capital contact</i>.</p> <p>(2) (in ■ <i>ML</i>) (in relation to a <i>relevant firm</i>) any <i>person</i> engaged in, or who has had contact with the <i>relevant firm</i> with a view to engaging in, any <i>transaction</i> with that <i>relevant firm</i>:</p> <p>(a) on his own behalf; or</p> <p>(b) as agent for or on behalf of another.</p> <p>(3) (in ■ <i>PROF</i>) (as defined in section 328(8) of the <i>Act</i> (Directions in relation to the general prohibition)) (in relation to <i>members</i> of a profession providing financial services under Part XX of the <i>Act</i> (Provision of Financial Services by Members of the Professions)):</p> <p>(a) a <i>person</i> who uses, has used or may be contemplating using, any of the services provided by the <i>member</i> of a profession in the course of carrying on <i>exempt regulated activities</i> (including, where the <i>member</i> of the profession is acting in his capacity as a trustee, a <i>person</i> who is, has been or may be a beneficiary of the trust); or</p> <p>(b) a <i>person</i> who has rights or interests which are derived from, or otherwise attributable to, the use of any such services by other <i>persons</i>; or</p>

	<p>(c) a <i>person</i> who has rights or interests which may be adversely affected by the use of any such services by <i>persons</i> acting on his behalf or in a fiduciary capacity in relation to him.</p> <p>(4) (in relation to a <i>regulated mortgage contract</i>, except in <i>ML</i> and <i>PROF</i>) the individual or trustee who is the borrower or potential borrower under that contract.</p>
<i>client agreement</i>	<i>terms of business</i> which have been signed by the <i>client</i> or to which the <i>client</i> has consented in writing.
<i>client asset rules</i>	■ CASS .
<i>client bank account</i>	<p>(a) an account at a bank which:</p> <ul style="list-style-type: none"> (i) holds the <i>money</i> of one or more <i>clients</i>; (ii) is in the name of the <i>firm</i>; (iii) includes in its title an appropriate description to distinguish the <i>money</i> in the account from the <i>firm's money</i>; and (iv) is a current or a deposit account; or <p>(b) a money market deposit of <i>client money</i> which is identified as being <i>client money</i>.</p>
<i>client money</i>	<p>(1) (in <i>COB</i> and ■ CASS 2 to ■ CASS 4) subject to the <i>client money rules</i>, <i>money</i> of any currency which, in the course of carrying on <i>designated investment business</i>, a <i>firm</i> holds in respect of any <i>investment agreement</i> entered into, or to be entered into, with or for a <i>client</i>, or which a <i>firm</i> treats as <i>client money</i> in accordance with the <i>client money rules</i>.</p> <p>(2) (in CASS 5) subject to the <i>client money rules</i>, <i>money</i> of any currency which, in the course of carrying on <i>insurance mediation activity</i>, a <i>firm</i> holds on behalf of a <i>client</i> or which a <i>firm</i> treats as <i>client money</i> in accordance with the <i>client money rules</i>;</p> <p>(3) (in ■ PRU 9):</p> <ul style="list-style-type: none"> (a) in relation to an <i>insurance intermediary</i> when acting as such, <i>money</i> which is <i>client money</i> in (2); (b) in relation to a <i>mortgage intermediary</i> when acting as such, <i>money</i> of any currency which in the course of carrying on <i>mortgage mediation activity</i>, the <i>firm</i> holds on behalf of a <i>client</i>, either in a bank account or in the form of cash.
<i>Client money distribution rules</i>	■ CASS 4.4
<i>client money (insurance) distribution rules</i>	the rules in ■ CASS 5.6 (Client money distribution).

<i>client money rules</i>	<p>(a) (in CASS and COB) ■ CASS 4.1 to ■ CASS 4 .</p> <p>(b) (in ■ CASS 5) ■ CASS 5.1 to ■ CASS 5.5 .</p>
<i>client transaction account</i>	(in relation to a <i>firm</i> and an exchange, <i>clearing house</i> or <i>intermediate broker</i>) an account maintained by the exchange, <i>clearing house</i> or <i>intermediate broker</i> , as the case may be, in respect of transactions in contingent liability investments undertaken by the <i>firm</i> with or for its <i>clients</i> .
<i>close links</i>	<p>(1) (except in ■ SUP 3 (Auditors) and ■ SUP 4 (Actuaries)) (in accordance with paragraph 3(2) of Schedule 6 to the <i>Act</i> (Close links)) the relationship between a <i>person</i> ("A") and another <i>person</i> ("CL") which exists if:</p> <p>(a) CL is a <i>parent undertaking</i> of A; or</p> <p>(b) CL is a <i>subsidiary undertaking</i> of A; or</p> <p>(c) CL is a <i>parent undertaking</i> of a <i>subsidiary undertaking</i> of A; or</p> <p>(d) CL is a <i>subsidiary undertaking</i> of a <i>parent undertaking</i> of A; or</p> <p>(e) CL owns or controls 20% or more of the voting rights or capital of A; or</p> <p>(f) A owns or controls 20% or more of the voting rights or capital of CL.</p> <p>(2) (in ■ SUP 3 (Auditors) and ■ SUP 4 (Actuaries)) (in accordance with section 343(8) of the <i>Act</i> (Information given by auditor or actuary to the Authority: persons with close links) the relationship in (1), disregarding (e) and (f).</p>
<i>close out</i>	(in ■ COLL , CIS and COB) enter into a further transaction under which the obligation to deliver or receive which arises or may, at the option of the other party to the transaction, arise under the original transaction is offset by an equivalent and opposite obligation or right to receive or deliver.
<i>close relative</i>	<p>(as defined in article 3(1) of the <i>Regulated Activities Order</i> and article 2(1) of the <i>Financial Promotion Order</i>) (in relation to any <i>person</i>):</p> <p>(a) his spouse or civil partner</p> <p>(b) his children and step-children, his parents and step-parents, his brothers and sisters and his step-brothers and step-sisters; and</p> <p>(c) the spouse or civil partner of any <i>person</i> within (b).</p>
<i>closed</i>	(in ■ LLD) (in relation to a <i>syndicate year</i>) closed by <i>reinsurance</i> to close in accordance with <i>byelaws</i> , either into another <i>syndicate year</i> or into an <i>insurer</i> approved by the <i>Council</i> for the purpose.
<i>closed-ended</i>	(in LR) (in relation to investment entities) an <i>investment company</i> which is not an <i>open-ended investment company</i> .

<i>close period</i>	(in LR) as defined in paragraph 1(a) of the <i>Model Code</i> .
<i>closing date</i>	the date specified in the earliest relevant <i>public announcement</i> of the <i>offer</i> as the last date for acceptance of the <i>offer</i> , or, if no such date is specified, then the date on which the <i>issuer</i> (or seller) of the <i>securities</i> offered receives any of the proceeds of the <i>offer</i> .
COAF	the part of the <i>Handbook</i> in Redress which has the title Complaints against the FSA.
COB	the Conduct of Business sourcebook.
<i>Code of Market Conduct</i>	the provisions in ■ MAR 1 indicated by an "E" or "C" in the margin or heading, issued by the FSA as required by section 119 of the <i>Act</i> (The Code).
<i>Code of Practice for Approved Persons</i>	the provisions in ■ APER 3 and ■ APER 4 indicated by an "E" in the margin or heading, the purpose of which is to help determine whether or not an <i>approved person's</i> conduct complies with the <i>Statements of Principle</i> and which are issued by the FSA under section 64(2) of the <i>Act</i> (Conduct: statements and codes).
COLL	the New Collective Investment Schemes sourcebook
<i>collateral</i>	<p>(1) (in ■ COLL and CIS) any form of security, guarantee or indemnity provided by way of security for the discharge of any liability arising from a transaction.</p> <p>(2) (in ■ COB and ■ CASS) any of the following:</p> <ul style="list-style-type: none"> (a) an <i>investment</i> specified in articles 76 to 81 of the <i>Regulated Activities Order</i>; that is: <ul style="list-style-type: none"> (i) <i>shares</i> (article 76); (ii) <i>debentures</i> (article 77); (iii) <i>government and public securities</i> (article 78); (iv) <i>warrants</i> (article 79); (v) <i>certificates representing certain securities</i> (article 80); (vi) <i>units</i> (article 81); or (b) <i>money</i>; or (c) a <i>commodity</i> warrant (however title is recorded or evidenced); <p>which belongs to a <i>client</i> and which is held or controlled by the <i>firm</i> under the terms of a deposit, pledge, charge or other security arrangement.</p> <p>(3) (in PRU)</p> <p>:</p> <ul style="list-style-type: none"> (a) (in relation to any transaction) a mortgage, charge, pledge or other security interest or, as the context may require, an asset that

	<p>is subject to a mortgage, charge, pledge or other security interest; and</p> <p>(b) (in relation to a <i>stock lending</i>, <i>repo</i> or <i>derivative</i> transaction only):</p> <p>(i) a transfer of assets (other than by way of sale) subject to a right of the transferor to have transferred back to it the same, or equivalent, assets or, as the context may require, the assets so transferred by the original transferor; or</p> <p>(ii) a letter of credit;</p> <p>where the assets are transferred, or the letter of credit is issued, to secure the performance of the obligations of one of the parties to that transaction.</p>
<i>collateral rules</i>	■ CASS 3.
<i>collective insurance</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph VIII of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance), of a kind referred to in article 1(2)(e) of the <i>First Life Directive</i> ("the operations carried out by insurance companies such as those referred to in Chapter 1, Title 4 of Book IV of the French "Code des assurances").
<i>collective investment scheme</i>	<p>a collective investment scheme, as defined in section 235 of the <i>Act</i> (Collective Investment Schemes), which is in summary:</p> <p>(a) any arrangements with respect to property of any description, including money, the purpose or effect of which is to enable <i>persons</i> taking part in the arrangements (whether by becoming owners of the property or any part of it or otherwise) to participate in or receive profits or income arising from the acquisition, holding, management or disposal of the property or sums paid out of such profits or income; and</p> <p>(c) which are not excluded by the Financial Services and Markets Act (Collective Investment Schemes) Order 2001 (SI 2001/1062).</p>
<i>collective investment undertaking other than the closed-end type</i>	<p>(in <i>PR</i>) (as defined in Article 2.1(o) of the <i>prospectus directive</i>) unit trusts and investment companies:</p> <p>(a) the object of which is the collective investment of capital provided by the public, and which operate on the principle of risk-spreading;</p> <p>(b) the units of which are, at the holder's request, repurchased or redeemed, directly or indirectly, out of the assets of these undertakings.</p>
COLLG	the Collective Investment Scheme Information Guide
<i>Combined Code</i>	(in <i>LR</i>) the corporate governance code issued by the Financial Reporting Council.

<i>combined initial disclosure document (CIDD)</i>	<p>information about the scope and nature of the services offered by a <i>firm</i> in relation to :</p> <p>(a) a combination of two or more of the following:</p> <ul style="list-style-type: none"> (i) <i>packaged products</i>; (ii) <i>non-investment insurance contracts</i>; (iii) <i>regulated mortgage contracts</i>; (iv) <i>regulated lifetime mortgage contracts</i>; or <p>(b) a combination of two or more of the following:</p> <ul style="list-style-type: none"> (i) <i>stakeholder products</i>; (ii) <i>regulated lifetime mortgage contracts</i>; (iii) <i>regulated mortgage contracts</i>; (iv) <i>non-investment insurance contracts</i>.
<i>commencement</i>	the beginning of the <i>commencement day</i> .
<i>commencement day</i>	the day on which section 19 of the Act (The general prohibition) comes into force , being 1 December 2001 .
<i>commercial customer</i>	(in ICOB and ■ CASS 5) a customer who is not a retail customer.
<i>commitment</i>	a commitment represented by <i>insurance business</i> of any of the classes (as defined for the purposes of AUTH, PRU, LLD and SUP) of long-term insurance business.
<i>commission</i>	<p>any form of commission or remuneration , including a benefit of any kind, offered or given in connection with :</p> <p>(a) <i>designated investment business</i> (other than commission equivalent);</p> <p>(b) <i>insurance mediation activity in connection with a non-investment insurance contract</i>; or</p> <p>(c) the sale of a <i>packaged product</i>, that is offered or given by the <i>product provider</i>.</p>
<i>commission equivalent (equivalent)</i>	the cash payments, benefits and services listed in ■ COB 5.7.16 E which satisfy the criteria in ■ COB 5.7.5R (2) .
<i>commodity</i>	a physical asset (other than a financial instrument or cash) which is capable of delivery.
<i>commodity future</i>	a <i>future</i> relating to a <i>commodity</i> .
<i>commodity option</i>	an <i>option</i> relating to a <i>commodity</i> .

<i>communicate</i>	(in relation to a <i>financial promotion</i>) (in accordance with section 21(13) of the <i>Act</i> (Restrictions on financial promotion) and article 6(d) of the <i>Financial Promotion Order</i> (Interpretation: communications)) to communicate in any way, including causing a communication to be made or directed.
<i>Community Co-Insurance Directive</i>	the Council Directive of 30 May 1978 on the coordination of laws, regulations and administrative provisions relating to Community co-insurance (No 78/473/EEC).
<i>community co-insurance operation</i>	an operation to which the <i>Community Co-Insurance Directive</i> applies, as modified by article 26 of the <i>Second Non-Life Directive</i> .
COMP	the Compensation sourcebook.
<i>company</i>	any <i>body corporate</i> .
<i>Company Announcements Office</i>	the Company Announcements Office of the London Stock Exchange, the information dissemination provider approved by the ■ UKLA .
<i>compensation costs</i>	the costs incurred: <ul style="list-style-type: none"> (a) in paying compensation; or (b) as a result of making the arrangements contemplated in ■ COMP 3.3.1R or taking the measures contemplated in ■ COMP 3.3.3R; or (c) in making payments or giving indemnities under ■ COMP 11.2.3R.
<i>compensation costs levy</i>	a levy imposed by the FSCS on <i>participant firms</i> to meet <i>compensation costs</i> , each <i>participant firm's</i> share being calculated in accordance with ■ FEES 6.5
<i>compensation fund</i>	any <i>policyholder</i> compensation scheme in any <i>EEA State</i> .
<i>compensation scheme</i>	the Financial Services Compensation Scheme established under section 213 of the <i>Act</i> (The compensation scheme) for compensating <i>persons</i> in cases where <i>authorised persons</i> and <i>appointed representatives</i> are unable, or are likely to be unable, to satisfy <i>claims</i> against them.
<i>compensation transitionals order</i>	the Financial Services and Markets Act 2000 (Transitional Provisions, Repeals and Savings) (Financial Services Compensation Scheme) Order 2001 (SI 2001/2967)
<i>competent authority</i>	(1) (in relation to the functions referred to in Part VI of the <i>Act</i>): <ul style="list-style-type: none"> (a) the authority designated under Schedule 8 to the <i>Act</i> (Transfer of functions under Part VI (Official listing)) as responsible for

	<p>performing those functions under the <i>Act</i></p> <p>; for the time being, the <i>FSA</i> in its capacity as such;</p> <p>or</p> <p>(b) an authority exercising functions corresponding to those functions under the laws of another <i>EEA State</i>.</p> <p>(2) (in relation to the exercise of an <i>EEA right</i>) a competent authority for the purposes of the relevant <i>Single Market Directive</i>.</p> <p>(3) (for the purposes of ■ PRU 8.1 (Group risk systems and controls requirement), ■ PRU 8.4 (Cross sector groups), ■ PRU 8.5 (Third country groups), ■ PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) and ■ PRU 8 Ann 2R (Prudential rules for third country groups)) any national authority of an <i>EEA State</i> which is empowered by law or regulation to supervise <i>regulated entities</i>, whether on an individual or group-wide basis.</p>
<i>complaint</i>	(in <i>COAF</i>) any expression of dissatisfaction about the manner in which the <i>FSA</i> has carried out its statutory functions other than its legislative functions.
<i>Complaints Commissioner</i>	the <i>person</i> appointed by the <i>FSA</i> under ■ COAF 1.3.1 G (The Complaints Commissioner) to carry out the functions conferred on him under the <i>complaints scheme</i> .
<i>complaints investigator</i>	<p>(1) (in relation to a <i>UK RIE</i>) the independent <i>person</i> appointed under arrangements referred to in paragraph 9(3) of the Schedule to the <i>Recognition Requirements Regulations</i> to investigate a complaint and to report on the result of his investigation to that <i>RIE</i> and to the complainant.</p> <p>(2) (in relation to a <i>UK RCH</i>) the independent <i>person</i> appointed under arrangements referred to in paragraph 23(3) of the Schedule to the <i>Recognition Requirements Regulations</i> to investigate a complaint and to report on the result of his investigation to that <i>RCH</i> and to the complainant.</p>
<i>complaints scheme</i>	the arrangements made by the <i>FSA</i> under paragraphs 7 and 8 of Schedule 1 to the <i>Act</i> (The Financial Services Authority) for the investigation of <i>complaints</i> against the <i>FSA</i> arising in connection with the exercise of, or failure to exercise, any of its functions (other than its legislative functions) under the <i>Act</i> .
<i>compliance oversight function</i>	<i>controlled function</i> CF10 in the <i>table of controlled functions</i> , described more fully in ■ SUP 10.7.8 R .
<i>composite firm</i>	a <i>firm</i> that carries on both <i>long-term insurance business</i> and <i>general insurance business</i> .
<i>composite insurer</i>	(in relation to <i>firm type</i> in SUP 16.10 (Confirmation of standing data)) an <i>insurer</i> with permission to effect or carry out both <i>long-term insurance contracts</i> and <i>general insurance</i> .
<i>Compulsory Jurisdiction</i>	the jurisdiction of the <i>Financial Ombudsman Service</i> to which <i>firms</i> (and certain <i>unauthorised persons</i> as a result of the <i>Ombudsman Transitional Order</i> or section 226(2)(b) and (c) of the <i>Act</i>) are compulsorily subject.

COND	the part of the <i>Handbook</i> in High Level Standards which has the title Threshold Conditions.
<i>conglomerate capital resources</i>	(in relation to a <i>financial conglomerate</i> with respect to which PRU 8.4.29R (Application of methods 1, 2 or 3 from Annex I of the <i>Financial Groups Directive</i>) applies) capital resources as defined in whichever of paragraphs 1.1, 2.1 or 3.1 of PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) applies with respect to that <i>financial conglomerate</i> .
<i>conglomerate capital resources requirement</i>	(in relation to a <i>financial conglomerate</i> with respect to which PRU 8.4.29R (Application of methods 1, 2 or 3 from Annex I of the <i>Financial Groups Directive</i>) applies) the capital resources requirement defined in whichever of paragraphs 1.3, 2.4 or 3.3 of PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) applies with respect to that <i>financial conglomerate</i> .
<i>connected client</i>	<p>(in LR) in relation to a <i>sponsor</i> or securities house, any client of the <i>sponsor</i> or securities house who is:</p> <ul style="list-style-type: none"> (a) a partner, <i>director</i>, employee or controller (as defined in section 422 of the Act) of the <i>sponsor</i> or securities house or of an undertaking described in paragraph (d); or (b) the spouse , civil partner or child of any individual described in paragraph (a); or (c) a <i>person</i> in his capacity as a trustee of a private trust (other than a pension scheme or an <i>employees' share scheme</i>) the beneficiaries of which include any <i>person</i> described in paragraph (a) or (b); or (d) an undertaking which in relation to the <i>sponsor</i> or securities house is a group undertaking.
<i>connected contract</i>	<p>a non-investment insurance contract which:</p> <ul style="list-style-type: none"> (a) is not a contract of long-term insurance (as defined by article 3 of the <i>Regulated Activities Order</i>); (b) has a total duration (including <i>renewals</i>) of five years or less; (c) has an annual <i>premium</i> (or the equivalent of annual <i>premium</i>) of €500 or less; (d) covers the risk of: <ul style="list-style-type: none"> (i) breakdown, loss of, or damage to, non-motor goods supplied by the provider; or (ii) damage to, or loss of, baggage and other risks linked to travel booked with the provider ("travel risks"); (e) does not cover any liability risks (except, in the case of a contract which covers travel risks, where the cover is ancillary to the main cover provided by the contract); (f) is complementary to the non-motor goods being supplied or service being provided by the provider; and

connected
person

(g) is of such a nature that the only information that a person requires in order to carry on one of the *insurance mediation activities* is the cover provided by the contract.

(1) (in relation to the FSA's consideration of an application for, or of whether to vary or cancel, a *Part IV permission*) (in accordance with section 49(1) of the *Act* (Persons connected with an applicant)) any *person* appearing to the FSA to be, or likely to be, in a relationship with the applicant or *person* given *permission*, which is relevant.

(2) (in relation to the FSA's power to gather information under section 165 of the *Act* (Authority's power to require information)) (in accordance with section 165(11) of the *Act*) a *person* who has, or has at any relevant time had, the following relationship with an *authorised person* ("A"):

- (a) he is a member of A's *group*;
- (b) he is a *controller* of A;
- (c) he is a member of a *partnership* of which A is a member;
- (d) he is or has been an employee of A;
- (e) if A is a *body corporate*, he is or has been an *officer*, or *manager* or agent of A or of a *parent undertaking* of A;
- (f) if A is a *partnership*, he is or has been a member, *manager* or agent of A;
- (g) if A is an unincorporated association of *persons* which is neither a *partnership* nor an unincorporated *friendly society*, he is or has been an *officer*, *manager*, or agent of A;
- (h) if A is a *friendly society*, he is or has been an officer or manager of A ("officer" and "manager" having the same meaning as in section 119(1) of the Friendly Societies Act 1992);
- (i) if A is a *building society*, he is or has been an officer of A ("officer" having the same meaning as in section 119(1) of the Building Societies Act 1986);
- (j) if A is an individual, he is or has been an agent of A.

(3) (in relation to the FSA's powers of investigation under sections 171 and 172 of the *Act* (Powers of persons appointed under section 167; Additional power of persons appointed as a result of section 168(1) or (4))) (in accordance with section 171(4) of the *Act*) a *person* who has, or has at any relevant time had, the following relationship with a *person* under investigation ("P"):

- (a) he has the relationship specified in any of paragraphs (2) (a), (b) or (d) to (j) to P (where references in those paragraphs to A are taken to be references to P);
- (b) it is a *partnership* of which P is a member;
- (c) he is the partner, *manager*, employee, agent, *appointed representative*, banker, auditor, actuary or solicitor of:
 - (i) P; or
 - (ii) a *parent undertaking* of P; or
 - (iii) a *subsidiary undertaking* of P; or
 - (iv) a *subsidiary undertaking* of a *parent undertaking* of P; or

	<p>(v) a <i>parent undertaking</i> of a <i>subsidiary undertaking</i> of P.</p> <p>(4) to follow</p> <p>(5) (in DR, LR and ENF 21</p> <p>in relation to a <i>person discharging managerial responsibilities within an issuer</i>) (as defined in section 96B(2) of the Act):</p> <p>(a) a "connected person" within the meaning of section 346 of the Companies Act 1985 (reading that section as if any reference to a director of a company were a reference to a <i>person discharging managerial responsibilities within an issuer</i>);</p> <p>(b) a relative of a <i>person discharging managerial responsibilities within an issuer</i>, who, on the date of the transaction in question has shared the same household as that person for at least 12 months;</p> <p>(c) a <i>body corporate</i> in which -</p> <p>(i) a <i>person discharging managerial responsibilities within an issuer</i>, or</p> <p>(ii) any <i>person</i> connected with him by virtue of subsection (a) or (b),</p> <p>is a director or a senior executive who has the power to make management decisions affecting the future development and business prospects of that <i>body corporate</i>.</p>
<i>consent notice</i>	a notice given by the FSA to a <i>Host State regulator</i> under paragraph 19(4) (Establishment) of Part III of Schedule 3 to the Act (Exercise of Passport Rights by UK firms).
<i>Consolidated Admissions and Reporting Directive</i>	Directive of the European Parliament and of the Council on the admission of securities to official stock exchange listing and on information to be published on those securities (No 2001/34/EC).
<i>Consolidated Life Directive</i>	the Council Directive of 5 November 2002 on the taking-up and pursuit of the business of life assurance (No 2002/83/EC), which consolidates the provisions of the <i>First</i> , <i>Second</i> and <i>Third Life Directives</i> .
<i>consolidated sub-group</i>	<p>(in ■ ELM) (in relation to a <i>person</i>):</p> <p>(a) that <i>person</i>, and</p> <p>(b) any <i>financial services undertaking</i> that is a member of its <i>sub-group</i>.</p>
<i>consolidation Article 12(1) relationship</i>	<p>a relationship between one <i>undertaking</i> (the first undertaking) and one or more other <i>undertakings</i> satisfying the conditions set out in Article 12(1) of the <i>Seventh Company Law Directive</i>, which in summary are as follows:</p> <p>(a) those <i>undertakings</i> are not connected, as described in article 1(1) or (2) of that Directive; and</p>

	<p>(b) one of the following conditions is satisfied:</p> <ul style="list-style-type: none"> (i) they are managed on a unified basis pursuant to a contract concluded with the first undertaking or provisions in the memorandum or articles of association of those <i>undertakings</i>; or (ii) the administrative, management or supervisory bodies of those <i>undertakings</i> consist, for the major part, of the same <i>persons</i> in office during the financial year in respect of which it is being decided whether such a relationship exists.
<i>consolidation group</i>	<p>the following:</p> <ul style="list-style-type: none"> (a) a <i>conventional group</i>; or (b) <i>undertakings linked by a consolidation Article 12(1) relationship</i>. <p>If a <i>parent undertaking</i> or <i>subsidiary undertaking</i> in a <i>conventional group</i> (the first person) has a <i>consolidation Article 12(1) relationship</i> with another person (the second person), the second person (and any <i>subsidiary undertaking</i> of the second person) is also a member of the same <i>consolidation group</i>.</p>
<i>constable</i>	a police officer in the <i>United Kingdom</i> or a person commissioned by the Commissioners for HM Revenue and Customs.
<i>constitution</i>	(in <i>LR</i>) memorandum and articles of association or equivalent constitutional document.
<i>consumer</i>	<p>(1) (in relation to the FSA's power to make general rules (section 138 of the <i>Act</i> (General rule-making power))) the approval requirements for <i>controllers</i> (section 186 of the <i>Act</i> (Objection to acquisition of control)), the publication of notices (section 391 of the <i>Act</i> (Publication)) and the exercise of <i>Treaty rights</i> (Schedule 4 to the <i>Act</i> (Treaty rights))) (as defined in section 138(7) of the <i>Act</i> (General rule-making power)) a <i>person</i>:</p> <ul style="list-style-type: none"> (a) who uses, has used, or is or may be contemplating using, any of the services provided by: <ul style="list-style-type: none"> (i) an <i>authorised person</i> in carrying on <i>regulated activities</i>; or (ii) a <i>person</i> acting as an <i>appointed representative</i>; or (b) who has rights or interests which are derived from, or are otherwise attributable to the use of, any such services by another <i>person</i>; or (c) who has rights or interests which may be adversely affected by the use of any such services by a <i>person</i> acting on his behalf or in a fiduciary capacity in relation to him; or (d) (in relation to the FSA's power to make general rules) a <i>person</i> within the extended definition of consumer in article 3 of the Financial Services and Markets Act 2000 (Consequential and Transitional Provisions) (Miscellaneous) Order 2001 (SI 2001/1821) (Application of definition of "consumer" to users of regulated services before commencement); (e) (in relation to the FSA's power to make general rules) a <i>person</i> within the extended definition of consumer in article 4 of the Financial Services and Markets Act 2000 (Consequential Amendments and Transitional Provisions) (Credit Unions) Order

2002 (SI 2002/1501) (Application of definition of "consumer" to customers of credit unions before commencement);

for the purposes of this definition:

(A) if an *authorised person* is carrying on a *regulated activity* in his capacity as a trustee, the *persons* who are, have been or may be beneficiaries of the trust are to be treated as *persons* who use, have used or are or may be contemplating using services provided by the *authorised person* in his carrying on of that activity;

(B) a *person* who deals with an *authorised person* in the course of the *authorised person's* carrying on of a *regulated activity* is to be treated as using services provided by the *authorised person* in carrying on those activities.

(2) (in relation to the protection of consumers objective (section 5 of the *Act* (The protection of consumers)) and independent inquiries (section 14 of the *Act* (Cases in which the Treasury may arrange independent inquiries))) (as defined in sections 5(3) and 14(5) of the *Act*) a *person*:

(a) within (1); or

(b) who, in relation to *regulated activities* carried on otherwise than by an *authorised person*, would be a consumer within (1) if the activities were carried on by an *authorised person*.

(3) (in relation to the establishment and maintenance of the *Consumer Panel* (section 10 of the *Act* (The *Consumer Panel*))) (as defined in section 10(7) of the *Act*) a *person* within (2) other than an *authorised person*.

(4) (in ■ ECO and ENF 19) an individual who is acting for purposes other than those of his trade, business or profession.

(5) (in ENF) any natural person who, in contracts covered by the *Unfair Terms Regulations*, is acting for purposes which are outside his trade, business or profession.

consumer
credit
prohibition

(as defined in section 203(3) of the *Act* (Power to prohibit the carrying on of Consumer Credit Act business)) a prohibition on carrying on, or purporting to carry on, in the *United Kingdom* any Consumer Credit Act business which consists of or includes carrying on one or more *listed activities* or *investment services*.

consumer
e-money card

any consumer *e-money device* in the form of a *plastic card*, other portable device or device intended to be included in another portable device (or a function on a *plastic card* or on such a device) that is intended to be used by a *consumer e-money holder*.

consumer
e-money device

any *e-money electronic device* intended to be used by and in the presence of a *consumer e-money holder*.

consumer
e-money holder

(in relation to *e-money*) a *person* who holds that *e-money* otherwise than in the course of a business or profession.

Consumer
Panel

the panel of *persons* which section 10 of the *Act* (The *Consumer Panel*) requires the *FSA* to establish and maintain, as part of its arrangements for consultation under section 8, to represent the interests of *consumers*.

<i>contingency funding plan</i>	a plan for taking action to ensure that a <i>firm</i> has adequately liquid financial resources to meet its liabilities as they fall due, prepared under PRU 5.1.86E.
<i>contingent liability investment</i>	a <i>derivative</i> under the terms of which the <i>client</i> will or may be liable to make further payments (other than <i>charges</i> , and whether or not secured by <i>margin</i>) when the transaction fails to be completed or upon the earlier <i>closing out</i> of his position.
<i>contract for differences</i>	<p>the <i>investment</i>, specified in article 85 of the <i>Regulated Activities Order</i> (Contracts for differences etc), which is rights under:</p> <ul style="list-style-type: none"> (a) a contract for differences; or (b) any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in: <ul style="list-style-type: none"> (i) the value or price of property of any description; or (ii) an index or other factor designated for that purpose in the contract.
<i>contract of insurance</i>	<ul style="list-style-type: none"> (1) (in relation to a <i>specified investment</i>) the <i>investment</i>, specified in article 75 of the <i>Regulated Activities Order</i> (Contracts of insurance), which is rights under a contract of insurance in (2). (2) (in relation to a contract) (in accordance with article 3(1) of the <i>Regulated Activities Order</i> (Interpretation)) any contract of insurance which is a <i>long-term insurance contract</i> or a <i>general insurance contract</i>, including: <ul style="list-style-type: none"> (a) fidelity bonds, performance bonds, administration bonds, bail bonds, customs bonds or similar contracts of guarantee, where these are: <ul style="list-style-type: none"> (i) effected or carried out by a <i>person</i> not carrying on a banking business; (ii) not effected merely incidentally to some other business carried on by the <i>person</i> effecting them; and (iii) effected in return for the payment of one or more premiums; (b) <i>tontines</i>; (c) <i>capital redemption contracts</i> or <i>pension fund management contracts</i>, where these are effected or carried out by a <i>person</i> who: <ul style="list-style-type: none"> (i) does not carry on a banking business; and (ii) otherwise carries on the <i>regulated activity</i> of <i>effecting or carrying out contracts of insurance</i>; (d) contracts to pay annuities on human life; (e) contracts of a kind referred to in article 1(2)(e) of the <i>Consolidated Life Directive</i> (Collective insurance etc); and (f) contracts of a kind referred to in article 1(3) of the <i>Consolidated Life Directive</i>

	(Social insurance);
<i>contract of significance</i>	<p>but not including a <i>funeral plan contract</i> (or a contract which would be a <i>funeral plan contract</i> but for the exclusion in article 60 of the <i>Regulated Activities Order</i> (Plans covered by insurance or trust arrangements)); in this definition, "annuities on human life" does not include superannuation allowances and annuities payable out of any fund applicable solely to the relief and maintenance of <i>persons</i> engaged, or who have been engaged, in any particular profession, trade or employment, or of the dependants of such <i>persons</i>.</p> <p>(in LR) a contract which represents in amount or value (or annual amount or value) a sum equal to 1% or more, calculated on a <i>group</i> basis where relevant, of:</p> <ul style="list-style-type: none"> (a) in the case of a capital transaction or a transaction of which the principal purpose or effect is the granting of credit, the aggregate of the <i>group's</i> share capital and reserves; or (b) in other cases, the total annual purchases, sales, payments or receipts, as the case may be, of the <i>group</i>.
<i>contracts of large risks</i>	<p>(in ICOB) <i>contracts of insurance</i> covering risks within the following categories, in accordance with article 5(d) of the <i>First Non-Life Directive</i>:</p> <ul style="list-style-type: none"> (a) <i>railway rolling stock, aircraft, ships</i> (sea, lake, river and canal vessels), <i>goods in transit, aircraft liability and liability of ships</i> (sea, lake, river and canal vessels); (b) <i>credit and suretyship</i>, where the policyholder is engaged professionally in an industrial or commercial activity or in one of the liberal professions, and the risks relate to such activity; (c) <i>land vehicles (other than railway rolling stock), fire and natural forces, other damage to property, motor vehicle liability, general liability, and miscellaneous financial loss</i>, in so far as the policyholder exceeds the limits of at least two of the following three criteria: <ul style="list-style-type: none"> (i) balance sheet total: € 6.2 million; (ii) net turnover: €12.8 million; (iii) average number of <i>employees</i> during the financial year: 250.
<i>contractually based investment</i>	<p>(in accordance with article 3(1) of the <i>Regulated Activities Order</i> (Interpretation)):</p> <ul style="list-style-type: none"> (a) a <i>life policy</i> (except a <i>long-term care insurance contract</i> which is not a <i>qualifying contract of insurance</i>); (b) an <i>option, future, contract for differences or funeral plan contract</i>; (c) <i>rights to or interests in an investment</i> falling within (a) or (b).
<i>contribution group</i>	<p>one of the groups of <i>participant firms</i> within a sub-scheme set out in ■ FEES 6.5.7 R being groups that carry on business of a similar nature, to which <i>compensation costs and specific costs</i> are allocated in accordance with ■ FEES 6.4 and ■ FEES 6.5 .</p>

<i>control</i>	(in relation to the acquisition, increase or reduction of control of a <i>firm</i>) the relationship between a <i>person</i> and the <i>firm</i> or other <i>undertaking</i> of which the <i>person</i> is a <i>controller</i> .
<i>controlled activity</i>	<p>(in accordance with section 21(9) of the <i>Act</i> (The classes of activity and investment)) any of the following activities specified in Part 1 of Schedule 1 to the Financial Promotions Order (Controlled Activities):</p> <ul style="list-style-type: none"> (a) <i>accepting deposits</i> (paragraph 1) (b) <i>effecting contracts of insurance</i> (paragraph 2(1)); (c) <i>carrying out contracts of insurance</i> (paragraph 2(2)); (d) <i>dealing in securities and contractually based investments as principal or agent</i> (paragraph 3(1)); (e) <i>arranging (bringing about) deals in investments</i> (paragraph 4(1)); (f) <i>making arrangements with a view to transactions in investments</i> (paragraph 4(2)); (g) <i>managing investments</i> (paragraph 5); (h) <i>safeguarding and administering investments</i> (paragraph 6); (i) <i>advising on investments</i> (paragraph 7); (j) <i>advising on syndicate participation at Lloyd's</i> (paragraph 8); (k) <i>providing funeral plan contracts</i> (paragraph 9); (l) <i>providing qualifying credit</i> (paragraph 10); (m) <i>arranging qualifying credit etc.</i> (paragraph 10A -coming into force 31st October 2004); (n) <i>advising on qualifying credit etc.</i> (paragraph 10B -coming into force 31st October 2004); (o) <i>agreeing to carry on specified kinds of activity</i> (paragraph 11) which are specified in paragraphs 3 to 10 (10B from 31 October 2004) of Part 1 of Schedule 1 to the <i>Financial Promotion Order</i>.
<i>controlled agreement</i>	(as defined in section 30 of the <i>Act</i> (Enforceability of agreements resulting from unlawful communications)) an agreement the making or performance of which by either party constitutes a <i>controlled activity</i> .
<i>controlled function</i>	a function, relating to the carrying on of a <i>regulated activity</i> by a <i>firm</i> , which is specified, under section 59 of the <i>Act</i> (Approval for particular arrangements), in the <i>table of controlled functions</i> .
<i>controlled investment</i>	(in accordance with section 21(10) of the <i>Act</i> (Restrictions on financial promotion) and article 4 of the <i>Financial Promotion Order</i> (Definitions of controlled activities and controlled investments)) an <i>investment</i> specified in Part II of Schedule 1 to the <i>Financial Promotion Order</i> (Controlled investments).
<i>controller</i>	<p>(1) (in relation to a <i>firm</i> or other <i>undertaking</i> ("A")) other than an <i>UK insurance intermediary</i>) (in accordance with section 422 of the <i>Act</i> (<i>Controller</i>)) a <i>person</i> who falls within any of the following cases; the cases are where the <i>person</i>:</p> <ul style="list-style-type: none"> (a) holds 10% or more of the shares in A; or (b) is able to exercise significant influence over the management of A through his shareholding in A; or

- (c) holds 10% or more of the shares in a *parent undertaking* ("P") of A; or
- (d) is able to exercise significant influence over the management of P through his shareholding in P; or
- (e) is entitled to exercise, or control the exercise of, 10% or more of the *voting power* in A; or
- (f) is able to exercise significant influence over the management of A through his *voting power* in A; or
- (g) is entitled to exercise, or control the exercise of, 10% or more of the *voting power* in P; or
- (h) is able to exercise significant influence over the management of P through his *voting power* in P;

(2) (in relation to an *UK insurance intermediary*) (in accordance with article 17 of the *Insurance Intermediaries Order*) a *person* who would fall within (1) if 20% were substituted for 10%;

in (1) and (2) of this definition:

(i) "the person" means:

- (A) the *person*; or
- (B) any of the *person's* associates; or
- (C) the *person* and any of his associates;

(ii) "associate", in relation to a *person* ("H") holding shares in an *undertaking* ("C") or entitled to exercise or control the exercise of *voting power* in relation to another *undertaking* ("D"), means:

- (A) the spouse
or civil partner
of H;
- (B) a child or stepchild of H (if under 18);
- (C) the trustee of any settlement under which H has a life interest in possession (or in Scotland a life interest);
- (D) an *undertaking* of which H is a director;
- (E) a *person* who is an employee or partner of H;
- (F) if H is an *undertaking*:
 - (I) a director of H;
 - (II) a *subsidiary undertaking* of H;
 - (III) a director or employee of such a *subsidiary undertaking*; and

(G) if H has with any other *person* an agreement or arrangement with respect to the acquisition, holding or disposal of shares or other interests in C or D or under which they undertake to act together in exercising their *voting power* in relation to C or D, that other *person*;

	<p>(iii) "settlement" includes any disposition or arrangement under which property is held on trust (or subject to a comparable obligation);</p> <p>(iv) "shares" means:</p> <p>(A) in relation to an <i>undertaking</i> with a share capital, allotted shares;</p> <p>(B) in relation to an <i>undertaking</i> with capital but no share capital, rights to share in the capital of the <i>undertaking</i>;</p> <p>(C) in relation to an <i>undertaking</i> without capital, interests:</p> <p>(I) conferring any right to share in the profits, or liability to contribute to the losses, of the <i>undertaking</i>, or</p> <p>(II) giving rise to any obligation to contribute to the debts or expenses of the <i>undertaking</i> in the event of a winding up</p>
<i>conventional group</i>	(for the purposes of PRU 8 (Group Risk)) a group of <i>undertakings</i> that consists of a <i>parent undertaking</i> and the rest of its <i>sub-group</i> .
<i>convertible securities</i>	<p>(in LR) a <i>security</i> which is:</p> <p>(a) convertible into, or exchangeable for, other <i>securities</i>; or</p> <p>(b) accompanied by a <i>warrant</i> or <i>option</i> to subscribe for or purchase other <i>securities</i>.</p>
<i>coordinator</i>	(in relation to a <i>financial conglomerate</i>) the <i>competent authority</i> which has been appointed, in accordance with Article 10 of the <i>Financial Groups Directive</i> (Competent authority responsible for exercising supplementary supervision (the coordinator)), as the competent authority which is responsible for the co-ordination and exercise of supplementary supervision of that <i>financial conglomerate</i> .
<i>core investment service</i>	a service listed in section A of the Annex to the ISD, the text of which is set out in Schedule 2 to the <i>Regulated Activities Order</i> (Annex to the Investment Services Directive).
<i>core provision</i>	(in ■ LLD) (as defined in section 316(3) of the <i>Act</i> (Direction by Authority)) a provision of the <i>Act</i> mentioned in section 317 of the <i>Act</i> (The core provisions) which applies to the carrying on of an insurance market activity by a <i>member</i> , or the <i>members</i> of the <i>Society</i> taken together, if the FSA so directs.
<i>core tier one capital</i>	an item of capital that is stated in stage A of the table in PRU 2.2.14R to be core tier one capital.
<i>corporate finance adviser function</i>	<i>controlled function</i> CF23 in the table of controlled functions, described more fully in ■ SUP 10.10.13 R .

*corporate
finance
advisory firm*

a firm whose permission includes a requirement that the firm must not conduct designated investment business other than corporate finance business.

*corporate
finance
business*

(a) *designated investment business* carried on by a firm with or for:

(i) any issuer, holder or owner of *designated investments*, if that business relates to the offer, issue, underwriting, repurchase, exchange or redemption of, or the variation of the terms of, those investments, or any related matter;

(ii) any market counterparty or intermediate customer, or other body corporate, partnership or supranational organisation, if that business relates to the manner in which, or the terms on which, or the persons by whom, any business, activities or undertakings relating to it, or any associate, are to be financed, structured, managed, controlled, regulated or reported upon;

(iii) any person in connection with:

(A) a proposed or actual takeover or related operation by or on behalf of that person, or involving investments issued by that person (being a body corporate), its holding company, subsidiary or associate; or

(B) a merger, de-merger, reorganisation or reconstruction involving any investments issued by that person (being a body corporate), its holding company, subsidiary or associate;

(iv) any shareholder or prospective shareholder of a body corporate established or to be established for the purpose of effecting a takeover or related operation, where that business is in connection with that takeover or related operation;

(v) any person who, acting as a principal for his own account:

(A) is involved in negotiations or decisions relating to the commercial, financial or strategic intentions or requirements of a business or prospective business; or

(B) (provided he is acting otherwise than solely in his capacity as an investor) assists the interests of another person with or for whom the firm, or another authorised person or overseas person, is undertaking business as specified in (a)(i), (ii), (iii) or (iv), by himself undertaking all or part of any transactions involved in such business;

(vi) any person undertaking business with or for a person as specified in (a)(i), (ii), (iii), (iv) or (v) in respect of activities described in those sub-paragraphs;

(b) *designated investment business* carried on by a firm as a principal for its own account where such business:

(i) is in the course of, or arises out of, activities undertaken in accordance with (a); and

(ii) does not involve transactions with or for, or advice on investments to, any other person who is a private customer in respect of such business;

	<p>(c) <i>designated investment business</i> carried on by a <i>firm</i> as <i>principal</i> for its own account if such business:</p> <p>(i) is in the course of, or arises out of:</p> <p>(A) the <i>offer</i>, issue, underwriting, repurchase, exchange or redemption of, or the variation of the terms of, <i>shares</i>, share warrants, <i>debentures</i> or debenture warrants issued by the <i>firm</i>, or any related matter; or</p> <p>(B) a proposed or actual <i>takeover</i> or <i>related operation</i> by or on behalf of the <i>firm</i>, or involving <i>shares</i>, share warrants, <i>debentures</i> or debenture warrants issued by the <i>firm</i>; or</p> <p>(C) a merger, de-merger, reorganisation or reconstruction involving any <i>shares</i>, share warrants, <i>debentures</i> or debenture warrants issued by the <i>firm</i>; and</p> <p>(ii) does not involve <i>advice on investments</i> to any person who is a <i>private customer</i>;</p> <p>in this definition, "share warrants" and "debenture warrants" mean any <i>warrants</i> which relate to <i>shares</i> in the <i>firm</i> concerned or, as the case may be, <i>debentures</i> issued by the <i>firm</i>.</p>
corporate finance contact	<p>(when a <i>firm</i> carries on <i>designated investment business</i> with or for a person in the course of or as a result of either carrying on <i>corporate finance business</i> with or for a <i>client</i>, or carrying on <i>corporate finance business</i> for the <i>firm's</i> own account) that person in connection with that <i>designated investment business</i> if:</p> <p>(a) the <i>firm</i> does not behave in a way towards that person which might reasonably be expected to lead that person to believe that he is being treated as a <i>client</i>; and</p> <p>(b) the <i>firm</i> clearly indicates to that person that it:</p> <p>(i) is not acting for him; and</p> <p>(ii) will not be responsible to him for providing protections afforded to <i>clients</i> of the <i>firm</i> or be advising him on the relevant transaction.</p>
corporate member	a member that is a <i>body corporate</i> or a Scottish Limited partnership.
Council	the governing body of the <i>Society</i> constituted by section 3 of Lloyd's Act 1982.
counterparty	<p>(1) (in <i>LLD</i>) (in relation to the <i>Society</i>, a <i>syndicate</i> or <i>member</i>):</p> <p>(a) any individual; or</p> <p>(b) any unincorporated body of persons; or</p> <p>(c) any <i>company</i> which is not a member of a group; or</p> <p>(d) any group of companies, excluding any companies within the group which are <i>subsidiary undertakings</i> of the <i>Society</i>, a <i>syndicate</i> or <i>member</i>; or</p> <p>(e) any government of a State or any public bodies, local authorities or nationalised industries of a State;</p>

	<p>in which the <i>Society</i>, a <i>syndicate</i> or <i>member</i> has made <i>investments</i> or against which it has rights under a contract entered into by the <i>Society</i>, <i>syndicate</i> or <i>member</i>.</p> <p>(2) (in <i>PRU</i>) (in relation to an <i>insurer</i>):</p> <p>(a) any one individual; or</p> <p>(b) any one unincorporated body of <i>persons</i>; or</p> <p>(c) any <i>company</i> which is not a member of a <i>group</i>; or</p> <p>(d) any <i>group</i> of <i>companies</i> excluding:</p> <p>(i) (for the purposes of <i>PRU</i> 3.2) any <i>companies</i> within the <i>group</i> which are <i>subsidiary undertakings</i> of the <i>insurer</i> and which fall within <i>PRU</i> 1.3.31R; and</p> <p>(ii) (for all other purposes) any <i>companies</i> within the <i>group</i> which are <i>subsidiary undertakings</i> of the <i>insurer</i>; or</p> <p>(e) any government of a State together with all the public bodies, local authorities or nationalised industries of that State,</p> <p>in which the <i>insurer</i>, or any of its <i>subsidiary undertakings</i>, has made <i>investments</i> or against whom, or in respect of whom, it, or any of its <i>subsidiary undertakings</i>, has rights or obligations under a contract entered into by the <i>insurer</i> or any of its <i>subsidiary undertakings</i>.</p>
country of origin	in relation to an <i>electronic commerce activity</i> , the <i>EEA State</i> in which the <i>establishment</i> from which the service in question is provided is situated.
coupon	a dividend, interest payment or any similar payment.
CRED	the Credit Unions sourcebook.
credit	<p>(1) (except in relation to a <i>class</i> of <i>contract of insurance</i>) any kind of loan, deferment of repayment of any loan or of interest on any loan, guarantee or indemnity, and any other kind of accommodation or facility in the nature of credit.</p> <p>(2) (in relation to a <i>class</i> of <i>contract of insurance</i>) the <i>class</i> of <i>contract of insurance</i>, specified in paragraph 14 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against risks of loss to the <i>persons</i> insured arising from the insolvency of debtors of theirs or from the failure (otherwise than through insolvency) of debtors of theirs to pay their debts when due.</p>
credit equalisation provision	the provision required to be established by ■ <i>PRU</i> 7.5.43 R .
credit institution	<p>(as defined in article 1(1) of the <i>BCD</i>)</p> <p>(1) an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account; or</p>

	(2) an electronic money institution within the meaning of the <i>E-Money Directive</i> ;
	but excluding an institution within (2) that does not have the right to benefit from the mutual recognition arrangements under <i>BCD</i> (see also <i>BCD credit institution</i> , <i>full credit institution</i> , <i>full BCD credit institution</i> and <i>Zone A credit institution</i> .)
<i>credit union</i>	a body corporate registered under the Industrial and Provident Societies Act 1965 as a credit union in accordance with the Credit Unions Act, which is an <i>authorised person</i> .
<i>credit unions day</i>	1 July 2002.
CREST	the computer-based system which enables securities to be held and transferred in uncertificated form and which is operated by CRESTCo Limited.
<i>cross border services</i>	<p>(1) (in relation to a <i>UK firm</i>) services provided within an <i>EEA State</i> other than the <i>United Kingdom</i> under the freedom to provide services.</p> <p>(2) (in relation to an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i>) services provided within the <i>United Kingdom</i> under the freedom to provide services.</p>
<i>cross-transaction</i>	<p>(a) a transaction by which a <i>person</i> matches, at the same price and on the same terms, the <i>buy</i> and <i>sell</i> orders of two or more <i>persons</i> for whom he is acting as agent;</p> <p>(b) a transaction to which only one <i>person</i> is a party, by which he purports to <i>sell</i> to and <i>buy</i> from himself.</p>
CRR	<i>capital resources requirement</i> .
CTF	<p>(as defined in section 1(2) of the Child Trust Funds Act 2004) a child trust fund, that is, an account which:</p> <p>(1) is held by a child who is or has been an eligible child (as defined in section 2 of that Act);</p> <p>(2) satisfies the requirements imposed by or under the Child Trust Funds Act 2004; and</p> <p>(3) has been opened in accordance with the Child Trust Funds Act 2004.</p>
<i>CTF bank account</i>	a bank account which fulfils the requirements of Regulation 11(5) of the <i>CTF Regulations</i> .
<i>CTF provider</i>	(in accordance with section 3(1) of the Child Trust Funds Act 2004) a <i>person</i> approved by HM Revenue and Customs in accordance with the <i>CTF Regulations</i> .
<i>CTF Regulations</i>	the Child Trust Funds Regulations 2004 (SI 2004/1450), as amended.

<i>CTF transfer</i>	a transaction resulting from a decision by a <i>customer</i> , made with or without advice from a <i>firm</i> , to transfer the <i>investments</i> (or their value) held in an existing CTF into another CTF whether or not provided by the same CTF provider.
<i>currency class share</i>	(in relation to an ICVC) a class of share denominated in a currency that is not the base currency of the ICVC or, if permitted by ■ CIS 2.5.4R(1), (Currency class shares: requirements) denominated in the base currency.
<i>currency class unit</i>	(in ■ COLL) a class of unit denominated in a currency that is not the base currency of the authorised fund, or if permitted, by COLL3.3.4R(1) (Currency class units: requirements),.
<i>current customer order</i>	<p>(a) a customer order to be executed immediately;</p> <p>(b) a customer order which is to be executed only on fulfilment of a condition, after the condition has been fulfilled.</p>
<i>custodian</i>	<p>(a) an approved bank;</p> <p>(b) an approved depositary;</p> <p>(c) a member of a recognised investment exchange or designated investment exchange;</p> <p>(d) a firm whose permitted activities include safeguarding and administering investments;</p> <p>(e) a regulated clearing firm;</p> <p>(f) where it is not feasible to use a custodian in (a) to (e), and there are reasonable grounds to show that a person outside the United Kingdom, whose business includes the provision of custodial services, is able to provide such services which are appropriate to the client and in the client's best interest to use, that person.</p>
<i>custody</i>	(in relation to clients' assets) safeguarding and administering investments.
<i>custody asset</i>	<p>(a) a designated investment held for or on behalf of a client;</p> <p>(b) any other asset which is or may be held with a designated investment held for, or on behalf of, a client.</p>
<i>custody rules</i>	■ CASS 2.
<i>customer</i>	<p>(1) (except in ■ COB 3 , ICOB, MCOB 3 and ■ CASS 5) a client who is not a market counterparty.</p> <p>(2) (in ■ COB 3 and MCOB 3) a person in (1) or a person who would be such a person if he were a client.</p> <p>(3) (in ICOB) a person who is a policyholder, or a prospective policyholder, of a policy other than a reinsurance contract.</p> <p>(4) (in ■ CASS 5) a client.</p>

*customer
function*

any of the controlled functions 21 to 27 in the table of controlled functions.

customer order

- (a) an order to a *firm* from a *customer* to *execute* a transaction as agent;
- (b) any other order to a *firm* from a *customer* to *execute* a transaction in circumstances giving rise to duties similar to those arising on an order to *execute* a transaction as agent;
- (c) a decision by a *firm* in the exercise of discretion to *execute* a transaction with or for a *customer*.

*customer
trading
function*

controlled function CF26 in the table of controlled functions, described more fully in ■ SUP 10.10.16 R .

<i>daily e-money outstandings amount</i>	(in ■ ELM) (in relation to a particular <i>day</i> or time and <i>ELMI</i>) the highest amount that that <i>ELMI</i> 's <i>e-money outstandings</i> reached on that <i>day</i> or, as the case may be, on the <i>day</i> in question prior to that time.
<i>damage to property</i>	(in relation to a <i>class</i> of contract of insurance) the <i>class</i> of <i>contract of insurance</i> , specified in paragraph 9 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against loss of or damage to property (other than property to which paragraphs 3 to 7 of that Schedule (<i>L</i> and vehicles, Railway rolling stock, Aircraft, Ships and Goods in transit) relate) due to hail or frost or any other event (such as theft) other than those mentioned in paragraph 8 of that Schedule (Fire and natural forces).
<i>date of allotment</i>	the date on which amounts of the <i>relevant security</i> are allotted to subscribers or purchasers and, where there is an initial or preliminary allotment subject to confirmation, the date of that initial or preliminary allotment.
<i>day</i>	a period of 24 hours beginning at midnight.
<i>deal</i>	a <i>dealing</i> transaction.
<i>dealing</i>	<p>(1) (other than in ■ MAR 1 (The Code of Market Conduct)) (in accordance with paragraph 2 of Schedule 2 to the <i>Act</i> (<i>Regulated activities</i>) buying, selling, subscribing for or underwriting <i>investments</i> or offering or agreeing to do so, either as a <i>principal</i> or as an agent, including, in the case of an <i>investment</i> which is a <i>contract of insurance</i>, carrying out the contract.</p> <p>(2) (in ■ MAR 1) (as defined as in section 130A(3) of the <i>Act</i>), in relation to an investment, means acquiring or disposing of the investment whether as principal or agent or directly or indirectly, and includes agreeing to acquire or dispose of the investment, and entering into and bringing to an end a contract creating it.</p>
<i>dealing day</i>	(in ■ COLL and ■ CIS) the period in a <i>business day</i> (in accordance with provisions of the <i>prospectus</i>) during which the <i>ACD</i> or the <i>operator</i> is open for business.
<i>dealing in investments as agent</i>	the <i>regulated activity</i> , specified in article 21 of the <i>Regulated Activities Order</i> (Dealing in investments as agent), which is in summary: <i>buying, selling, subscribing for or underwriting designated investments, pure protection contracts or general insurance contracts as agent</i> .
<i>dealing in investments as principal</i>	the <i>regulated activity</i> , specified in article 14 of the <i>Regulated Activities Order</i> (Dealing in investments as principal), which is in summary: <i>buying, selling, subscribing for or underwriting designated investments as principal</i> .
<i>dealing period</i>	(in ■ COLL and CIS) the period between one <i>valuation point</i> and the next.
<i>debenture</i>	<p>the <i>investment</i>, specified in article 77 of the <i>Regulated Activities Order</i> (Instruments creating or acknowledging indebtedness), which is in summary: any of the following which are not <i>government and public securities</i>:</p> <ul style="list-style-type: none"> (a) debentures; (b) debenture stock; (c) loan stock;

	<p>(d) bonds;</p> <p>(e) certificates of deposit;</p> <p>(f) any other instrument creating or acknowledging indebtedness.</p>
<i>debt security</i>	<p>(1) (in <i>DR</i> and <i>LR</i>) debentures, debenture stock, loan stock, bonds, certificates of deposit or any other instrument creating or acknowledging indebtedness.</p> <p>(2) (except in <i>DR</i> and <i>LR</i>) any of the following:</p> <p>(a) a <i>debenture</i>;</p> <p>(b) a <i>government and public security</i>;</p> <p>(c) a <i>warrant</i> which confers a right in respect of an <i>investment</i> in (a) or (b).</p>
<i>DEC</i>	the Decision Making manual.
<i>decision notice</i>	a notice issued by the <i>FSA</i> in accordance with section 388 of the <i>Act</i> (Decision notices).
<i>dedicated</i>	<p>(in relation to <i>investments</i> of an <i>authorised fund</i>) intended that the holders should participate in or receive:</p> <p>(a) profits or income arising from the acquisition, holding, management or disposal of <i>investments</i> of the relevant description; or</p> <p>(b) sums paid out of profits or income in (a); or</p> <p>(c) other benefits where expressly permitted by a provision in ■ <i>CIS</i>.</p>
<i>default rules</i>	<p>(1) (in relation to a <i>UK RIE</i>) the default rules which it is required to have under paragraph 10 of the Schedule to the <i>Recognition Requirements Regulations</i>.</p> <p>(2) (in relation to a <i>UK RCH</i>) the default rules which it is required to have under paragraph 24 of the Schedule to the <i>Recognition Requirements Regulations</i>.</p>
<i>deferred acquisition costs</i>	deferred acquisition costs as defined in the <i>insurance accounts rules</i> .
<i>deficit reduction amount</i>	in respect of a <i>defined benefit occupational pension scheme</i> , the sum, determined by a <i>firm</i> in conjunction with the defined benefit occupational pension scheme's actuaries or trustees (or both), of the additional funding (net of tax) that will be required to be paid into that scheme by the <i>firm</i> over the following five year period for the purpose of reducing the <i>firm's defined benefit liability</i> .
<i>defined benefit asset</i>	the excess of the value of the assets in a <i>defined benefit occupational pension scheme</i> over the present value of the scheme liabilities, to the extent that a <i>firm</i> , as employer, in accordance with the accounting principles applicable to it, should recognise that excess as an asset in its balance sheet.

<i>defined benefit liability</i>	the shortfall of the value of the assets in a <i>defined benefit occupational pension scheme</i> below the present value of the scheme liabilities, to the extent that a <i>firm</i> , as employer, in accordance with the accounting principles applicable to it, should recognise that shortfall as a liability in its balance sheet.
<i>defined benefit occupational pension scheme</i>	an <i>occupational pension scheme</i> which is not a <i>defined contribution occupational pension scheme</i> .
<i>defined benefits pension scheme</i>	a <i>pension policy</i> or <i>pension contract</i> under which the only <i>money-purchase benefits</i> are benefits ancillary to other benefits which are not <i>money-purchase benefits</i> .
<i>defined contribution occupational pension scheme</i>	an <i>occupational pension scheme</i> into which a <i>firm</i> , as employer, pays regular fixed contributions and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
<i>delivery by value</i>	a transaction type, described as "delivery by value", used to deliver and receive securities within CREST.
<i>deposit</i>	<p>(1) (except in ■ COMP) the <i>investment</i>, specified in article 74 and defined in articles 5(2) and 5(3) of the <i>Regulated Activities Order</i>, which is in summary: a sum of money (other than one excluded by any of articles 6 to 9 of the <i>Regulated Activities Order</i>) paid on terms:</p> <ul style="list-style-type: none"> (a) under which it will be repaid, with or without interest or a premium, and either on demand or at a time or in circumstances agreed by or on behalf of the <i>person</i> making the payment and the <i>person</i> receiving it; and (b) which are not referable to the provision of property (other than currency) or services or the giving of security; in this definition, money is paid on terms which are referable to the provision of property or services or the giving of security if, and only if: <ul style="list-style-type: none"> (i) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services is or are not in fact sold, hired or otherwise provided; or (ii) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of a contract; or (iii) without prejudice to (ii), it is paid by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise. <p>(2) (in ■ COMP) the <i>investment</i> within (1), but including a sum of money that would otherwise be excluded:</p> <ul style="list-style-type: none"> (a) by article 6(1)(a)(ii) of the <i>Regulated Activities Order</i>, where the <i>person</i> making the payment is a <i>credit union</i> (unless the <i>person</i> receiving the payment is also a <i>credit union</i>); or (b) by article 6(1)(d) of the <i>Regulated Activities Order</i>, where the <i>person</i> receiving it is a <i>credit union</i>.

<i>deposit back arrangement</i>	(in relation to any contract of <i>reinsurance</i>) an arrangement whereby an amount is deposited by the <i>reinsurer</i> with the cedant.
<i>deposit-based stakeholder product</i>	the <i>stakeholder product</i> specified by regulation 4 (certain deposit accounts) of the <i>Stakeholder Regulations</i> ;
<i>Deposit Guarantee Directive</i>	the Council Directive of 13 May 1994 on deposit-guarantee schemes (No 94/19/EC).
<i>deposit-taking firm</i>	a firm which is a bank, building society or credit union.
<i>depository</i>	<p>(1) (except in <i>LR</i>):</p> <ul style="list-style-type: none"> (a) (in relation to an <i>ICVC</i>) the person to whom is entrusted the safekeeping of all of the <i>scheme property</i> of the <i>ICVC</i> and who has been appointed for this purpose in accordance with regulation 5 (Safekeeping of scheme property by depository) of and Schedule 1 (Depositaries) to the <i>OEIC Regulations</i>; (b) (in relation to an <i>AUT</i>) the trustee; (c) (in relation to any other <i>unit trust scheme</i>) the person holding the property of the <i>scheme</i> on trust for the participants; (d) (in relation to any other <i>collective investment scheme</i>) any person to whom the property subject to the <i>scheme</i> is entrusted for safekeeping. <p>(2) (in <i>LR</i>) a person that issues certificates representing certain securities that have been admitted to listing or are the subject of an application for admission to listing.</p>
<i>derivative</i>	a contract for differences, a future or an option. (see also <i>securitised derivative</i> .)
<i>designated client bank account</i>	<p>a client bank account with the following characteristics:</p> <ul style="list-style-type: none"> (a) the account holds the money of one or more <i>clients</i>; (b) the account includes in its title the word "designated"; (c) the <i>clients</i> whose money is in the account have each consented in writing to the use of the bank with which the <i>client money</i> is to be held; and (d) in the event of the <i>failure</i> of that bank, the account is not pooled with any other type of account unless a <i>primary pooling event</i> occurs.
<i>designated client fund account</i>	<p>a client bank account with the following characteristics:</p> <ul style="list-style-type: none"> (a) the account holds at least part of the <i>client money</i> of one or more <i>clients</i>, each of whom has consented to that money being held in the

designated investment

same *client bank* accounts at the same banks (the *client money* of such *clients* constituting a designated fund);

(b) the account includes in its title the words "designated fund"; and

(c) in the event of the *failure* of a bank with which part of a designated fund is held, each *designated client fund account* held with the failed bank will form a pool with any other *designated client fund account* containing part of that same designated fund unless a *primary pooling event* occurs.

a *security* or a contractually-based investment (other than a *funeral plan contract* and a right to or interest in a funeral plan contract), that is, any of the following *investments*, specified in Part III of the *Regulated Activities Order* (Specified Investments), and a *long-term care insurance contract* which is a *pure protection contract*:

(a) *life policy* (subset of article 75 (Contracts of insurance));

(b) *share* (article 76);

(c) *debenture* (article 77);

(d) *government and public security* (article 78);

(e) *warrant* (article 79);

(f) *certificate representing certain securities* (article 80);

(g) *unit* (article 81);

(h) *stakeholder pension scheme* (article 82);

(i) *option* (article 83); for the purposes of the *permission regime*, this is sub-divided into:

(i) *option* (excluding a *commodity option* and an *option on a commodity future*);

(ii) *commodity option* and *option on a commodity future*;

(j) *future* (article 84); for the purposes of the *permission regime*, this is sub-divided into:

(i) *future* (excluding a *commodity future* and a *rolling spot forex contract*);

(ii) *commodity future*;

(iii) *rolling spot forex contract*;

(k) *contract for differences* (article 85); for the purposes of the *permission regime*, this is sub-divided into:

(i) *contract for differences* (excluding a *spread bet* and a *rolling spot forex contract*);

(ii) *spread bet*;

(iii) *rolling spot forex contract*;

(l) *rights to or interests in investments* in (a) to (k) (article 89) but not including rights to or interests in rights under a *long-term care insurance contract* which is a *pure protection contract*.

designated investment business

any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business:

(a) *dealing in investments as principal* (article 14), but disregarding the exclusion in article 15 (Absence of holding out etc);

(b) *dealing in investments as agent* (article 21)

but only in relation to *designated investments*;

(c) *arranging (bringing about) deals in investments* (article 25(1)), but only in relation to *designated investments*;

(d) *making arrangements with a view to transactions in investments* (article 25(2)), but only in relation to *designated investments*;

(e) *managing investments* (article 37), but only if the assets consist of or include (or may consist of or include) *designated investments*;

(ea) *assisting in the administration and performance of a contract of insurance*, but only if the *contract of insurance* is a *designated investment*.

(f) *safeguarding and administering investments* (article 40), but only if the assets consist of or include (or may consist of or include) *designated investments*; for the purposes of the *permission regime*, this is sub-divided into:

(i) *safeguarding and administration of assets (without arranging)*;

(ii) *arranging safeguarding and administration of assets*;

(g) *sending dematerialised instructions* (article 45(1));

(h) *causing dematerialised instructions to be sent* (article 45(2));

(i) *establishing, operating or winding up a collective investment scheme* (article 51(1)(a)); for the purposes of the *permission regime*, this is sub-divided into:

(i) *establishing, operating or winding up a regulated collective investment scheme*;

(ii) *establishing, operating or winding up an unregulated collective investment scheme*;

(j) *acting as trustee of an authorised unit trust scheme* (article 51(1)(b));

(k) *acting as the depositary or sole director of an open-ended investment company* (article 51(1)(c));

(l) *establishing, operating or winding up a stakeholder pension scheme* (article 52);

(m) *advising on investments* (article 53), but only in relation to *designated investments*; for the purposes of the *permission regime*, this is sub-divided into:

(i) *advising on investments (except pension transfers and pension opt-outs)*;

(ii) *advising on pension transfers and pension opt-outs*;

(n) *agreeing to carry on a regulated activity in (a) to (h) and (m)* (article 64).

(o) *providing basic advice on a stakeholder product* (article 52B).

*designated
investment
exchange*

Any of the following investment exchanges:

American Stock Exchange
 Australian Stock Exchange
 Bermuda Stock Exchange
 Bolsa Mexicana de Valores
 Bourse de Montreal Inc
 Channel Islands Stock Exchange
 Chicago Board of Trade
 Chicago Board Options Exchange
 Chicago Stock Exchange
 Coffee, Sugar and Cocoa Exchange, Inc
 Euronext Amsterdam Commodities Market
 Hong Kong Exchanges and Clearing Limited
 International Securities Market Association
 Johannesburg Stock Exchange
 Kansas City Board of Trade
 Korea Stock Exchange
 Mid-America Commodity Exchange
 Minneapolis Grain Exchange
 New York Cotton Exchange
 New York Futures Exchange
 New York Stock Exchange
 New Zealand Stock Exchange
 Osaka Securities Exchange
 Pacific Exchange
 Philadelphia Stock Exchange
 Singapore Exchange
 South African Futures Exchange
 Tokyo International Financial Futures Exchange
 Tokyo Stock Exchange
 Toronto Stock Exchange

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*designated
non-member*

(in ■ REC) (in relation to a UK RIE) a *person* in respect of whom action may be taken under the *default rules* of the RIE but who is not a *member* of the RIE.

<i>designated professional body</i>	<p>a professional body designated by the Treasury under section 326 of the <i>Act</i> (Designation of professional bodies) for the purposes of Part XX of the <i>Act</i> (Provision of Financial Services by Members of the Professions); as at 21 June 2001 the following professional bodies have been designated in the Financial Services and Markets Act 2000 (Designated Professional Bodies) Order 2001 (SI 2001/1226):</p> <ul style="list-style-type: none"> (a) The Law Society (England and Wales); (b) The Law Society of Scotland; (c) The Law Society of Northern Ireland; (d) The Institute of Chartered Accountants in England and Wales; (e) The Institute of Chartered Accountants of Scotland; (f) The Institute of Chartered Accountants in Ireland; (g) The Association of Chartered Certified Accountants; (h) The Institute of Actuaries.
<i>designated State or territory</i>	any EEA State (other than the <i>United Kingdom</i>), Australia, Canada or a province of Canada, Hong Kong, Singapore, South Africa, Switzerland, a State in the United States of America, the District of Columbia or Puerto Rico.
DGD	<i>Deposit Guarantee Directive.</i>
DGD claim	a <i>claim</i> , in relation to a <i>protected deposit</i> , against a <i>BCD credit institution</i> , whether established in the <i>United Kingdom</i> or in another EEA State.
<i>dilution</i>	(in ■ COLL and ■ CIS) the amount of <i>dealing costs</i> incurred, or expected to be incurred, by an ICVC or for the account of a <i>single-priced AUT</i> to the extent that these costs may reasonably be expected to result, or have resulted, from the acquisition or disposal of <i>investments</i> by the ICVC or for the account of the <i>single-priced AUT</i> as a consequence (whether or not immediate) of the increase or decrease in the cash resources of the ICVC or <i>single-priced AUT</i> resulting from the <i>issue</i> or <i>cancellation</i> of <i>units</i> over a period; for the purposes of this definition, <i>dealing costs</i> include both the costs of <i>dealing</i> in an <i>investment</i> , professional fees incurred, or expected to be incurred, in relation to the acquisition or disposal of <i>approved immovables</i> and, where there is a spread between the <i>buying</i> and <i>selling</i> prices of the <i>investment</i> , the indirect cost resulting from the differences between those <i>prices</i> .
<i>dilution adjustment</i>	an adjustment to the price of a <i>unit</i> determined by the ACD, or the <i>manager</i> of a <i>single-priced AUT</i> , under ■ COLL 6.3.8R(Dilution) or, as the case may be, ■ CIS 4.6.4R (Dilution adjustment) for the purpose of reducing <i>dilution</i> .
<i>dilution levy</i>	a charge of such amount or at such rate as is determined by an ACD of an ICVC or a <i>manager</i> of a <i>single-priced AUT</i> to be made for the purpose of reducing the effect of <i>dilution</i> .
<i>Diploma Directives</i>	<p>the First and Second Diploma Directives, that is:</p> <ul style="list-style-type: none"> (a) the Council Directive of 21 December 1988 on a general system for the recognition of higher-education diplomas, awarded on completion of professional education and training of at least three years' duration (No 89/48/EEC);

<i>direct offer financial promotion</i>	<p>(b) the Council Directive of 18 June 1992 on a second general system for the recognition of professional education and training to supplement Directive 89/48/EEC (No 92/51/EEC).</p> <p>a <i>financial promotion</i> which:</p> <p>(a) contains:</p> <p>(i) an offer by the <i>firm</i> or another <i>person</i> to enter into a <i>controlled agreement</i> with anyone who responds to the <i>financial promotion</i>; or</p> <p>(ii) an invitation to anyone who responds to the <i>financial promotion</i> to make an offer to the <i>firm</i> or another <i>person</i> to enter into a <i>controlled agreement</i>;</p> <p>(b) specifies the manner of response or includes a form in which any response is to be made (for example by providing a tear-off slip); and</p> <p>(c) is not a <i>real time financial promotion</i>.</p>
<i>directive friendly society</i>	<p>a <i>friendly society</i> other than a <i>non-directive friendly society</i>.</p>
<i>director</i>	<p>(1) (except in ■ COLL, DR, LR, PR, ■ ENF 21 and CIS) (in relation to any of the following (whether constituted in the United Kingdom or under the law of a country or territory outside it)):</p> <p>(a) an unincorporated association;</p> <p>(b) a <i>body corporate</i>;</p> <p>(c) (in SYSC, ■ PRU 9.1 (Responsibility for insurance mediation activity) and SUP 10 (Approved persons)) a <i>partnership</i>;</p> <p>(d) (in SYSC and SUP 10 (Approved persons)) a <i>sole trader</i>;</p> <p>any <i>person</i> appointed to direct its affairs, including a <i>person</i> who is a member of its <i>governing body</i> and (in accordance with section 417(1) of the Act):</p> <p>(i) a <i>person</i> occupying in relation to it the position of a director (by whatever name called); and</p> <p>(ii) a <i>person</i> in accordance with whose directions or instructions (not being advice given in a professional capacity) the directors of that body are accustomed to act.</p> <p>(2) (in ■ COLL and CIS) a director of an ICVC, including (in accordance with regulation 2(1) of the OEIC Regulations) a <i>person</i> occupying in relation to the ICVC the position of director, by whatever name called.</p> <p>(3) (in DR, LR, PR and ■ ENF 21)</p> <p>) (in accordance with section 417(1)(a) of the Act) a <i>person</i> occupying in relation to it the position of a director (by whatever name called)</p>

	and, in relation to an <i>issuer</i> which is not a <i>body corporate</i> , a <i>person</i> with corresponding powers and duties.
<i>director function</i>	<i>controlled function</i> CF1 in the <i>table of controlled functions</i> , described more fully in SUP 10.6.4R.
<i>director of unincorporated association function</i>	<i>controlled function</i> CF5 in the <i>table of controlled functions</i> , described more fully in ■ SUP 10.6.24 R
<i>Disciplinary Tribunal</i>	(in ■ LLD) a Tribunal appointed under Schedule 2 to Lloyd's Disciplinary Committees Byelaw (No 31 of 1996).
<i>disclosable information</i>	any information which has to be disclosed in the market in accordance with any legal or regulatory requirement.
<i>disclosure rules</i>	(in accordance with section 73A(3) of the <i>Act</i>) <i>rules</i> relating to the disclosure of information in respect of <i>financial instruments</i> which have been admitted to trading on a <i>regulated market</i> or for which a request for <i>admission to trading</i> on such a market has been made.
<i>discounting</i>	(in PRU) discounting or deductions to take account of investment income as set out in paragraph 48 of the <i>insurance accounts rules</i> .
<i>discretionary investment manager</i>	(in relation to <i>firm type</i> in SUP 16.10 (Confirmation of <i>standing data</i>)) a <i>person</i> who, acting only on behalf of a <i>client</i> , manages <i>designated investments</i> in an account or portfolio on a discretionary basis under the terms of a discretionary management agreement.
DISP	Dispute Resolution: the Complaints sourcebook.
<i>distance contract</i>	any contract concerning financial services, the making or performance of which constitutes or is part of a <i>regulated activity</i> , concluded under an organised distance sales or service provision scheme run by the contractual provider of the service who, for the purpose of that contract, makes exclusive use (directly or through an intermediary) of one or more <i>means of distance communication</i> up to and including the time at which the contract is concluded.
<i>Distance Marketing Directive</i>	The Directive of the Council and Parliament of 23 September 2002 on distance marketing of consumer financial services (No 2002/65/EC).
<i>Distance Marketing Regulations</i>	The Financial Services (Distance Marketing) Regulations 2004 (SI 2004/2095)
<i>distance mortgage mediation contract</i>	a <i>distance contract</i> , the making or performance of which constitutes, or is part of: <ul style="list-style-type: none"> (a) <i>advising on regulated mortgage contracts</i>; or (b) <i>arranging (bringing about) regulated mortgage contracts</i>; or

	<p>(c) <i>making arrangements with a view to regulated mortgage contracts;</i> or</p> <p>(d) <i>agreeing to carry on a regulated mortgage activity in (a) to (c).</i></p>
<i>distance non-investment mediation contract</i>	<p>a distance contract (other than a contract concluded merely as a stage in the effecting or carrying out of an insurance contract by the firm or another person) the making or performance of which constitutes, in relation to a non-investment insurance contract, any of the following activities:</p> <p>(a) <i>dealing in investments as agent;</i></p> <p>(b) <i>making arrangements with a view to transactions in investments;</i></p> <p>(c) <i>assisting in the administration and performance of a contract of insurance;</i></p> <p>(d) <i>arranging (bringing about) deals in investments;</i></p> <p>(e) <i>advising on investments;</i></p> <p>(f) <i>agreeing to carry on a regulated activity in (a) to (e).</i></p>
<i>distribution account</i>	<p>(in ■ COLL and CIS) the account to which the income property of an authorised fund must be transferred as at the end of each annual accounting period under ■ COLL 6.8.3R (Income allocation and distribution), ■ COLL 8.5.15R (Income) or, as the case may be, CIS 9.2.3R (Annual allocation of income).</p>
DMD	<i>Distance Marketing Directive.</i>
<i>document</i>	<p>any piece of recorded information, including (in accordance with section 417(1) of the <i>Act</i> (Interpretation)) information recorded in any form; in relation to information recorded otherwise than in legible form, references to its production include references to producing a copy of the information in legible form.</p>
<i>document evidencing title</i>	<p>any means of evidencing title whether in documentary form or otherwise.</p>
<i>domestic ECA provider</i>	<p>a <i>firm</i> which provides an <i>electronic commerce activity</i>, from an <i>establishment</i> which it has in the <i>United Kingdom</i>, with or for a <i>UK ECA recipient</i> or an <i>ECA recipient</i> in a non-EEA State.</p>
<i>document viewing facility</i>	<p>(in LR) a location identified on the FSA website where the public can inspect documents referred to in the <i>listing rules</i> as being documents to be made available at the document viewing facility.</p>
DR	the Disclosure Rules sourcebook.
<i>drawdown mortgage</i>	<p>a <i>lifetime mortgage</i> contract where:</p> <p>(a) the amount borrowed is paid by the <i>mortgage lender</i> to the <i>customer</i> in instalments during the life of the mortgage; and</p> <p>(b) the size and frequency of the instalments are:</p> <p>(1) agreed between the <i>mortgage lender</i> and the <i>customer</i>; or</p> <p>(2) set by reference to an index or interest rate (such as the Bank of England repo rate).</p>

<i>dual-priced AUT</i>	an AUT that is not a <i>single-priced</i> AUT.
<i>durable medium</i>	<p>(a) paper; or</p> <p>(b) (in accordance with article 2(f) of the <i>Distance Marketing Directive</i> and article 2(12) of the <i>Insurance Mediation Directive</i>) any instrument which enables the recipient to store information in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored; this includes, in particular, floppy disks, CD-ROMs, DVDs and the hard drive of the recipient's computer on which electronic mail is stored, but not Internet websites unless they fulfil the criteria in this definition.</p>

<i>early repayment charge</i>	(in MCOB) a charge levied by the <i>mortgage lender</i> on the <i>customer</i> in the event that the amount of the loan is repaid in full or in part before a date specified in the contract.
<i>ECA recipient</i>	a <i>person</i> who is a user of an <i>electronic commerce activity</i> .
<i>ECA Regulations</i>	the Open-Ended Investment Companies (Investment Companies with Variable Capital) Regulations 1996 (SI 1996/2827).
<i>ECD Regulations</i>	the Electronic Commerce Directive (Financial Services and Markets) Regulations 2002 (SI 2002/1775).
<i>ECO</i>	the E-Commerce Directive sourcebook.
<i>E-Commerce Directive</i>	the Council Directive of 8 June 2002 on legal aspects of <i>information society services</i> , in particular electronic commerce, in the Internal Market (No 2000/31/EC).
<i>ECR</i>	<i>enhanced capital requirement</i> .
<i>EEA</i>	the <i>European Economic Area</i> . (see also <i>EEA State</i> .)
<i>EEA authorisation</i>	(in accordance with paragraph 6 of Schedule 3 to the <i>Act</i> (EEA Passport Rights)) <ul style="list-style-type: none"> (a) in relation to an <i>IMD insurance intermediary</i> or an <i>IMD reinsurance intermediary</i>, registration with its <i>Home State regulator</i> under article 3 of the <i>Insurance Mediation Directive</i>; (b) in relation to any other <i>EEA firm</i>, authorisation granted to an <i>EEA firm</i> by its <i>Home State regulator</i> for the purpose of the relevant <i>Single Market Directive</i>.
<i>EEA bank</i>	an <i>incoming EEA firm</i> which is a <i>BCD credit institution</i> .
<i>EEA banking and investment group</i>	a <i>banking and investment group</i> that satisfies one or more of the following conditions: <ul style="list-style-type: none"> (a) it is headed by: <ul style="list-style-type: none"> (i) an <i>investment firm</i> or <i>credit institution</i> that is authorised and incorporated in an <i>EEA State</i>; or (ii) a <i>financial holding company</i> that has its head office in an <i>EEA State</i>; or (b) it has as a member an <i>investment firm</i> or <i>credit institution</i> that: <ul style="list-style-type: none"> (i) is authorised and incorporated in an <i>EEA State</i>; and (ii) is linked with another member that is in the <i>banking sector</i> or the <i>investment services sector</i> by a <i>consolidation Article 12(1) relationship</i>; or

	(c) it is otherwise required by <i>EEA prudential sectoral legislation for the banking sector or the investment services sector</i> (except Article 56a of the <i>Banking Consolidation Directive</i> (Third-country parent undertakings)) to be subject to consolidated supervision by a <i>competent authority</i> .
<i>EEA commodities market</i>	a market that facilitates trading in <i>derivatives relating to commodities</i> (other than a market operated by an RIE) and which is operated by an entity that has its head office situated in the <i>EEA</i> and that is regulated as an exchange.
<i>EEA consolidated group</i>	(in ■ ELM) (in relation to an ELMI) the <i>consolidated sub-group</i> of the ELMI's EEA financial parent undertaking, as established in accordance with ■ ELM 7 (Consolidated financial supervision).
<i>EEA-deposit insurer</i>	a <i>non-EEA insurer</i> that has made a deposit in an <i>EEA State</i> (other than the United Kingdom) under article 23 of the <i>First Non-Life Directive</i> (as amended) in accordance with article 26 of that Directive or under article 51 of the <i>Consolidated Life Directive</i> in accordance with article 56 of that Directive.
<i>EEA ECA recipient</i>	an <i>ECA recipient</i> who is present in an <i>EEA State</i> other than the United Kingdom.
<i>EEA financial conglomerate</i>	a <i>financial conglomerate</i> that is of a type that falls under Article 5(2) of the <i>Financial Groups Directive</i> (Scope of supplementary supervision of <i>regulated entities</i> referred to in Article 1 of that Directive) which in summary means a <i>financial conglomerate</i> : <ul style="list-style-type: none"> (a) that is headed by an <i>EEA regulated entity</i>; or (b) in which the <i>parent undertaking</i> of an <i>EEA regulated entity</i> is a <i>mixed financial holding company</i> which has its head office in the <i>EEA</i>; or (c) in which an <i>EEA regulated entity</i> is linked with a member of the <i>financial conglomerate</i> in the overall financial sector by a <i>consolidation Article 12(1) relationship</i>.
<i>EEA financial parent undertaking</i>	(in ■ ELM) (in relation to an ELMI) the <i>highest undertaking</i> in the ELMI's group that: <ul style="list-style-type: none"> (a) is a <i>relevant financial services company</i> or a <i>financial holding company</i>; (b) is formed under the law of another <i>EEA State</i>; and (c) is a <i>parent undertaking</i> of the ELMI; as established in accordance with ■ ELM 7 (Consolidated financial supervision).
<i>EEA firm</i>	(in accordance with paragraph 5 of Schedule 3 to the <i>Act</i> (EEA Passport Rights)) any of the following, if it does not have its relevant office in the United Kingdom: <ul style="list-style-type: none"> (a) an <i>investment firm</i> (as defined in article 1(2) of the <i>Investment Services Directive</i>) which is authorised (within the meaning of article 3) by its <i>Home State regulator</i>;

(b) a *credit institution*

(as defined in article 1 of the *Banking Consolidation Directive*)

which is authorised (within the meaning of article 1) by its *Home State regulator*;

(c) a financial institution (as defined in article 1 of the *Banking Consolidation Directive*) which is a subsidiary of the kind mentioned in article 19 and which fulfils the conditions in articles 18 and 19;

(d) an undertaking pursuing the activity of direct insurance (within the meaning of article

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of the

Consolidated Life Directive (No. 2002/83/EC)

or of

Article 1 of

the *First Non-Life Directive* (No. 73/239/EEC)) which has received authorisation under

Article 4 of the Consolidated Life Directive or Article

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of the First Non-Life Directive

from its *Home State regulator*

;

(e) an *IMD insurance intermediary* or an *IMD reinsurance intermediary* (as defined in article 2 of the *IMD*) which has registered under article 3 of that directive with its *Home State regulator*;

(f) (from 13 February 2004) a management company (as defined in article 1a of the *UCITS Directive*) which has been authorised under article 5 of that directive by its *Home State regulator*.

in this definition, relevant office means:

(i) in relation to a *firm* falling within sub-paragraph (e), which has a registered office, its registered office;

(ii) in relation to any other *firm* falling within any other paragraph, its head office.

EEA group
large exposure

(in ■ ELM) (in relation to an *ELMI*) *e-money financial exposures* of members of the *ELMI*'s consolidated group calculated and identified in accordance with ■ ELM 7.6.2R (EEA group large exposures).

EEA group
risk own funds

(in ■ ELM) (in relation to an *ELMI*) are identified and calculated by applying the definition of *own funds* to the *ELMI*'s EEA consolidated group in accordance with ■ ELM 7.5.1R (EEA group risk own funds).

EEA group
risk own funds
requirement

(in ■ ELM) (in relation to an *ELMI*) is calculated by applying the definition of *own funds requirement* to an *ELMI*'s EEA consolidated group in accordance with ■ ELM 7.5.2R (EEA group risk own funds requirement).

<i>EEA insurance parent undertaking</i>	an insurance parent undertaking that has its head office in the United Kingdom or another EEA State.
<i>EEA insurer</i>	an insurer, other than a pure reinsurer or a non-directive insurer, whose head office is in any EEA State except the United Kingdom and which has received authorisation under article 6 of the First Life Directive or article 4 of the Consolidated Life Directive or article 6 of the First Non-Life Directive from its Home State Regulator.
<i>EEA investment business oversight function</i>	controlled function CF9 in the table of controlled functions, described more fully in ■ SUP 10.7.6 R .
<i>EEA MCR</i>	the MCR in relation to business carried on in all EEA States, taken together, calculated by a UK-deposit insurer in accordance with ■ PRU 7.6.46 R .
<i>EEA Passport Rights Regulations</i>	the Financial Services and Markets Act 2000 (EEA Passport Rights) Regulations 2001 (SI 2001/2511).
<i>EEA prudential sectoral legislation</i>	<p>(in relation to a financial sector) requirements applicable to persons in that financial sector in accordance with EEA legislation about prudential supervision of regulated entities in that financial sector and so that:</p> <p>(a) (in relation to the banking sector and the investment services sector) in particular this includes the requirements laid down in the Banking Consolidation Directive and the Capital Adequacy Directive; and</p> <p>(b) (in relation to the insurance sector) in particular this includes requirements laid down in the First Non-Life Directive, the Consolidated Life Directive and the Insurance Groups Directive.</p>
<i>EEA regulated entity</i>	a regulated entity that is an EEA firm or a UK firm.
<i>EEA regulator</i>	a competent authority for the purposes of any of the Single Market Directives.
<i>EEA right</i>	<p>(in accordance with paragraph 7 of Schedule 3 to the Act (EEA Passport Rights)) the entitlement of a person to establish a branch or provide services in an EEA State other than that in which he has his relevant office:</p> <p>(a) in accordance with the Treaty as applied in the European Economic Area; and</p> <p>(b) subject to the conditions of the relevant Single Market Directive.</p> <p>in this definition, relevant office means:</p> <p>(i) in relation to a person who has a registered office and whose entitlement is subject to the conditions of the Insurance Mediation Directive, his registered office; and</p>

	(ii) in relation to any other <i>person</i> , his head office.
<i>EEA State</i>	(in accordance with paragraph 8 of Schedule 3 to the <i>Act</i> (EEA Passport Rights)) a State which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being; as at 1 May 2004, the following are the <i>EEA States</i> : Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and the <i>United Kingdom</i> .
<i>EEA UCITS management company</i>	(as defined in article 1a (2) of the <i>UCITS Directive</i>) any <i>incoming EEA firm</i> , the regular business of which is the management of UCITS in the form of unit trusts or common funds or of investment companies (collective portfolio management of UCITS) or of both; this includes the functions mentioned in Annex II.
<i>effecting contracts of insurance</i>	the <i>regulated activity</i> , specified in article 10(1) of the <i>Regulated Activities Order</i> (Effecting and carrying out contracts of insurance), of effecting a <i>contract of insurance</i> as principal.
<i>EIS</i>	<i>Enterprise Investment Scheme</i> .
<i>EIS fund</i>	an arrangement, specified in paragraph 2 of the Schedule to the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001 (SI 2001/1062), which is in summary: an arrangement in relation to <i>EIS shares</i> that would have been a <i>collective investment scheme</i> if the scheme arrangements had not provided that: <ul style="list-style-type: none"> (a) the <i>operator</i> will, so far as practicable, make investments which, subject to each participant's individual circumstances, qualify for relief under Chapter III of Part VII of the Income and Corporation Taxes Act 1988; and (b) the minimum subscription to the arrangements by each participant must be not less than ?2,000.
<i>EIS managed portfolio</i>	a managed portfolio which is, or is to be, invested wholly or mainly in <i>EIS shares</i> .
<i>EIS manager</i>	<ul style="list-style-type: none"> (a) (in relation to an <i>EIS managed portfolio</i>) the investment manager; (b) (in relation to an <i>EIS fund</i>) the manager of the fund.
<i>EIS particulars</i>	a document containing particulars of an <i>Enterprise Investment Scheme</i> .
<i>EIS share</i>	a <i>share</i> in respect of which the beneficial owner may, subject to his individual circumstances, be qualified, or has been qualified, for relief under Chapter III of Part VII of the Income and Corporation Taxes Act 1988.
<i>EIS subscription</i>	any money which is subscribed: <ul style="list-style-type: none"> (a) in the case of an <i>EIS managed portfolio</i>, by the <i>client</i> of the <i>EIS manager</i> whose portfolio it is; (b) in the case of an <i>EIS fund</i>, by the participants in the <i>EIS</i>.

<i>Electing Participants Order</i>	the Financial Services and Markets Act 2000 (Compensation Scheme: Electing Participants) Regulations 2001 (SI 2001/1783).
<i>Electing Participants Regulations</i>	the Financial Services and Markets Act 2000 (Compensation Scheme: Electing Participants) Regulations 2001 (SI 2001/1783).
<i>electricity</i>	<p>(a) electricity in any form, including electricity as deliverable through the <i>Balancing and Settlement Code</i>;</p> <p>(b) any right that relates to electricity, for example the right under a contract or otherwise to require a person to take any action in relation to electricity, including:</p> <ul style="list-style-type: none"> (i) supplying electricity to any person or accepting supply of electricity; or (ii) providing any information or notice in relation to electricity; or (iii) making any payment in relation to the supply or nonsupply, or acceptance or non-acceptance of supply, of electricity.
<i>electronic commerce activity</i>	<p>an activity which:</p> <p>(a) consists of the provision of an <i>information society service</i> from an <i>establishment</i> in an <i>EEA State</i>; and</p> <p>(b) is, or but for article 72A (Information society services) of the <i>Regulated Activities Order</i> (Information society services) (and irrespective of the effect of article 72 of that Order (Overseas persons)) would be, a <i>regulated activity</i>.</p>
<i>electronic commerce activity direction</i>	a direction made, or proposed to be made, by the FSA under regulation 6 of the <i>ECD Regulations</i> .
<i>electronic commerce activity provider</i>	a person who carries on an <i>electronic commerce activity</i> .
<i>electronic commerce communication</i>	(in accordance with article 6 of the <i>Financial Promotion Order</i>) a communication, the making of which constitutes the provision of an <i>information society service</i> .
<i>electronic money</i>	<p>The <i>investment</i>, specified in article 74A of the <i>Regulated Activities Order</i> (Electronic money), which is monetary value, as represented by a claim on the issuer, which is:</p> <ul style="list-style-type: none"> (a) stored on an electronic device; (b) issued on receipt of funds; and

	(c) accepted as a means of payment by <i>persons</i> other than the issuer.
<i>eligible</i>	(in ■ COLL and CIS) (in relation to a <i>securities</i> or a <i>derivatives</i> market) a market that satisfies the requirements in ■ COLL 5.2.10 R (Eligible markets: requirements), ■ CIS 5.2.12 R or ■ CIS 5A.3.3 R (Eligible markets: requirements) in relation to schemes falling under ■ COLL 5 , ■ CIS 5 or ■ CIS 5A respectively.
<i>eligible claimant</i>	a <i>person</i> who is eligible to bring a <i>claim</i> for compensation under ■ COMP 4.2.1 R .
<i>eligible complainant</i>	a <i>person</i> eligible to have a complaint considered under the <i>Financial Ombudsman Service</i> , as defined in ■ DISP 2.4 (Who can refer a complaint to the Financial Ombudsman Service).
<i>eligible institution</i>	(in COLL and CIS) (a) a <i>BCD credit institution</i> authorised by its <i>Home State regulator</i> ; (b) an <i>ISD investment firm</i> authorised by its <i>Home State regulator</i> .
<i>eligible investment trust</i>	an <i>investment trust</i> that satisfies the requirements of CIS 5.10.4R (Feeder fund investing in a single eligible investment trust).
ELM	the Electronic Money sourcebook.
<i>ELM financial rules</i>	the <i>rules</i> in ■ ELM 2 (Initial and continuing own funds requirement), ■ ELM 3 (Management of the e-money float) and ■ ELM 7 (Consolidated financial supervision).
ELMI	an <i>e-money firm</i> which is not a <i>bank</i> , <i>building society</i> , <i>incoming Treaty firm</i> or <i>incoming EEA firm</i> .
<i>e-money</i>	<i>electronic money</i> .
<i>E-Money Directive</i>	the Council Directive of 18 September 2000 relating to the taking up, pursuit of and prudential supervision of the business of electronic money institutions (No 2000/46/EC).
<i>e-money electronic device</i>	an electronic device referred to in paragraph (a) of the definition of <i>electronic money</i> and any other device that a holder of <i>electronic money</i> uses to hold or to spend or otherwise use his <i>electronic money</i> .
<i>e-money firm</i>	a <i>firm</i> whose <i>permitted activities</i> include <i>issuing e-money</i> .
<i>e-money float</i>	(in ELM) (in relation to an ELMI) <i>qualifying liquid assets</i> owned by an ELMI except those that, taking into account ■ ELM 3.3.13R (Establishment of the e-money float), the ELMI does not need in order to comply with ■ ELM 3.3.1R (Asset-liability management).
<i>e-money float exposure</i>	(in ■ ELM) the risks of loss set out in ■ ELM 3.5.3 (Large exposure risk).

<i>e-money issue price</i>	(in respect of <i>e-money</i> issued by an <i>e-money firm</i>) the amount paid to the <i>e-money firm</i> for the issue of that <i>e-money</i> before or on the issue of that <i>e-money</i> .
<i>e-money issuer</i>	(in accordance with the definition of an "electronic money institution" in article 1.3 of the <i>E-Money Directive</i>) an <i>undertaking</i> or any other legal <i>person</i> , other than a <i>full credit institution</i> , which issues means of payment in the form of <i>e-money</i> .
<i>e-money outstandings</i>	(in <i>ELM</i>) (in relation to an <i>ELMI</i> and at any time) the total amount (actual or contingent) of the <i>ELMI's</i> financial liabilities related to outstanding <i>e-money</i> at that time, including the total amount that would be payable by the <i>ELMI</i> if all the <i>e-money</i> in respect of which <i>persons</i> have, against the <i>ELMI</i> , a <i>redemption right</i> or any other right to require <i>e-money</i> to be redeemed were then due for redemption.
<i>e-money scheme rules</i>	(in <i>ELM</i>) (in relation to a scheme under which a <i>firm</i> issues <i>e-money</i>) the contracts between the participants in that scheme relating to the issue, circulation and redemption of <i>e-money</i> , including the contracts referred to in ELM 6.7.2R (Terms of reference).
<i>employee</i>	<p>(1) (for all purposes except those in (2)) an individual:</p> <p>(a) who is employed or appointed by a <i>person</i> in connection with that <i>person's</i> business, whether under a contract of service or for services or otherwise; or</p> <p>(b) whose services, under an arrangement between that <i>person</i> and a third party, are placed at the disposal and under the control of that <i>person</i>;</p> <p>but excluding an <i>appointed representative</i> of that <i>person</i>.</p> <p>(2) (for the purposes of:</p> <p>(a) ■ COB 7.13 (Personal account dealing);</p> <p>(aa) GEN 4 (Statutory status disclosure);</p> <p>(b) SUP 12 (Appointed representatives); and</p> <p>(c) TC)</p> <p>an individual:</p> <p>(i) within (1); or</p> <p>(ii) who is:</p> <p>(A) an <i>appointed representative</i> of the <i>person</i> referred to in (1); or</p> <p>(B) employed or appointed by an <i>appointed representative</i> of that <i>person</i>, whether under a contract of service or for services or otherwise, in connection with the business of the <i>appointed representative</i> for which that <i>person</i> has accepted responsibility.</p>
<i>employees' share scheme</i>	has the same meaning as in section 743 of the Companies Act 1985.

<i>employers' liability insurance</i>	a <i>contract of insurance</i> against risks of the <i>persons insured</i> incurring liabilities to their employees.
EMPS	the Handbook Guide for energy market participants.
<i>endowment assurance</i>	a <i>life policy</i> which pays a sum of <i>money</i> on the survival of the life assured to a specific date or on his earlier death.
<i>energy</i>	coal, <i>electricity</i> , <i>natural gas</i> (or any by-product or form of any of them) or <i>oil</i> .
<i>energy collective investment scheme</i>	a <i>collective investment scheme</i> , the property of which consists only of <i>energy</i> , <i>energy investments</i> , <i>greenhouse gas emissions allowances</i> , <i>tradable renewable energy credits</i> or cash awaiting investment.
<i>energy investment</i>	<p>any of the following:</p> <ul style="list-style-type: none"> (a) a <i>unit in an energy collective investment scheme</i>; (b) an <i>option to acquire or dispose of an energy investment</i>; (c) a <i>future or a contract for differences</i> where the commodity or property of any other description in question is: <ul style="list-style-type: none"> (i) <i>energy</i>; or (ii) an <i>energy investment</i>; or (iii) a <i>greenhouse gas emissions allowance</i>; or (iv) a <i>tradable renewable energy credit</i>; (d) a <i>contract for differences</i> where the index or other factor in question is linked to or otherwise dependent upon fluctuations in the value or price of any of (c)(i) to (iv) (including any prices or charges in respect of imbalances under the <i>Network Code</i> or the <i>Balancing and Settlement Code</i>); (e) a <i>weather derivative</i>; (f) a <i>greenhouse gas emissions allowance</i>, if it is a <i>specified investment</i>; (g) a <i>tradable renewable energy credit</i>, if it is a <i>specified investment</i>; (h) <i>rights to or interests in investments in (a)-(g)</i>.
<i>energy market activity</i>	<p>(a) any <i>regulated activity in relation to an energy investment or to energy</i> which:</p> <ul style="list-style-type: none"> (i) is the <i>executing of own account transactions on any recognised investment exchange or designated investment exchange</i>; or (ii) if it is not the <i>executing of transactions on such exchanges</i>, is performed in connection with or for persons who are not <i>private customers</i>;

	(b) <i>establishing, operating or winding up a collective investment scheme which is an energy collective investment scheme in which private customers do not participate.</i>
<i>energy market participant</i>	<p>a firm:</p> <p>(a) whose permission:</p> <p>(i) includes a requirement that the firm must not carry on any designated investment business other than energy market activity;</p> <p>(ii) does not include a requirement that it comply with IPRU(INV) 5 (Investment management firms) or 13 (Personal investment firms); and</p> <p>(b) which is not an authorised professional firm, bank, building society, credit union, friendly society, ICVC, insurer, ISD investment firm, media firm, oil market participant, service company, insurance intermediary, mortgage administrator, mortgage lender, incoming EEA firm (without a top-up permission), or incoming Treaty firm (without a top-up permission).</p>
ENF	the Enforcement manual.
<i>engage in investment activity</i>	<p>(as defined in section 21(8) of the Act) (Restrictions on financial promotion)):</p> <p>(a) enter or offer to enter into an agreement the making or performance of which by either party constitutes a <i>controlled activity</i>; or</p> <p>(b) exercise any rights conferred by a <i>controlled investment</i> to acquire, dispose of, underwrite or convert a <i>controlled investment</i>.</p>
<i>enhanced capital requirement</i>	<p>(1) (in relation to a firm carrying on general insurance business) the amount calculated in accordance with PRU 2.3.11R.</p> <p>(2) (in relation to a firm carrying on long-term insurance business) an amount of capital resources that a firm must hold as set out in PRU 2.1.34R.</p>
<i>entering as provider into a funeral plan contract</i>	the regulated activity, specified in article 59 of the Regulated Activities Order (Funeral plan contracts) which comes into force on 1 January 2002, of entering as provider into a funeral plan contract.
<i>entering into a regulated mortgage contract</i>	the regulated activity, specified in article 61(1) of the Regulated Activities Order, which is in summary: entering into a regulated mortgage contract as lender.
<i>Enterprise Investment Scheme</i>	an arrangement which is an EIS managed portfolio or an EIS fund.

<i>Enterprise Zone Property Unit Trust</i>	an <i>unregulated collective investment scheme</i> of which the underlying assets are industrial and commercial buildings in an Enterprise Zone in accordance with section 749(2) of the Finance Act 1980.
<i>equalisation provision</i>	a provision required to be established under the rules in ■ PRU 7.5 .
<i>equity market adjustment ratio</i>	(1) (in relation to the <i>resilience capital requirement</i>) has the meaning set out in PRU 4.2.19R. (2) (in relation to the <i>market risk scenario for the risk capital margin of a with-profits fund</i>) has the meaning set out in ■ PRU 7.4.71 R .
<i>equity security</i>	(1) (in LR) <i>equity shares and securities convertible into equity shares</i> ; and (2) (in PR) (as defined in Article 2.1(b) of the <i>prospectus directive</i>) shares and other transferable securities equivalent to shares in companies, as well as any other type of transferable securities giving the right to acquire any of the aforementioned securities as a consequence of their being converted or the rights conferred by them being exercised, provided that securities of the latter type are issued by the issuer of the underlying shares or by an entity belonging to the group of the said issuer.
<i>equity share</i>	<i>shares comprised in a company's equity share capital.</i>
<i>equity share capital</i>	(for a <i>company</i>), its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.
<i>equity stake</i>	(in relation to a <i>company</i>) any kind of equity stake in that <i>company</i> , including shares in it (including non-voting and non-equity shares, debt securities that are convertible or exchangeable into such shares, a call option on such shares or an in-the-money put option on such shares, but excluding a contract for differences or other investment that provides merely an economic exposure to movement in the price of the company's shares).
<i>essential information</i>	information which: <ul style="list-style-type: none"> (a) relates to the essential elements of the contract, including any rights that would thereby be conferred on the <i>consumer</i>; (b) is likely to have a determining influence on the <i>consumer's</i> decision whether or not to enter into the contract; and (c) is of a kind referred to in regulation 4 of the <i>ECD Regulations</i>.
<i>established surplus</i>	has the meaning in IPRU(INS) 3.3(4).
<i>establishing, operating or winding up a collective investment scheme</i>	the <i>regulated activity</i> , specified in article 51(1)(a) of the <i>Regulated Activities Order</i> (Establishing etc a collective investment scheme), of establishing, operating or winding up a <i>collective investment scheme</i> .
<i>establishing, operating or</i>	<i>establishing, operating or winding up a collective investment scheme if the scheme is a regulated collective investment scheme.</i>

winding up a regulated collective investment scheme

establishing, operating or winding up a stakeholder pension scheme

establishing, operating or winding up an unregulated collective investment scheme

establishment

establishment conditions

the *regulated activity*, specified in article 52 of the *Regulated Activities Order* (Establishing etc a stakeholder pension scheme), of establishing, operating or winding up a *stakeholder pension scheme*.

establishing, operating or winding up a collective investment scheme if the scheme is an unregulated collective investment scheme.

(in relation to an *information society service*) the place at which the provider of the service effectively pursues an economic activity for an indefinite period; in this definition:

- (a) the presence or use in a particular place of equipment or other technical means of providing an *information society service* does not, of itself, constitute that place as an establishment; and
- (b) where it is unclear from which of a number of establishments a particular *information society service* is provided, that service is to be regarded as provided from the establishment where the provider has the centre of his activities relating to the service.

(in relation to the establishment of a *branch in the United Kingdom*) the conditions specified in paragraph 13 of Schedule 3 to the *Act* (EEA Passport Rights), which are that:

- (a) if the *firm* falls within paragraph (a), (b), (c), (d) or (f) in the definition of "*EEA firm*":
 - (i)...
- (b) if the *firm* falls within paragraph (e) in the definition of "*EEA firm*":
 - (i) the *EEA firm* has given its *Home State regulator* notice of its intention to establish a *branch in the United Kingdom*;
 - (ii) the *FSA* has received notice ("a regulator's notice") from the firm's *Home State regulator* that the firm intends to establish a *branch in the United Kingdom*;
 - (iii) the *EEA firm's Home State regulator* has informed it that the regulator's notice has been sent to the *FSA*; and
 - (iv) one *month* has elapsed beginning with the date on which the *EEA firm's Home State regulator* informed the *firm* that it had sent the regulator's notice to the *FSA*.

	(c) the EEA firm has been informed of the <i>applicable provisions</i> or two months have elapsed beginning with the date when the FSA received the consent notice.
<i>establishment costs</i>	<p>(1) (in ■ FEES 6) the costs of establishing the <i>compensation scheme</i>.</p> <p>(2) (in ■ FEES 5) the costs of establishing the <i>Financial Ombudsman Service</i>.</p>
<i>establishment costs levy</i>	a levy, forming part of the <i>management expenses levy</i> , to meet the <i>establishment costs</i> , each <i>participant firm's</i> share being calculated in accordance with ■ FEES 6.4.11 R .
<i>European Economic Area</i>	the area established by the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being and which consists of the <i>EEA States</i> .
<i>evidential provision</i>	<p>a <i>rule</i>, contravention of which does not give rise to any of the consequences provided for by other provisions of the <i>Act</i>; and which provides, in accordance with section 149(2) of the <i>Act</i>, that:</p> <p>(a) contravention may be relied on as tending to establish contravention of such other <i>rule</i> as may be specified; or</p> <p>(b) compliance may be relied on as tending to establish compliance with such other <i>rule</i> as may be specified; or</p> <p>(c) both (a) and (b).</p>
<i>exempt CAD firm</i>	<p>(in accordance with Article 2(2) of the <i>Capital Adequacy Directive</i> (Definitions)) a <i>firm</i> that satisfies the following conditions:</p> <p>(a) it is an <i>ISD investment firm</i>;</p> <p>(b) it is not an <i>insurer</i>, a <i>bank</i>, a <i>building society</i> or an <i>ELMI</i>;</p> <p>(c) its <i>permission</i> is subject to a <i>limitation</i> or <i>requirement</i> preventing it from holding <i>client money</i> or <i>clients' assets</i> and for that reason it may not at any time place itself in debit with its <i>clients</i>; and</p> <p>(d) the only <i>core investment service</i> for which it has permission is receiving and transmitting on behalf of investors orders in relation to one or more of the instruments listed in Section B of the Annex to the <i>ISD</i>.</p>
<i>ex-section 43 firm</i>	a <i>firm</i> that was a listed institution, as defined in section 43 of the Financial Services Act 1986, immediately before <i>commencement</i> .
<i>ex-section 43 lead regulated firm</i>	an <i>ex-section 43 firm</i> for which the FSA (in its capacity as the regulatory body under section 43 of the Financial Services Act 1986) was lead regulator for financial supervision purposes, and that was subject to the <i>section 43 capital requirements</i> , immediately before <i>commencement</i> .
<i>excluded material</i>	<p>(in relation to access to FSA material) (as defined in section 394(7) of the <i>Act</i> (Access to Authority material)) material which:</p> <p>(a) has been intercepted in obedience to a warrant issued under any enactment relating to the interception of communications; or</p>

	<p>(b) indicates that such a warrant has been issued or that material has been intercepted in obedience to such a warrant; or</p> <p>(c) is a <i>protected item</i>.</p>
<i>execute</i>	(in relation to a transaction) carry into effect or perform the transaction, whether as <i>principal</i> or as agent, including instructing another <i>person</i> to execute the transaction.
<i>execution-only transaction</i>	a transaction <i>executed</i> by a <i>firm</i> upon the specific instructions of a <i>client</i> where the <i>firm</i> does not give <i>advice on investments</i> relating to the merits of the transaction.
<i>executive procedures</i>	the procedures relating to the giving of warning notices, decision notices and <i>supervisory notices</i> that the <i>FSA</i> proposes to follow in the circumstances specified in ■ DEC 4.1.6 G (Decisions to be taken by executive procedures), and that are described in ■ DEC 4.3 (Executive procedures for statutory notice decisions and statutory notice associated decisions).
<i>exempt activity</i>	(in relation to a <i>recognised body</i>) any <i>regulated activity</i> in respect of which the body is exempt from the <i>general prohibition</i> as a result of section 285(2) or (3) of the <i>Act</i> (Exemption for recognised investment exchanges and clearing houses).
<i>exempt insurance intermediary</i>	<p>an <i>insurance intermediary</i>:</p> <p>(a) whose <i>Part IV permission</i> is limited to or includes <i>insurance mediation activity</i>;</p> <p>(b) which, in relation to <i>insurance mediation activity</i> (but disregarding <i>money</i> or other assets held in relation to other activities) either:</p> <p>(i) does not hold any <i>client money</i> or other <i>client assets</i> in any form; or</p> <p>(ii) holds <i>client money</i> as trustee under a statutory trust imposed by ■ CASS 5.3 (statutory trust) but does not otherwise hold <i>client money</i>; and</p> <p>(c) which (when aggregating the amount calculated in accordance with ■ CASS 5.5.65 R) does not in relation to <i>insurance mediation activity</i> hold <i>client money</i> in excess of £30,000 at any time during a <i>financial year</i>.</p>
<i>exempt person</i>	<p>(as defined in section 417(1) of the <i>Act</i> (Definitions)) (in relation to a <i>regulated activity</i>) a <i>person</i> who is exempt from the <i>general prohibition</i> in respect of that activity as a result of:</p> <p>(a) the <i>Exemption Order</i>; or</p> <p>(b) being an <i>appointed representative</i>; or</p> <p>(c) section 285(2) or (3) of the <i>Act</i> (Exemption for recognised investment exchanges and clearing houses).</p>
<i>exempt professional firm</i>	a <i>person</i> to whom, under section 327 of the <i>Act</i> , the <i>general prohibition</i> does not apply; guidance is given in ■ PROF 2.2 (Exempt regulated activities).

<i>exempt regulated activity</i>	(as defined in section 325(2) of the <i>Act</i> (Authority's general duty)) a <i>regulated activity</i> which may, as a result of Part XX of the <i>Act</i> (Provision of Financial Services by Members of the Professions), be carried on by <i>members</i> of a profession which is supervised and regulated by a <i>designated professional body</i> without breaching the <i>general prohibition</i> .
<i>Exemption Order</i>	the Financial Services and Markets Act 2000 (Exemption) Order 2001 (SI 2001/1201).
<i>exercise notice</i>	(in <i>LR</i>) (in relation to <i>securitised derivatives</i>), a document that notifies the <i>issuer</i> of a holder's intention to exercise its rights under the <i>securitised derivative</i> .
<i>exercise price</i>	(in <i>LR</i>) (in relation to <i>securitised derivatives</i>), the price stipulated by the <i>issuer</i> at which the holder can buy or sell the <i>underlying instrument</i> from or to the <i>issuer</i> .
<i>exercise time</i>	(in <i>LR</i>) (in relation to <i>securitised derivatives</i>), the time stipulated by the <i>issuer</i> by which the holder must exercise their rights.
<i>expiration date</i>	(in <i>LR</i>) (in relation to <i>securitised derivatives</i>), the date stipulated by the <i>issuer</i> on which the holder's rights in respect of the <i>securitised derivative</i> ends.
<i>exposure</i>	(in relation to a <i>firm</i>) the maximum loss which the <i>firm</i> might suffer if: <ul style="list-style-type: none"> (a) a counterparty or a group of connected counterparties fail to meet their obligations; or (b) it realises assets or off-balance sheet positions.
<i>extraction</i>	(in relation to <i>mineral companies</i>), includes mining, production, quarrying or similar activities and the reworking of mine tailings or waste dumps.
<i>extraordinary resolution</i>	(in ■ COLL and ■ CIS) a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution at a general meeting or (as the case may be) <i>class meeting</i> of holders, of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given.
EZPUT	<i>Enterprise Zone Property Unit Trust</i> .

<i>facilities</i>	(in relation to a <i>recognised body</i>) the facilities and services which it provides in the course of carrying on <i>exempt activities</i> .
<i>failure</i>	(in CASS) the appointment of a liquidator, receiver or administrator, or trustee in bankruptcy, or any equivalent procedure in any relevant jurisdiction.
<i>fee</i>	any payment or remuneration offered or made by a <i>client</i> to a <i>firm</i> in connection with <i>designated investment business</i> or with any other business of the <i>firm</i> , including (where applicable) any <i>mark up</i> or <i>mark down</i> .
<i>feeder fund</i>	an AUT that is a <i>relevant pension scheme</i> and dedicated to units in a single regulated collective investment scheme or to shares or debentures of a single eligible investment trust.
FEES	the FEES manual
<i>fees and commission statement</i>	a statement which a firm is required to maintain in accordance with COB 4.3.11R.
<i>field representative</i>	an appointed representative of the firm, or an employee of the firm (or of its appointed representative), whose normal fixed place of business is not a business address of the firm which appears on the firm's stationery.
<i>final bonus</i>	(in relation to a <i>with-profits insurance contract</i>) a discretionary payment which might be made by a <i>long-term insurer</i> , in addition to the guaranteed benefits, when the benefits under the <i>with-profits insurance contract</i> become payable.
<i>final notice</i>	a notice given by the FSA under section 390 of the Act (Final notices).
<i>final response</i>	<p>a written response from the firm which:</p> <ul style="list-style-type: none"> (a) accepts the complaint, and, where appropriate, offers redress; or (b) offers redress without accepting the complaint; or (c) rejects the complaint and gives reasons for doing so; <p>and which informs the complainant that, if he remains dissatisfied with the firm's response, he may now refer his complaint to the <i>Financial Ombudsman Service</i> and must do so within six months.</p>
<i>final terms</i>	(in LR) the document containing the final terms of each issue which is intended to be listed.
<i>final transfer value</i>	the sum of money available at retirement to provide retirement benefits through the <i>open market option</i> .
<i>finance function</i>	controlled function CF13 in the table of controlled functions, described more fully in ■ SUP 10.8.1 R .
Financial Action Task Force	the inter-governmental body responsible for developing and promoting policies, both nationally and internationally, to combat money laundering.

<i>financial conglomerate</i>	(in accordance with Article 2(14) of the <i>Financial Groups Directive</i> (Definitions)) a <i>consolidation group</i> that is identified as a <i>financial conglomerate</i> by the <i>financial conglomerate definition decision tree</i> .
<i>financial conglomerate definition decision tree</i>	the decision tree in ■ PRU 8 Ann 4R .
<i>financial crime</i>	<p>(in accordance with section 6(3) of the <i>Act</i>) any kind of criminal conduct relating to money or to financial services or markets, including any offence involving:</p> <ul style="list-style-type: none"> (a) fraud or dishonesty; or (b) misconduct in, or misuse of information relating to, a financial market; or (c) handling the proceeds of crime; <p>in this definition, "offence" includes an act or omission which would be an offence if it had taken place in the <i>United Kingdom</i>.</p>
<i>Financial Groups Directive</i>	Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.
<i>Financial Groups Directive Regulations</i>	the Financial Conglomerates and Other Financial Groups Regulations 2004 (SI 2004/1862).
<i>financial holding company</i>	<p>a <i>financial institution</i> that fulfils the following conditions:</p> <ul style="list-style-type: none"> (a) its <i>subsidiary undertakings</i> are either exclusively or mainly <i>credit institutions</i>, <i>investment firms</i> or <i>financial institutions</i>; (b) at least one of those <i>subsidiary undertakings</i> is a <i>credit institution</i> or an <i>investment firm</i>; and (c) it is not a <i>mixed financial holding company</i>.
<i>financial information table</i>	(in LR) financial information presented in tabular form that covers the reporting period set out in ■ LR 13.5.13 R in relation to the entities set out in ■ LR 13.5.14 R , and to the extent relevant ■ LR 13.5.15 R and ■ LR 13.5.16 R .
<i>financial institution</i>	(1) (in accordance with paragraph 5(c) of Schedule 3 to the <i>Act</i> (EEA Passport Rights: EEA firm) and article 1(5) of the <i>Banking Consolidation Directive</i> (Definitions)), but not for the purposes of ELM or ■ PRU 8 (Group Risk)), an undertaking, other than a <i>credit institution</i> , the principal activity of which is to acquire holdings or to carry on one or more of the <i>listed activities</i> listed in points 2 to 12 of Annex I to the BCD, which is a subsidiary of the kind mentioned in article 19 of the BCD and which fulfils the conditions in articles 18 and 19 of the BCD.

	<p>(2) for the purposes of <i>ELM</i> and ■ PRU 8 (Group risk) and in accordance with Articles 1(5) (Definitions) and 2(2) (Scope) of the <i>Banking Consolidation Directive</i>):</p> <p>(a) an <i>undertaking</i>, other than a <i>credit institution</i>, the principal activity of which is to acquire holdings or to carry on one or more of the <i>listed activities</i> listed in points 2 to 12 of Annex I to the <i>Banking Consolidation Directive</i>;</p> <p>(b) those institutions permanently excluded by paragraph 2(3) of the <i>Banking Consolidation Directive</i> (Scope), with the exception of the central banks of Member States, but so that, so far as this paragraph (b) applies for the purposes of <i>ELM</i>, it only applies for the purposes of chapter 7 (Consolidated financial supervision) of <i>ELM</i>; and</p> <p>(c) (for the purposes of <i>ELM</i>) an <i>asset management company</i>.</p>
<i>financial instrument</i>	<p>(as defined in Article 5 of the Prescribed Markets and Qualifying Investments Order and Article 1(3) of the Market Abuse Directive, and which consequently carries the same meaning in the Buy-back and Stabilisation Regulation):</p> <p>(a) transferable securities as defined in the ISD;</p> <p>(b) units in collective investment undertakings,</p> <p>(c) money-market instruments;</p> <p>(d) financial-futures contracts, including equivalent cash-settled instruments;</p> <p>(e) forward interest-rate agreements;</p> <p>(f) interest-rate, currency and equity swaps;</p> <p>(g) options to acquire or dispose of any instrument falling into these categories, including equivalent cash-settled instruments. This category includes in particular options on currency and on interest rates;</p> <p>(h) derivatives on commodities; and</p> <p>(i) any other instrument admitted to trading on a regulated market in an EEA State or for which a request for admission to trading on such a market has been made.</p>
<i>Financial Ombudsman Service</i>	the scheme provided under Part XVI of the <i>Act</i> (The Ombudsman Scheme) under which certain disputes may be resolved quickly and with minimum formality by an independent <i>person</i> .
<i>Financial Ombudsman Service Limited</i>	the <i>body corporate</i> established by the <i>FSA</i> under paragraph 2(1) of Schedule 17 to the <i>Act</i> (The Scheme Operator) to administer the <i>Financial Ombudsman Service</i> .
<div>PAGE F3</div> <i>financial promotion</i>	(in accordance with section 21(1) of the <i>Act</i> (Restrictions on financial promotion)) an invitation or inducement to <i>engage in investment activity</i> .
<i>Financial Promotion Order</i>	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529)

<i>financial promotion rules</i>	■ COB 3 and ICOB 3 .
<i>financial sector</i>	one of the <i>banking sector</i> , the <i>insurance sector</i> or the <i>investment services sector</i> .
<i>Financial Services and Markets Tribunal</i>	the Tribunal established under section 132 of the <i>Act</i> (The Financial Services and Markets Tribunal) and run by the Lord Chancellor's Department.
<i>Financial Services Compensation Scheme Limited</i>	the <i>body corporate</i> established by the <i>FSA</i> under section 212 of the <i>Act</i> (The scheme manager) to administer the <i>compensation scheme</i> .
<i>financial services undertaking</i>	(in ■ ELM) a financial institution, ancillary banking services undertaking, financial holding company or relevant <i>financial services company</i> .
<i>financial system</i>	(as defined in section 3 of the <i>Act</i> (Market confidence)) the financial system operating in the <i>United Kingdom</i> including: <ul style="list-style-type: none"> (a) financial markets and exchanges; (b) <i>regulated activities</i>; and (c) other activities connected with financial markets and exchanges.
<i>financial year</i>	<ul style="list-style-type: none"> (1) (in ■ DISP) the 12 <i>months</i> ending with 31 March. (2) (in ■ LLD) a calendar year. (3) (in PRU) the period at the end of which the balance of the accounts of the <i>insurer</i> is struck, or, if no balance is struck, the calendar year.
<i>financial year in question</i>	(for the purposes of ■ PRU 7.2 and of the definition of <i>non-directive insurer</i>) the last <i>financial year</i> to end before the date on which the latest accounts of the <i>insurer</i> are required to be deposited with the <i>FSA</i> ; the preceding <i>financial year</i> and previous <i>financial years</i> are construed accordingly.
<i>financing cost amount</i>	(in relation to a <i>share</i> , <i>debenture</i> or other investment in, or external contribution to the capital of, a <i>firm</i>) an amount that represents a reasonable estimate of the part of the <i>coupon</i> on that instrument that reflects the cost of financing generally but excludes costs reflecting factors relating to the issuer, guarantor or other person to whom the instrument creates an exposure.
<i>fire and natural forces</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 8 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against loss of or damage to property (other than property to which paragraphs 3 to 7 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Land vehicles; railway rolling stock; aircraft; ships; goods in transit) relate) due to fire, explosion, storm, natural forces other than storm, nuclear energy or land subsidence.

<i>firm</i>	an authorised person, but not a professional firm unless it is an authorised professional firm. (see also ■ GEN 2.2.18 R for the position of an authorised partnership or unincorporated association which is dissolved.)
<i>firm in run-off</i>	a firm whose Part IV permission has been varied so as to remove the regulated activity of effecting contracts of insurance.
<i>firm type</i>	one of a list of firm types set out in ■ SUP 16 Ann 17 used for the purposes of checking and correcting <i>standing data</i> under ■ SUP 16.10.4 R .
<i>First Life Directive</i>	the Council Directive of 5 March 1979 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance (No 79/267/EEC).
<i>First Non-Life Directive</i>	the Council Directive of 24 July 1973 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct insurance other than life insurance (No 73/239/EEC).
<i>FIT</i>	the part of the <i>Handbook</i> in High Level Standards which has the title the Fit and Proper test for Approved Persons.
<i>fixed-sum credit</i>	(in accordance with section 10(1)(b) of the Consumer Credit Act 1974) any facility under a contract, other than <i>running-account credit</i> , by which the customer is enabled to receive credit (whether in one amount or by instalments).
<i>flat rate benefits business friendly society</i>	a friendly society whose insurance business is restricted to the provision of benefits which vary according to the resources available and in which the contributions of members are determined on a flat rate basis.
<i>foreign currency</i>	(in ■ ELM) (in relation to an ELMI) any currency other than the <i>base currency</i> .
<i>former member</i>	(in ■ LLD) a person who has ceased to be a member, whether by resignation or otherwise, in accordance with Lloyd's Act 1982 and any <i>byelaw</i> made under it.
<i>former Ombudsman</i>	an ombudsman, arbitrator or independent investigator appointed under a <i>former scheme</i> .
<i>former scheme</i>	<p>(1) (except in relation to a <i>relevant transitional complaint</i>) any of the following:</p> <ul style="list-style-type: none"> (a) the <i>Banking Ombudsman scheme</i>; (b) the <i>Building Societies Ombudsman scheme</i>; (c) the <i>FSA scheme</i>; (d) the <i>IMRO scheme</i>; (e) the <i>Insurance Ombudsman scheme</i>; (f) the <i>Personal Insurance Arbitration Service</i>; (g) the <i>PIA Ombudsman scheme</i>; (h) the <i>SFA scheme</i>; <p>(2) (in relation to a <i>relevant transitional complaint</i>)</p>

	<p>(a) the <i>GISC facility</i>; or</p> <p>(b) the <i>MCAS scheme</i>.</p>
<i>former underwriting member</i>	(as defined in section 324(1) of the <i>Act</i> (Interpretation of Part XIX: Lloyd's)) a <i>person</i> ceasing to be an <i>underwriting member</i> on, or at any time after, 24 December 1996.
<i>forward price</i>	(in relation to <i>units</i>) a <i>price</i> calculated by reference to the <i>valuation point</i> next following the <i>authorised fund manager's</i> agreement to <i>sell</i> or, as the case may be, to <i>redeem</i> the <i>units</i> in question.
FOS Ltd	<i>Financial Ombudsman Service Limited</i> .
<i>Fourth Motor Insurance Directive</i>	the Directive of the European Parliament and the Council of 16 May 2000 on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles and amending Council Directives 73/239/EEC and 88/357/EEC (No 2000/26/EC).
<i>free-standing additional voluntary contribution</i>	an <i>additional voluntary contribution</i> to a <i>private pension policy</i> or <i>pension contract</i> separate from but associated with an <i>occupational pension scheme</i> which is an approved arrangement under section 591(2)(h) of the <i>Income and Corporation Taxes Act 1988</i> .
<i>friendly society</i>	an <i>incorporated friendly society</i> or a <i>registered friendly society</i> .
<i>front end loaded</i>	(in relation to an <i>investment</i>) one where deductions for <i>charges</i> and <i>expenses</i> are loaded disproportionately on the early years.
FSA	the Financial Services Authority.
<i>FSA consolidation rule</i>	<p>(in ■ ELM) the following <i>rules</i> in ■ IPRU :</p> <p>(a) 3.3.13R in chapter GN of ■ IPRU(BANK) (as it applies on a consolidated basis);</p> <p>(b) ■ IPRU(BSOC) 1.2.1R (as it applies on a consolidated basis); and</p> <p>(c) Chapter 14 of ■ IPRU(INV) ;</p>
<i>FSA Register</i>	<p>the public record, as required by section 347 of the <i>Act</i> (The public record), of every:</p> <p>(a) <i>authorised person</i>;</p> <p>(b) <i>AUT</i>;</p> <p>(c) <i>ICVC</i>;</p> <p>(d) <i>recognised scheme</i>;</p> <p>(e) <i>recognised investment exchange</i>;</p> <p>(f) <i>recognised clearing house</i>;</p>

	<p>(g) individual to whom a <i>prohibition order</i> relates;</p> <p>(h) <i>approved person</i>; and</p> <p>(i) <i>person</i> within such other class (if any) as the FSA may determine; except as provided by any transitional provisions.</p>
<i>FSA regulated EEA financial conglomerate</i>	<p>a <i>financial conglomerate</i> (other than a <i>third-country financial conglomerate</i>) that satisfies one of the following conditions:</p> <p>(a) ■ PRU 8.4.26 R or ■ PRU 8.4.29 R (Capital adequacy calculations for <i>financial conglomerates</i>) applies with respect to it; or</p> <p>(b) a <i>firm</i> that is a member of that <i>financial conglomerate</i> is subject to obligations imposed through its <i>Part IV permission</i> to ensure that <i>financial conglomerate</i> meets levels of capital adequacy based or stated to be based on Annex I of the <i>Financial Groups Directive</i>.</p>
<i>FSA scheme</i>	the former scheme operated by the FSA under paragraph 4 of Schedule 7 to the Financial Services Act 1986 for the investigation of complaints arising out of the conduct of investment business.
<i>FSAVC</i>	free-standing additional voluntary contribution.
<i>FSCS</i>	<i>Financial Services Compensation Scheme Limited</i> .
<i>full BCD credit institution</i>	a BCD credit institution that falls within paragraph (1) of the definition of <i>credit institution</i> .
<i>full credit institution</i>	a <i>credit institution</i> that falls within paragraph (1) of the definition of <i>credit institution</i> .
<i>fund of funds scheme</i>	an authorised fund dedicated to <i>units</i> in a number of regulated collective investment schemes or sub-funds of one or more regulated collective investment schemes (or both).
<i>funds at Lloyd's</i>	assets (not being <i>syndicate assets</i>) provided by or on behalf of a <i>member</i> to meet the liabilities arising from the <i>member's insurance business</i> at Lloyd's which are held in a <i>Lloyd's trust fund</i> and managed by the <i>Society</i> as trustee.
<i>funds supermarket service</i>	<p>a service consisting of the provision by a <i>firm</i> of regulated activities for a <i>customer</i> which consists of arranging (bringing about) deals in investments and safeguarding and administering investments with particular reference to regulated collective investment schemes where:</p> <p>(a) the schemes are managed by other firms;</p> <p>(b) the <i>customer's units</i> are held under arrangements in which their legal title is held by a <i>nominee company</i>; and</p> <p>(c) the service relates to schemes offered by several <i>product providers</i>, at least one of whom is not an <i>affiliated company</i> of another provider.</p>

<i>funeral plan contract</i>	<p>the <i>investment</i>, specified in articles 59(2), 60 and 87 of the <i>Regulated Activities Order</i> which come into force on 1 January 2002, which is in summary: rights under a contract under which:</p> <p>(a) a <i>person</i> ("the customer") makes one or more payments to another <i>person</i> ("the provider"); and</p> <p>(b) the provider undertakes to provide, or secure that another <i>person</i> provides, a funeral in the <i>United Kingdom</i> for the customer (or some other <i>person</i> who is living at the date when the contract is entered into) on his death;</p> <p>unless, at the time of entering into the contract, the customer and the provider intend or expect the funeral to occur within one month; but excluding certain contracts under which sums paid will be applied towards a <i>contract of insurance</i> or will be held on trust.</p>
<i>future</i>	the <i>investment</i> , specified in article 84 of the <i>Regulated Activities Order</i> (Futures), which is in summary: rights under a contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed on when the contract is made.
<i>future policy-related liabilities</i>	(in relation to a <i>with-profits fund</i>) the future policy-related liabilities of the <i>with-profits fund</i> calculated in accordance with the rules in ■ PRU 7.4.137 R to ■ PRU 7.4.189 G .
<i>futures and options scheme</i>	an authorised fund dedicated to <i>derivatives</i> (where most or all of the transactions in <i>derivatives</i> are fully covered by cash, <i>securities</i> or <i>derivatives</i>), with or without <i>transferable securities</i> .
<i>FX exposure</i>	(in <i>ELM</i>) (in relation to an <i>ELMI</i>) its net <i>FX open position</i> multiplied by 8%, calculated in accordance with <i>ELM</i> 3.4 (Foreign exchange risk).
<i>FX exposure limit</i>	(in <i>ELM</i>) (in relation to an <i>ELMI</i>) the amount by which the <i>ELMI's own funds</i> exceed 3% of its <i>e-money outstandings</i> , calculated in accordance with ■ <i>ELM</i> 3.4 (Foreign exchange risk).

GCR	<i>group capital resources.</i>
GCRR	<i>group capital resources requirement.</i>
<i>geared futures and options scheme</i>	an authorised fund dedicated to <i>derivatives</i> (where most or all of the extent of the <i>investment</i> is limited by the amount of property available to put up as <i>initial outlay</i>), whether with or without <i>transferable securities</i>.
<i>geared scheme</i>	a <i>regulated collective investment scheme</i> where the policies which the <i>operator</i> adopts or proposes to adopt mean that as a result of investment in <i>warrants</i> or <i>derivatives</i>, or through borrowing that is not temporary in nature, movements in prices of <i>units</i> are likely to be amplified significantly.
<i>gearing</i>	<p>(in COB) a strategy, with a view to enhancing the return for, or the value of, a <i>security</i> without increasing the amount invested by the holders of the <i>security</i>, involving one or more of the following:</p> <ul style="list-style-type: none"> (a) borrowing money; (b) investing in one or more instruments, such as (but not limited to) <i>warrants</i> or <i>derivatives</i>, for which a relatively small movement in the value or price of the underlying rights or assets to which the instrument relates, whether favourable or adverse, results in a larger movement in the value or price of the instrument; and (c) structuring the rights of holders of a <i>security</i> so that a relatively small movement in the price or value of the underlying rights or assets, whether favourable or adverse, results in a larger movement in the price or value of the <i>security</i>.
GEN	the part of the <i>Handbook</i> in High Level Standards which has the title General Provisions.
<i>general client bank account</i>	<p>a <i>client bank account</i> that holds <i>client money</i> of one or more <i>clients</i> and which is not:</p> <ul style="list-style-type: none"> (a) a <i>designated client bank account</i>; or (b) a <i>designated client fund account</i>.
<i>general insurance business</i>	the business of <i>effecting</i> or <i>carrying out</i> <i>general insurance contracts</i>.
<i>general insurance capital requirement</i>	the highest of the <i>premiums amount</i>, <i>claims amount</i> and <i>brought forward amount</i> as set out in ■ PRU 7.2 .
<div>PAGE G1</div> <i>general insurance contract</i>	<p>(in accordance with article 3(1) of the <i>Regulated Activities Order</i> (Interpretation: general)) any <i>contract of insurance</i> within Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), namely:</p> <ul style="list-style-type: none"> (a) <i>accident</i> (paragraph 1); (b) <i>sickness</i> (paragraph 2);

	<p>(c) <i>land vehicles</i> (paragraph 3);</p> <p>(d) <i>railway rolling stock</i> (paragraph 4);</p> <p>(e) <i>aircraft</i> (paragraph 5);</p> <p>(f) <i>ships</i> (paragraph 6);</p> <p>(g) <i>goods in transit</i> (paragraph 7);</p> <p>(h) <i>fire and natural forces</i> (paragraph 8);</p> <p>(i) <i>damage to property</i> (paragraph 9);</p> <p>(j) <i>motor vehicle liability</i> (paragraph 10);</p> <p>(k) <i>aircraft liability</i> (paragraph 11);</p> <p>(l) <i>liability of ships</i> (paragraph 12);</p> <p>(m) <i>general liability</i> (paragraph 13);</p> <p>(n) <i>credit</i> (paragraph 14);</p> <p>(o) <i>suretyship</i> (paragraph 15);</p> <p>(p) <i>miscellaneous financial loss</i> (paragraph 16);</p> <p>(q) <i>legal expenses</i> (paragraph 17);</p> <p>(r) <i>assistance</i> (paragraph 18).</p>
<i>general insurance liabilities</i>	insurance liabilities arising from <i>general insurance business</i> .
<i>general levy</i>	(in <i>FEES</i>) the annual fee raised from a <i>firm</i> under the rules to fund a part agreed between the <i>Financial Ombudsman Service</i> and the <i>FSA</i> of the <i>Financial Ombudsman Service's</i> annual budget.
<i>general liability</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 13 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against risks of the <i>persons insured</i> incurring liabilities to third parties, the risks in question not being risks to which paragraph 10 (Motor vehicle liability), 11 (Aircraft liability) or 12 (Liability of ships) of that Schedule relates.
<i>general prohibition</i>	the prohibition imposed by section 19 of the <i>Act</i> (The general prohibition) which states that no <i>person</i> may carry on a <i>regulated activity</i> in the <i>United Kingdom</i> , or purport to do so, unless he is: <p>(a) an <i>authorised person</i>; or</p> <p>(b) an <i>exempt person</i>.</p>
<i>general representative</i>	a <i>person</i> resident in the <i>United Kingdom</i> who is authorised to act generally, and to accept service of any <i>document</i> , on behalf of the <i>firm</i> .
<i>Gibraltar Order</i>	the <i>Financial Services and Markets Act 2000</i> (Gibraltar) Order 2001 (SI 2001/3084)
<i>GICR</i>	<i>general insurance capital requirement</i> .

<i>GISC facility</i>	The Dispute Resolution Facility established by the General Insurance Standards Council.
<i>global account</i>	the aggregate accounts produced by the <i>Council</i> in accordance with Regulation 8(1) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004.
<i>Glossary</i>	the Glossary giving the meanings of the defined expressions used in the <i>Handbook</i> .
<i>goods in transit</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 7 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against loss of or damage to merchandise, baggage and all other goods in transit, irrespective of the form of transport.
<i>governing body</i>	the board of <i>directors</i> , committee of management or other governing body of a <i>firm</i> or <i>recognised body</i> , including, in relation to a <i>sole trader</i> , the <i>sole trader</i> .
<i>governing function</i>	any of the <i>controlled functions</i> 1 to 7 in the <i>table of controlled functions</i> .
<i>government and public security</i>	<p>the <i>investment</i>, specified in article 78 of the <i>Regulated Activities Order</i> (Government and public securities), which is in summary: a loan stock, bond or other instrument creating or acknowledging indebtedness, issued by or on behalf of:</p> <ul style="list-style-type: none"> (a) the government of the <i>United Kingdom</i>; or (b) the Scottish Administration; or (c) the Executive Committee of the Northern Ireland Assembly; or (d) the National Assembly of Wales; or (e) the government of any country or territory outside the <i>United Kingdom</i>; or (f) a local authority in the <i>United Kingdom</i> or elsewhere; or (g) a body the members of which comprise: <ul style="list-style-type: none"> (i) States including the <i>United Kingdom</i> or another <i>EEA State</i>; or (ii) bodies whose members comprise States including the <i>United Kingdom</i> or another <i>EEA State</i>; <p>but excluding:</p> <ul style="list-style-type: none"> (A) the instruments specified in article 77(2)(a) to (d) of the <i>Regulated Activities Order</i>; (B) any instrument creating or acknowledging indebtedness in respect of: <ul style="list-style-type: none"> (I) money received by the Director of Savings as <i>deposits</i> or otherwise in connection with the business of the National Savings Bank; or (II) money raised under the National Loans Act 1968 under the auspices of the Director of Savings or treated as so raised under section 11(3) of the National Debt Act 1972.

<i>granting an e-money permission</i>	<p>(a) (in the case of a <i>firm</i> that previously had not had a <i>Part IV permission</i>) giving the <i>firm</i> a <i>Part IV permission</i> that includes issuing <i>e-money</i>;</p> <p>(b) (in the case of a <i>firm</i> that does have a <i>Part IV permission</i>) a variation of a <i>Part IV permission</i> so that it includes issuing <i>e-money</i>.</p>
<i>greenhouse gas emissions allowance</i>	<p>an allowance, licence, permit, right, note, unit, credit, asset, certificate or instrument (the "allowance") where:</p> <p>(a) the allowance confers or may result in a benefit or advantage to its holder or another <i>person</i>; and</p> <p>(b) the allowance, or the benefit or advantage in (a), is linked to the emission or non-emission of quantities of carbon dioxide or other greenhouse gases into the environment by the holder of the allowance or someone else.</p>
<i>greenshoe option</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) an option granted by the <i>offeror</i> in favour of the <i>investment firm(s)</i> or <i>credit institution(s)</i> involved in the <i>offer</i> for the purpose of covering overallotments, under the terms of which such <i>firm(s)</i> or <i>institution(s)</i> may purchase up to a certain amount of <i>relevant securities</i> at the offer price for a certain period of time after the <i>offer</i> of the relevant securities.
<i>gross accumulation share</i>	(in ■ CIS) a <i>share</i> in respect of which income is credited periodically to capital under ■ CIS 9.2.4R (Annual allocation to accumulation shares or accumulation units) or ■ CIS 9.2.6R (Interim allocations of income) but, in accordance with relevant law, without deduction by the ICVC of any income tax.
<i>gross adjusted claims amount</i>	(for the purposes of ■ PRU 7.2) an amount, as defined in ■ PRU 7.2.60 R to ■ PRU 7.2.65 G , used in calculating the <i>claims amount</i> .
<i>gross adjusted premiums amount</i>	(for the purposes of ■ PRU 7.2) an amount as defined in ■ PRU 7.2.56 R to PRU 7.2.59G, used in calculating the <i>premiums amount</i> .
<i>gross earned premiums</i>	(in relation to a <i>financial year</i>) such proportion of gross <i>written premiums</i> as is attributable to risk borne by the <i>insurer</i> during that <i>financial year</i> .
<i>gross leverage</i>	the ratio of total assets to total equity.
<i>gross written premiums</i>	<p>the amounts required by the <i>insurance accounts rules</i> to be shown in the profit and loss account of an <i>insurer</i> :</p> <p>(a) (for <i>general insurance business</i>) at general business technical account item I.1.(a); and</p> <p>(b) (for <i>long-term insurance business</i>) at long term business technical account item II.1.(a).</p>
<i>group</i>	<p>(1) (except in relation to an ICVC</p> <p>and except for the purposes of PRU 8.1 (Group risk systems and controls requirement)</p>

and LR)

as defined in section 421 of the *Act* (Group) (in relation to a *person* ("A")) A and any *person* who is:

- (a) a *parent undertaking* of A;
- (b) a *subsidiary undertaking* of A;
- (c) a *subsidiary undertaking* of a *parent undertaking* of A;
- (d) a *parent undertaking* of a *subsidiary undertaking* of A;
- (e) an *undertaking* in which A or an *undertaking* in (a) to (d) has a participating interest;
- (f) if A or an *undertaking* in (a) or (d) is a *building society*, an associated undertaking of that *building society*;
- (g) if A or an *undertaking* in (a) or (d) is an *incorporated friendly society*, a *body corporate* of which that *friendly society* has joint control (as defined in section 13(9)(c) or (cc) of the Friendly Societies Act 1992);

in this definition:

- (i) "participating interest" has the same meaning as in Part VII of the Companies Act 1985 or Part VIII of the Companies (Northern Ireland) Order 1986; but also includes an interest held by an individual which would be a participating interest for the purposes of those provisions if he were an *undertaking*;
- (ii) "associated undertaking" has the meaning given in section 119(1) of the Building Societies Act 1986.

(2) (in relation to an ICVC) a group as in (1) but (in ■ ML and SYSC) including also the ICVC's *authorised corporate director* (if any).

(see also *immediate group*)

(3) (for the purposes of PRU 8.1 (Group risk systems and controls requirement) and in relation to a *person* "A")) A and any *person*:

- (a) who falls into (1);
- (b) who is a member of the same *financial conglomerate* as A;
- (c) who has a *consolidation Article 12(1) relationship* with A;
- (d) who has a *consolidation Article 12(1) relationship* with any *person* in (3)(a);
- (e) who is a *subsidiary undertaking* of a *person* in (3)(c) or (3)(d); or
- (f) whose omission from an assessment of the risks to A of A's connection to any *person* coming within (3)(a)-(3)(e) or an assessment of the financial resources available to such *persons* would be misleading.

(4) (in LR):

- (a) (except in ■ LR 6.1.19 R) an *issuer* and its *subsidiary undertakings* (if any); and

	(b) in ■ LR 6.1.19 R , as defined in section 421 of the Act.
<i>group capital resources</i>	in relation to an <i>undertaking</i> in PRU 8.3.17R, that <i>undertaking's</i> group capital resources as calculated in accordance with ■ PRU 8.3.36 R .
<i>group capital resources requirement</i>	in relation to an <i>undertaking</i> in PRU 8.3.17R, that <i>undertaking's</i> group capital resources requirement as calculated in accordance with PRU 8.3.33R.
<i>group ISA</i>	an <i>individual savings account</i> of which the <i>plan manager</i> is the <i>authorised fund manager</i> , or in the same <i>group</i> as the <i>authorised fund manager</i> , of the <i>authorised fund</i> by reference to <i>units</i> in which the <i>plan register</i> is being, or is proposed to be, maintained.
<i>group of closely related counterparties</i>	(in ELM) a group of <i>persons</i> who fall within ELM 3.5.8R (Calculation of large exposure).
<i>group personal equity plan</i>	(as defined in regulation 2 of the Personal Equity Plan Regulations 1989) a general plan: <ul style="list-style-type: none"> (a) of which the <i>plan manager</i> is the <i>authorised fund manager</i>, or in the same <i>group</i> as the <i>authorised fund manager</i>, of the <i>authorised fund</i> by reference to <i>units</i> in which the <i>plan register</i> is being, or is proposed to be, maintained; and (b) for the account of which there is no holding of <i>units</i> in a <i>collective investment scheme</i> other than a holding of <i>units</i> in one or more <i>authorised funds</i> managed by (or, in the case of an ICVC, whose ACD is) the <i>plan manager</i> or a <i>body corporate</i> in the same <i>group</i> as the <i>plan manager</i>.
<i>group personal pension scheme</i>	a <i>personal pension scheme</i> which is available to employees of the same employer or of employers within a <i>group</i> .
<i>group plan</i>	a <i>group personal equity plan</i> , a <i>group ISA</i> or a <i>group savings plan</i> .
<i>group policy</i>	a <i>non-investment insurance contract</i> which a <i>person</i> enters into as legal holder of the <i>policy</i> on his own behalf and for other <i>persons</i> who are or will become <i>policyholders</i> and: <ul style="list-style-type: none"> (a) those other <i>persons</i> are or become <i>policyholders</i> by virtue of a common employment, occupation or activity which has arisen independently of the <i>contract of insurance</i>; (b) the common employment, occupation or activity is not brought about, in relation to the <i>contract of insurance</i>, by <ul style="list-style-type: none"> (i) the <i>insurance undertaking</i> which effects it or carries it out; or (ii) any activity which if carried on by a firm would be an <i>insurance mediation activity</i>; and (c) the risks insured under the <i>policy</i> are related to the common employment, occupation or activity of the <i>policyholders</i>.

group savings
plan

a savings plan:

- (a) of which the *plan manager* is the *authorised fund manager*, or in the same group as the *authorised fund manager*, of the *authorised fund* by reference to *units* in which the *plan register* is being, or is proposed to be, maintained;
- (b) under which *investments* are periodically acquired and held by a nominee for the absolute benefit of the respective subscribers to the savings plan; and
- (c) under which all the *investments* are *units* in one or more *authorised funds* managed by (or, in the case of an ICVC, whose ACD is) the *plan manager*, or a body corporate in the same group as the *plan manager*.

guarantee

(1) (in LR) (in relation to *securitised derivatives*), either:

- (a) a guarantee given in accordance with LR 19.2.2R(3) (if any); or
- (b) any other guarantee of the issue of *securitised derivatives*.

(2) (in PR) (as defined in the *PD Regulation*) any arrangement intended to ensure that any obligation material to the issue will be duly serviced, whether in the form of guarantee, surety, keep well agreement, mono-line insurance policy or other equivalent commitment.

guarantee fund

(1)

(a) subject to (1)(b), in relation to a *firm* carrying on *general insurance business*, the higher of one third of the *general insurance capital requirement* and the *base capital resources requirement* applicable to that *firm*;

(b) where the *firm* is required to calculate a UK MCR or an EEA MCR under PRU 7.6, for the purposes of that section

in (1)(a)

the reference

to the *general insurance capital requirement* is replaced by UK MCR or EEA MCR, as appropriate

, and the reference to the *base capital resources requirement* is replaced by the amount which is one half of the *base capital resources requirement* applicable to the *firm* set out in PRU 2.1.26R.

(2)

(a) subject to (2)(b), in relation to a *firm* carrying on *long-term insurance business*, the higher of one third of the *long-term insurance capital requirement* and the *base capital resources requirement* applicable to that *firm*;

(b) where the *firm* is required to calculate a UK MCR or an EEA MCR under PRU 7.6, for the purposes of that section

in (2)(a)

the reference

to the *long-term insurance capital requirement* is replaced by UK MCR or EEA MCR, as appropriate

	<p>, and the reference to the <i>base capital resources requirement</i> is replaced by the amount which is one half of the <i>base capital resources requirement</i> applicable to the <i>firm</i> set out in PRU 2.1.26R.</p>
<i>guarantor</i>	<p>(in PR) a person that provides a <i>guarantee</i>.</p>
<i>guidance</i>	<p>guidance given by the FSA under the <i>Act</i>.</p>

IAS	(in LR) <i>International Accounting Standards</i> .
IBNR	(in relation to <i>claims</i> (as defined for the purposes of PRU, LLD, SUP and TC)) <i>claims</i> that have been incurred but not reported arising out of events that have occurred by the balance sheet date but have not been reported to the <i>insurance undertaking</i> at that date.
ICD	<i>Investor Compensation Directive</i> .
ICD claim	a <i>claim</i> : (a) against an <i>ISD investment firm</i> (including a <i>credit institution</i> which is an <i>ISD investment firm</i>), whether established in the <i>United Kingdom</i> or in another <i>EEA State</i> ; and (b) in relation to any of the <i>investment services</i> listed in Section A and paragraph 1 of Section C of the Annex to the <i>ISD</i> .
ICOB	the Insurance: Conduct of Business sourcebook.
ICVC	<i>investment company with variable capital</i> .
identification evidence	Evidence of the type referred to in ■ ML 3.1.3R(1).
IFA pensions review claim	a claim arising from the sale of a personal pension scheme by a former member of PIA which was an independent financial adviser; in this definition: (a) a "personal pension scheme" includes: (i) a personal pension scheme approved under Chapter IV Part XIV of ICTA 88; (ii) 'section 32' buy-out policies approved under Section 32 of Finance Act 1981 (now incorporated in Chapter I Part XIV of ICTA 88); and (iii) in relation to opt-outs and non-joiners, retirement annuity contracts approved under Chapter III Part XIV of ICTA 88; and (b) "ICTA 88" means the Income and Corporation Taxes Act 1988.
illustration	(in MCOB) the illustration of the costs and features of a <i>regulated mortgage contract</i> which is required to be provided by MCOB 5 (Pre-application disclosure), MCOB 6 (Disclosure at the offer stage), MCOB 7 (Disclosure at start of contract and after sale) and MCOB 9 (Lifetime mortgages: product disclosure).
IMA SORP	the Statement of Recommended Practice for financial statements of authorised funds issued by the Investment Management Association and effective as at 1 December 2003.
IMD	<i>Insurance Mediation Directive</i> .

<i>IMD insurance intermediary</i>	(as defined in article 2(5) of the <i>IMD</i>) any natural or legal person who, for remuneration, takes up or pursues <i>insurance mediation</i> .
<i>IMD insurance undertaking</i>	(as defined in article 2(1) of the <i>IMD</i>) an undertaking which has received official authorisation in accordance with article 6 of the <i>Consolidated Life Directive</i> or article 6 of the <i>First Non-Life Directive</i> .
<i>IMD minimum implementation provisions</i>	The following provisions in COB: <ol style="list-style-type: none"> (1) COB 4.3.19R to COB 4.3.25R; (2) COB 5.2.12R to COB 5.2.14R; and (3) COB 5.3.14R (1) and COB 5.3.18AR to COB 5.3.18CR.
<i>IMD reinsurance intermediary</i>	(as defined in article 2(6) of the <i>IMD</i>) any natural or legal person who, for remuneration, takes up or pursues <i>reinsurance mediation</i> .
<i>IMD reinsurance undertaking</i>	(as defined in article 2(2) of the <i>IMD</i>) an undertaking, other than an <i>IMD insurance undertaking</i> or a non-member-country <i>insurance undertaking</i> , the main business of which consists in accepting risks ceded by an <i>IMD insurance undertaking</i> , a non-member country <i>insurance undertaking</i> or other <i>IMD reinsurance undertaking</i> .
<i>immediate group</i>	<ol style="list-style-type: none"> (1) (in relation to an <i>authorised person</i>) (as defined in section 148(11) of the <i>Act</i> (Modification or waiver of rules)): <ol style="list-style-type: none"> (a) the <i>authorised person</i>; (b) a <i>parent undertaking of the authorised person</i>; (c) a <i>subsidiary undertaking of the authorised person</i>; (d) a <i>subsidiary undertaking of a parent undertaking of the authorised person</i>; (e) a <i>parent undertaking of a subsidiary undertaking of the authorised person</i>. (2) (in ■ ELM 7) has the same meaning as in paragraph (1), with the omission of (1)(e).
<i>implicit items</i>	(in relation to <i>long-term insurance business</i>) economic reserves arising in respect of future profits, <i>zillmerising</i> or hidden reserves as more fully described in PRU 2 Ann 2G.
IMRO	the Investment Management Regulatory Organisation Limited.
IMRO scheme	the former scheme set up by IMRO under the Financial Services Act 1986 and the <i>Investment Ombudsman Memorandum</i> to handle complaints against members of IMRO.
<i>in default</i>	the status of being in default following a determination made under ■ COMP 6.3.1R.

<i>in the money</i>	<p>(in LR) (in relation to securitised derivatives):</p> <p>(a) where the holder has the right to buy the <i>underlying instrument</i> or instruments from the <i>issuer</i>, when the <i>settlement price</i> is greater than the <i>exercise price</i>; or</p> <p>(b) where the holder has the right to sell the <i>underlying instrument</i> or instruments to the <i>issuer</i>, when the <i>exercise price</i> is greater than the <i>settlement price</i>.</p>
<i>income account</i>	(in COLL and CIS) an account relating to the <i>income property</i> of an <i>authorised fund</i> .
<i>income equalisation</i>	(in relation to a <i>scheme</i>) a capital sum which, in accordance with a power contained in the <i>instrument constituting the scheme</i> , is included in an allocation of income for a <i>unit</i> issued or sold during the accounting period in respect of which that income allocation is made.
<i>income property</i>	all sums considered by an ICVC or by a <i>manager</i> , in each case after consultation with the auditor, to be in the nature of income received or receivable for the account of and in respect of the property of an <i>authorised fund</i> , but excluding any amount for the time being standing to the credit of the <i>distribution account</i> .
<i>income share</i>	a <i>share</i> in respect of which income is allocated periodically to <i>shareholders</i> under CIS 9.2.3R (Annual allocation of income) or CIS 9.2.6R (Interim allocations of income).
<i>income unit</i>	a <i>unit</i> in an AUT which is not an <i>accumulation unit</i> .
<i>income withdrawals</i>	<p>(a) income withdrawals under section 630 of the Income and Corporation Taxes Act 1988; or</p> <p>(b) payments made under interim arrangements in accordance with section 28A of the Pension Schemes Act 1993;</p> <p>in respect of an election to make income withdrawals, a reference to a <i>private customer</i>, an investor or a <i>policyholder</i> includes, after that <i>person's</i> death, his surviving spouse, his surviving civil partner or anyone who is, at that time, his dependant, or both.</p>
<i>incoming ECA provider</i>	<p>a <i>person</i>, other than an <i>exempt person</i> or a <i>person</i> who has been given a waiver in accordance with article 8(1) of the E-Money Directive, who:</p> <p>(a) provides an <i>electronic commerce activity</i>, from an <i>establishment</i> in an <i>EEA State</i> other than the <i>United Kingdom</i>, with or for a <i>UK ECA recipient</i>; and</p> <p>(b) is a national of an <i>EEA State</i> or a company or firm mentioned in article 48 of the <i>Treaty</i>.</p>
<i>incoming EEA firm</i>	(in accordance with section 193(1)(a) of the <i>Act</i> (Interpretation of this Part)) an <i>EEA firm</i> which is exercising, or has exercised, its right to carry on a <i>regulated activity</i> in the <i>United Kingdom</i> in accordance with Schedule 3 to the <i>Act</i> (EEA Passport Rights).

<i>incoming electronic commerce activity</i>	(in accordance with regulation 2(1) of the <i>ECD Regulations</i>) an activity: <ul style="list-style-type: none"> (a) which consists of the provision of an <i>information society service</i> from an <i>establishment</i> in an <i>EEA State</i> other than the <i>United Kingdom</i> to a person or persons in the <i>United Kingdom</i>; and (b) which would, but for article 72A of the <i>Regulated Activities Order</i> (Information society services) (and irrespective of the effect of article 72 of that Order (Overseas Persons)), be a <i>regulated activity</i>.
<i>incoming electronic commerce communication</i>	(in accordance with article 6 of the <i>Financial Promotion Order</i>) an <i>electronic commerce communication</i> made from an <i>establishment</i> in an <i>EEA State</i> other than the <i>United Kingdom</i> .
<i>incoming firm</i>	(in accordance with section 193(1) of the <i>Act</i> (Interpretation of this Part)) an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i> .
<i>incoming Treaty firm</i>	(in accordance with section 193(1)(b) of the <i>Act</i> (Interpretation of this Part)) a <i>Treaty firm</i> which is exercising, or has exercised, its right to carry on a <i>regulated activity</i> in the <i>United Kingdom</i> in accordance with Schedule 4 to the <i>Act</i> (Treaty rights).
<i>incorporated friendly society</i>	a society incorporated under the Friendly Societies Act 1992.
<i>independent expert</i>	(in SUP 18) the person approved or nominated by the <i>FSA</i> to make the <i>scheme report</i> for an <i>insurance business transfer scheme</i> .
<i>Independent Investigator</i>	the former <i>Ombudsman</i> under the <i>FSA scheme</i> .
<i>index-linked benefits</i>	benefits: <ul style="list-style-type: none"> (a) provided for under a <i>linked long-term contract of insurance</i>; and (b) determined by reference to an index of the value of property of any description (whether specified in the contract or not).
<i>index-linked liabilities</i>	insurance liabilities in respect of <i>index-linked benefits</i> .
<i>individual capital resources requirement</i>	has the meaning in PRU 8.3.34R.
<i>individual member</i>	(in ■ LLD) a <i>member</i> , or former <i>member</i> , who is a natural person.

<i>individual pension account</i>	an account for the holding of <i>IPA eligible investments</i> operated by a firm in accordance with the Personal Pension Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 (SI 2001/117).
<i>individual pension contract</i>	<p>a <i>pension policy</i> or <i>pension contract</i> under which contributions are paid to:</p> <ul style="list-style-type: none"> (a) a <i>personal pension scheme</i>; or (b) a retirement benefits scheme, approved under section 591(2)(g) of the Income and Corporation Taxes Act 1988, for the provision of relevant benefits by means of an annuity contract made with an insurance company of the employee's choice.
<i>individual savings account</i>	an account which is a scheme of investment satisfying the conditions prescribed in the <i>ISA Regulations</i> .
<i>industrial and provident society</i>	a society registered or deemed to be registered under the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) 1969.
<i>industrial assurance policy</i>	<p>a <i>contract of insurance</i> on human life, premiums in respect of which are received by means of collectors, but excluding:</p> <ul style="list-style-type: none"> (a) a <i>contract of insurance</i>, the premiums in respect of which are payable at intervals of two <i>months</i> or more; (b) a <i>contract of insurance</i>, effected whether before or after the passing of the Industrial Assurance Act 1923 by a society or company established before the date of the passing of that Act which at that date had no <i>contracts of insurance</i> outstanding the premiums on which were payable at intervals of less than one <i>month</i> so long as the society or company continues not to effect any such contracts; (c) a <i>contract of insurance</i> effected before the passing of the Industrial Assurance Act 1923, premiums in respect of which are payable at intervals of one <i>month</i> or more, and which have up to the passing of that Act been treated as part of the business transacted by a branch other than the industrial branch of the society or company; and (d) a <i>contract of insurance</i> for £25 or more effected after the passing of the Industrial Assurance Act 1923, premiums in respect of which are payable at intervals of one <i>month</i> or more, and which are treated as part of the business transacted by a branch other than the industrial branch of the society or company, in cases where the relevant authority certified prior to 1 December 2001 under section 1(2)(d) of that Act that the terms and conditions of the contract is on the whole not less favourable to the assured than those imposed by that Act; <p>in this definition:</p> <ul style="list-style-type: none"> (i) "collector" includes every <i>person</i>, however remunerated, who, by himself or by any deputy or substitute, makes house to house visits for the purpose of receiving premiums payable on policies of insurance on human life, or holds any interest in a collecting book, and includes such a deputy or substitute; (ii) "collecting book" includes any book or document held by a collector in which payments of premiums are recorded.

<i>industry block</i>	(in <i>FEES</i>) a grouping of <i>firms</i> by common business activity for the purposes of calculating the <i>general levy</i> .
<i>information centre</i>	a centre established by an <i>EEA State</i> to meet its obligations under article 5 of the <i>Fourth Motor Insurance Directive</i> (Information Centres).
<i>information society service</i>	<p>An activity which falls within the scope of article 2(a) of the <i>E-Commerce Directive</i>, that is to say, generally speaking, and subject to the exclusions from the scope of article 3 of that Directive in the Annex to it, a service that:</p> <ul style="list-style-type: none"> (a) is normally provided for remuneration; (b) is provided at a distance; (c) is so provided by means of electronic equipment for the processing (including digital compression) and storage of data; and (d) is so provided at the individual request of a recipient of the service.
<i>inherited estate</i>	an amount representing the fair market value of the <i>with-profits assets</i> less the <i>realistic value of liabilities</i> of a with-profits fund .
<i>initial capital</i>	<p>(1) (in ■ <i>ELM</i>) items coming into stage A of the calculation in ■ <i>ELM</i> 2.4.2R (Calculation of initial capital and own funds).</p> <p>(2) (for the purposes of the definition of matched principal dealer, in accordance with Article 2(24) of the <i>Capital Adequacy Directive</i> (Definitions) and with respect to a <i>firm</i>) capital that is recognised for the purpose of the <i>rules</i> about capital adequacy to which that <i>firm</i> is subject but excluding, in accordance with items (1) and (2) of Article 34(2) of the <i>Banking Consolidation Directive</i> (General principles), anything that does not fall within the following classes of capital:</p> <ul style="list-style-type: none"> (a) capital within the meaning of Article 22 of the <i>Bank Accounts Directive</i> (Liabilities: Item 9 - Subscribed capital), insofar as it has been paid up, plus share premium accounts but excluding cumulative preferential shares; or (b) reserves within the meaning of Article 23 of the <i>Bank Accounts Directive</i> (Liabilities: Item 11 - Reserves) and profits and losses brought forward as a result of the application of the final profit or loss. Interim profits can only be included before a formal decision has been taken only if these profits have been verified by <i>persons</i> responsible for the auditing of the accounts and if the amount thereof has been evaluated in accordance with the principles set out in the <i>Bank Accounts Directive</i> and is net of any foreseeable charge or dividend. <p>In the case of a <i>firm</i> subject to the <i>rules</i> in chapter 10 of <i>IPRU(INV)</i>, initial capital means initial capital as defined in the Glossary to that chapter.</p>
<i>initial coupon rate</i>	(in relation to a <i>tier one instrument</i>) the <i>coupon</i> rate of the instrument at the time it is issued.

<i>initial credit spread</i>	(in relation to a <i>tier one instrument</i>) the <i>initial coupon rate</i> less the original financing cost amount, and where the resulting amount is a negative figure, the initial credit spread is deemed to be zero.
<i>initial disclosure document (IDD)</i>	information about the scope and nature of the services offered by a <i>firm</i> in relation to packaged products as required by COB 4.3.7R ; or <i>stakeholder products</i> as required by COB 5A.2.1R (1) .
<i>initial fund</i>	the items of capital which are available to a <i>mutual</i> at <i>authorisation</i> .
<i>initial margin</i>	<p>(1) (in <i>COLL</i> and <i>CIS</i>) cash or other property deposited in accordance with the rules of a <i>derivatives</i> market.</p> <p>(2) (in <i>COB</i>) the amount which under the rules of the relevant exchange or <i>clearing house</i> the <i>firm</i> or an <i>intermediate broker</i> would be required to deposit in cash as a fidelity deposit in respect of all the <i>client's</i> open positions in <i>marginised transactions</i> at that time, irrespective of any unrealised profit or loss on such positions, on the assumption that those transactions were the only transactions undertaken under the rules of that exchange or that <i>clearing house</i> by the <i>firm</i> or the <i>intermediate broker</i> at that time.</p>
<i>initial offer</i>	(in <i>COLL</i> and <i>CIS</i>) an offer for sale of units in an authorised fund or in a <i>sub-fund</i> (otherwise than in accordance with <i>arrangements</i> of the type described in <i>COLL</i> 5.5.9R(3)(b)(iii) (Guarantees and indemnities) or, as the case may be, <i>CIS</i> 5.15.8R(3)(b)(iii) or (c) (Guarantees and indemnities)), where all or part of the consideration paid for the account of the authorised fund for the units is to be used to acquire the initial scheme property of the authorised fund or the initial scheme property attributable to the sub-fund.
<i>initial outlay</i>	(in relation to an <i>authorised fund</i>) the amount which the <i>authorised fund</i> is required to provide in order to obtain rights under a transaction in <i>derivatives</i> , excluding any payment or transfer on exercise of rights.
<i>initial price</i>	<p>(in <i>COLL</i> and <i>CIS</i>):</p> <p>(a) (in relation to a share of an <i>ICVC</i> or a unit in a single-priced <i>AUT</i>) the <i>price</i> to be paid for a unit of any class during the period of the initial offer under <i>COLL</i> 6.2.3R (Initial offers) or, as the case may be, <i>CIS</i> 4.2.4R (<i>Issue of units: initial offer</i>);</p> <p>(b) (in relation to a <i>unit</i> in a <i>dual-priced AUT</i>) such amount as may be agreed by the <i>trustee</i> and <i>manager</i> as being the maximum amount, inclusive of the <i>manager's</i> preliminary charge, if any, which may be paid to the <i>manager</i> for <i>units</i> on an <i>initial offer</i>.</p>
<i>injunction</i>	a court order made by the High Court that prohibits a <i>person</i> from doing or continuing to do a certain act or requires a <i>person</i> to carry out a certain act.
<i>injured party</i>	(in <i>ICOB</i> 7.6) a <i>person</i> who claims damages as a result of any loss or injury suffered in, or as a result of, an accident which occurs in an <i>EEA State</i> other than his usual <i>EEA State</i> of residence which is caused by the use of a motor vehicle insured and normally based in an <i>EEA State</i> .
<i>innovative tier one capital</i>	an item of capital that is stated in stage C of the table in <i>PRU</i> 2.2.14R to be innovative tier one capital.

<i>innovative tier one capital resources</i>	the amount of <i>capital resources</i> at stage C of the table in PRU 2.2.14R.
<i>innovative tier one instrument</i>	a <i>potential tier one instrument</i> that is stated in PRU 2.2.52R to PRU 2.2.69R to be an innovative instrument.
<i>inside information</i>	<p>(as defined in section 118C of the Act):</p> <p>(a) in relation to <i>qualifying investments</i>, or related investments, which are not commodity derivatives, <i>inside information</i> is information of a precise nature which:</p> <ul style="list-style-type: none"> (i) is not generally available, (ii) relates, directly or indirectly, to one or more issuers of the <i>qualifying investments</i> or to one or more of the <i>qualifying investments</i>, and (iii) would, if generally available, be likely to have a significant effect on the price of the <i>qualifying investments</i> or on the price of related investments. <p>(b) in relation to <i>qualifying investments</i>, or related investments, which are commodity derivatives, <i>inside information</i> is information of a precise nature which:</p> <ul style="list-style-type: none"> (i) is not generally available, (ii) relates, directly or indirectly, to one or more such derivatives, and (iii) users of markets in which the derivatives are traded would expect to receive in accordance with <i>accepted market practices</i> on those markets. <p>(c) in relation to a person charged with the execution of orders concerning any <i>qualifying investments</i> or related investments, <i>inside information</i> includes information conveyed by a client and related to the client's pending orders which:</p> <ul style="list-style-type: none"> (i) is of a precise nature; (ii) is not generally available; (iii) relates, directly or indirectly, to one or more issuers of <i>qualifying investments</i> or to one or more <i>qualifying investments</i>; and (iv) would, if generally available, be likely to have a significant effect on the price of those <i>qualifying investments</i> or the price of related investments; <p>(d) information is precise if it:</p> <ul style="list-style-type: none"> (i) indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur; and (ii) is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of <i>qualifying investments</i> or related investments;

(e) information would be likely to have a significant effect on price if and only if it is information of that kind which a reasonable investor would be likely to use as part of the basis of his investment decisions;

(f) for the purposes of (b)(iii), users of markets on which investments in commodity derivatives are traded are to be treated as expecting to receive information relating directly or indirectly to one or more such derivatives in accordance with any *accepted market practices*, which is:

- (i) routinely made available to the users of those markets; or
- (ii) required to be disclosed in accordance with any statutory provision, market rules, or contracts or customs on the relevant underlying commodity market or commodity derivatives market;

(g) information which can be obtained by research or analysis conducted by, or on behalf of, users of a market is to be regarded, for the purposes of *market abuse*, as being generally available to them.

insider

(as defined in section 118B of the Act) a *person* who has *inside information*:

- (a) as a result of his membership of the administrative, management or supervisory bodies of an *issuer* of *qualifying investments*;
- (b) as a result of his holding in the capital of an *issuer* of *qualifying investments*;
- (c) as a result of having access to the information through the exercise of his employment, profession or duties;
- (d) as a result of his criminal activities; or
- (e) which he has obtained by other means and which he knows, or could reasonably be expected to know, is *inside information*.

insider dealing

the activity described in section 52 of the Criminal Justice Act 1993, which is in summary:

- (a) the offence of which an individual is guilty if he has information as an insider and:
 - (i) in the circumstances described in (b), he deals in securities that are price-affected securities in relation to the information;
 - (ii)
 - (A) he encourages another *person* to deal in securities that are (whether or not that other knows it) price-affected securities in relation to the information, knowing or having reasonable cause to believe that the dealing would take place in the circumstances mentioned in (b); or
 - (B) he discloses the information, otherwise than in the proper performance of the functions of his employment, office or profession, to another *person*;
- (b) the circumstances referred to in (a) are that the acquisition or disposal in question occurs on a regulated market (identified in an Order made by the Treasury), or that the *person* dealing relies on a professional intermediary or is himself acting as a professional intermediary.

<i>insider list</i>	a list, as required by DR 2.8.1R, of <i>persons with access to inside information</i> .
<i>insolvency order</i>	an administration order, compulsory winding up order, bankruptcy order, or sequestration order.
<i>insolvent</i>	(in ■ ML) insolvent under regulation 13 of the <i>Money Laundering Regulations</i> .
<i>instrument constituting the scheme</i>	<p>(a) (in relation to an ICVC) the <i>instrument of incorporation</i>;</p> <p>(b) (in relation to an AUT) the <i>trust deed</i>;</p> <p>(c) (in relation to a <i>collective investment scheme other than an authorised fund</i>) any instrument to which the operator is a party setting out any arrangements with any other person relating to any aspect of the operation or management of the scheme.</p>
<i>instrument of incorporation</i>	the instrument of incorporation of an ICVC (as from time to time amended) initially provided to the FSA in accordance with regulation 14(1)(c) of the OEIC regulations.
<i>insurance accounts rules</i>	Schedule 9A to the Companies Act 1985 (Form and content of accounts of insurance companies) and Schedule 9A to the Companies Act (Northern Ireland) Order 1986.
<i>insurance business</i>	the business of <i>effecting or carrying out contracts of insurance</i> .
<i>insurance business grouping</i>	a grouping comprising descriptions of <i>general insurance business</i> determined in accordance with ■ PRU 7.5.12 R .
<i>insurance business transfer</i>	a transfer in accordance with an <i>insurance business transfer scheme</i> .
<i>insurance business transfer scheme</i>	<p>(a) a scheme, defined in section 105 of the <i>Act</i>, which is in summary: a scheme to transfer the whole or part of the business of an <i>insurer</i> (other than a <i>friendly society</i>) to another body;</p> <p>(b) a similar scheme to transfer the whole or part of the business carried on by one or more <i>members of the Society</i> or <i>former underwriting members</i> that meets the conditions of article 4 of the Financial Services and Markets Act 2000 (Control of Transfers of Business Done at Lloyd's) Order 2001 (SI 2001/3626).</p>
<i>insurance component</i>	a <i>qualifying investment</i> prescribed in regulation 9 of the <i>ISA Regulations</i> .
<i>insurance conglomerate</i>	a <i>financial conglomerate</i> identified as an insurance conglomerate in the decision tree in paragraph 4.5 of ■ PRU 8 Ann 1R (Decision tree for types of <i>financial conglomerate</i> and definition of <i>most important financial sector</i>).
<i>insurance death risk</i>	one of the components of the <i>long-term insurance capital requirement</i> as set out in ■ PRU 7.2.81 R to ■ PRU 7.2.83R.

<i>capital component</i>	
<i>Insurance Directives</i>	the First Life Directive, Second Life Directive , <i>Third Life Directive</i> and <i>Consolidated Life Directive</i> and the <i>First Non-Life Directive</i> , <i>Second Non-Life Directive</i> and <i>Third Non-Life Directive</i> .
<i>insurance expense risk capital component</i>	one of the components of the <i>long-term insurance capital requirement</i> as set out in ■ PRU 7.2.88 R PRU 7.2.88R.
<i>insurance group</i>	(1) an <i>insurance parent undertaking</i> and its related undertakings; or (2) a <i>participating insurance undertaking</i> (not within (1)) and its related undertakings.
<i>Insurance Groups Directive</i>	Directive of the European Parliament and of the Council of 27 October 1998 on the supplementary supervision of insurance undertakings in an insurance group (1998/78/EC).
<i>insurance health risk capital component</i>	one of the components of the <i>long-term insurance capital requirement</i> as set out in PRU 7.2.85R and PRU 7.2.86R.
<i>insurance holding company</i>	(1) a <i>parent undertaking</i> , other than an <i>insurance undertaking</i> , the main business of which is to acquire and hold participations in <i>subsidiary undertakings</i> and which fulfils the following conditions: (a) its <i>subsidiary undertakings</i> are either exclusively or mainly insurance undertakings; (b) at least one of those <i>subsidiary undertakings</i> is a UK insurer or an EEA firm that is a regulated insurance entity; and (c) it is not a <i>mixed financial holding company</i> . (2) For the purposes of: (a) the definition of the <i>insurance sector</i> ; and (b) ELM; paragraph (1)(b) of this definition does not apply.
<i>Insurance Intermediaries Order</i>	the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) (Insurance Intermediaries) Order 2003 (SI 2003/1476).
<i>insurance intermediary</i>	a firm carrying on <i>insurance mediation activity</i> .
<i>Insurance market activity</i>	means a <i>regulated activity</i> relating to <i>contracts of insurance</i> written at Lloyd's.

<i>Insurance market direction</i>	a direction made by the FSA under section 316(1) of the <i>Act</i> (Direction by Authority).
<i>insurance market risk capital component</i>	one of the components of the <i>long-term insurance capital requirement</i> as set out in PRU 7.2.89R.
<i>insurance mediation</i>	(as defined in article 2(3) of the <i>IMD</i>) the activities of introducing, proposing or carrying out other work preparatory to the conclusion of contracts of insurance, or of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim. These activities when undertaken by an <i>IMD insurance undertaking</i> or an employee of an <i>IMD insurance undertaking</i> who is acting under the responsibility of the <i>IMD insurance undertaking</i> shall not be considered as <i>insurance mediation</i> . The provision of information on an incidental basis in the context of another professional activity provided that the purpose of that activity is not to assist the customer in concluding or performing an insurance contract, the management of claims of an <i>IMD insurance undertaking</i> on a professional basis, and loss adjusting and expert appraisal of claims shall also not be considered as <i>insurance mediation</i> .
<i>insurance mediation activity</i>	<p>any of the following <i>regulated activities</i> carried on in relation to a <i>contract of insurance</i> or rights to or interests in a life policy:</p> <ul style="list-style-type: none"> (a) <i>dealing in investments as agent</i> (article 21); (b) <i>arranging (bringing about) deals in investments</i> (article 25(1)); (c) <i>making arrangements with a view to transactions in investments</i> (article 25(2)); (d) <i>assisting in the administration and performance of a contract of insurance</i> (article 39A); (e) <i>advising on investments</i> (article 53); (f) <i>agreeing to carry on a regulated activity</i> in (a) to (e) (article 64).
<i>Insurance Mediation Directive</i>	the European Parliament and Council Directive of 9 December 2002 on insurance mediation (No 2002/92/EC).
<i>Insurance Ombudsman scheme</i>	the former scheme set up, on a voluntary basis, to handle complaints against those insurance companies which subscribed to it.
<i>insurance parent undertaking</i>	<p>a <i>parent undertaking</i> which is:</p> <ul style="list-style-type: none"> (a) a <i>participating insurance undertaking</i> which has a <i>subsidiary undertaking</i> that is an <i>insurance undertaking</i>; or (b) an <i>insurance holding company</i> which has a <i>subsidiary undertaking</i> which is an <i>insurer</i>; or (c) an <i>insurance undertaking</i> (not within (a)) which has a <i>subsidiary undertaking</i> which is an <i>insurer</i>.

<i>insurance-related capital requirement</i>	a component of the calculation of the <i>ECR</i> for a <i>firm</i> carrying on <i>general insurance business</i> as set out in PRU 7.2.76R to PRU 7.2.79R.
<i>insurance sector</i>	a sector composed of one or more of the following entities: <ul style="list-style-type: none"> (a) an insurance undertaking; (b) an <i>insurance holding company</i>; and (c) (in the circumstances described in PRU 8.4.39R(The financial sectors: Asset management companies)) an <i>asset management company</i>.
<i>insurance undertaking</i>	an undertaking, or (in ■ COMP) a <i>member</i> , whether or not an <i>insurer</i> , which carries on <i>insurance business</i> .
<i>insurer</i>	a <i>firm</i> with permission to effect or carry out contracts of insurance (other than a <i>bank</i>).
<i>intended retirement date</i>	<ul style="list-style-type: none"> (a) according to the most recent recorded information available to the provider, the date when the scheme member or <i>policyholder</i> intends to retire, or to bring the benefits in the scheme or <i>policy</i> into payment, whichever is the earlier; or (b) where no such date is recorded, the scheme member's or <i>policyholder's</i> state pension age.
<i>interest-only mortgage</i>	a regulated mortgage contract other than a <i>repayment mortgage</i> .
<i>inter-professional business</i>	<p>the business of a <i>firm</i>:</p> <ul style="list-style-type: none"> (a) when it carries on: <ul style="list-style-type: none"> (i) regulated activities; or (ii) related ancillary activities; <p>to the extent that the regulated activity that the <i>firm</i> is carrying on is:</p> <ul style="list-style-type: none"> (A) dealing in investments as principal; or (B) dealing in investments as agent; or (C) acting as an arranger; or (D) giving transaction-specific advice or agreeing to do so; <p>but only if that activity is:</p> <ul style="list-style-type: none"> (I) in or in respect of an <i>inter-professional investment</i>; (II) undertaken with or for a <i>market counterparty</i>; and (III) carried on from an establishment maintained by the <i>firm</i> in the <i>United Kingdom</i>; <p>(b) but excluding the carrying on of the following activities:</p>

*inter-professional
investment*

- (i) the approval by a firm of a financial promotion;
- (ii) activities carried on between operators, or between operators and depositaries, of the same collective investment scheme (when acting in that capacity);
- (iii) corporate finance business;
- (iv) safeguarding and administering investments and agreeing to carry on that regulated activity;
- (v) concluding a distance contract with a retail customer;
- (vi) activities relating to life policies;

in this definition, the exclusion in article 15 of the Regulated Activities Order (Absence of holding out etc) is to be disregarded in determining whether dealing in investments as *principal* or agreeing to do so) is a regulated activity.

any of the following investments specified in Part III of the Regulated Activities Order (Specified investments):

- (a) share (article 76);
- (b) debenture (article 77);
- (c) government and public security (article 78);
- (d) warrant (article 79);
- (e) certificate representing certain securities (article 80);
- (f) option (article 83); for the purposes of the permission regime, this is sub-divided into:
 - (i) option (excluding a commodity option and an option on a commodity future);
 - (ii) commodity option and option on a commodity future;
- (g) future (article 84); for the purposes of the permission regime, this is sub-divided into:
 - (i) future (excluding a commodity future and a rolling spot forex contract);
 - (ii) commodity future;
 - (iii) rolling spot forex contract;
- (h) contract for differences (article 85); for the purposes of the permission regime, this is sub-divided into:
 - (i) contract for differences (excluding a spread bet and a rolling spot forex contract);
 - (ii) spread bet;
 - (iii) rolling spot forex contract;
- (i) rights to or interests in investments in (a) to (h) (article 89).

*inter-syndicate
reinsurance*

reinsurance between one syndicate year and another, not being reinsurance to close.

<i>interdict</i>	a Scottish court order made by the Court of Session that prohibits a <i>person</i> from doing or continuing to do a certain act or requires a <i>person</i> to carry out a certain act.
<i>interested party</i>	(in relation to an application made under section 60 of the <i>Act</i> (Applications for approval)): <ul style="list-style-type: none"> (a) the <i>firm</i> making the application; (b) the <i>person</i> in respect of whom the application is being made ("A"); and (c) the <i>person</i> by whom A's services are to be retained, if not the <i>firm</i> making the application.
<i>interim accounting period</i>	(in ■ COLL and ■ CIS) a period within an <i>annual accounting period</i> in respect of which an allocation of income is to be made.
<i>interim income allocation date</i>	any date specified in the <i>prospectus</i> of an <i>authorised fund</i> as the date on or before which an allocation of income will be made.
<i>intermediaries offer</i>	(1) (in LR) a marketing of <i>securities</i> already or not yet in issue, by means of an offer by, or on behalf of, the <i>issuer</i> to intermediaries for them to allocate to their own clients. (2) (for the purposes of the <i>Code of Market Conduct</i> (MAR 1)) a marketing of <i>securities</i> not yet in issue, by means of an offer by, or on behalf of, the <i>issuer</i> to intermediaries for them to allocate to their own clients.
<i>intermediate broker</i>	(in relation to a transaction in a <i>contingent liability investment</i>) any <i>person</i> acting in the capacity of an intermediary through whom the <i>firm</i> undertakes that transaction.
<i>intermediate customer</i>	(1) (except in ■ COB 3) a <i>client</i> who is not a <i>market counterparty</i> and who is: <ul style="list-style-type: none"> (a) a local authority or public authority; (b) a <i>body corporate</i> whose <i>shares</i> have been listed or admitted to trading on any EEA exchange; (c) a <i>body corporate</i> whose <i>shares</i> have been listed or admitted to trading on the primary board of any IOSCO member country official exchange; (d) a <i>body corporate</i> (including a <i>limited liability partnership</i>) which has (or any of whose <i>holding companies</i> or <i>subsidiaries</i> has) (or has had at any time during the previous two years) called up share capital or net assets of at least £5 million (or its equivalent in any other currency at the relevant time); (e) a <i>special purpose vehicle</i>; (f) a <i>partnership</i> or unincorporated association which has (or has had at any time during the previous two years) net assets of at least £5 million (or its equivalent in any other currency at the relevant time) and calculated in the case of a <i>limited partnership</i> without deducting loans owing to any of the <i>partners</i>; (g) a trustee of a trust (other than an <i>occupational pension scheme</i>, <i>SSAS</i> or <i>stakeholder pension scheme</i>) which has (or has had at any time during the previous two years) assets of at least £10 million (or its equivalent in any other currency at the relevant time)

calculated by aggregating the value of the cash and *designated investments* forming part of the trust's assets, but before deducting its liabilities;

(h) a trustee of an *occupational pension scheme*, *SSAS* or *stakeholder pension scheme* where the trust has (or has had at any time during the previous two years):

(i) at least 50 members; and

(ii) assets under management of at least £10 million (or its equivalent in any other currency at the relevant time);

(i) another *firm*, or an *overseas financial services institution*, when, in relation to *designated investment business*, or related *ancillary activities*, conducted with or for that *firm* or institution, that *firm* or institution is an *intermediate customer* in accordance with COB 4.1.7R (Classification of another firm or an overseas financial services institution);

(j) *collective investment scheme*;

(k) a *client* when he is classified as an *intermediate customer* in accordance with COB 4.1.9R (Expert private customer classified as intermediate customer);

(l) a *recognised investment exchange*, *designated investment exchange*, *regulated market* or *clearing house*, except when it is classified as a *market counterparty* in accordance with COB 4.1.8A R (Classification of an exchange or clearing house);

but excluding:

(i) [deleted]

(ii) a *client* who would otherwise be an *intermediate customer*, when he is classified in accordance with:

(A) ■ COB 4.1.12R (Large intermediate customer classified as market counterparty); or

(B) (except for the purposes of ■ DISP) ■ COB 4.1.14R (Client classified as private customer).

(2) (in ■ COB 3) a *person* in (1) or a *person* who would be such a *person* if he were a *client*.

internal audit function

controlled function CF15 in the table of controlled functions, described more fully in SUP 10.8.6R.

internal controls

the whole system of controls, financial or otherwise, established by the management of a *firm* in order to:

(a) carry on the business of the *firm* in an orderly and efficient manner;

(b) ensure adherence to management policies;

	<p>(c) safeguard the assets of the <i>firm</i> and other assets for which the <i>firm</i> is responsible; and</p> <p>(d) secure as far as possible the completeness and accuracy of the <i>firm's</i> records (including those necessary to ensure continuous compliance with the requirements or standards under the <i>regulatory system</i> relating to the adequacy of the <i>firm's</i> financial resources).</p>
<i>international accounting standards</i>	means the international accounting standards, within the meaning of EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, adopted from time to time by the European Commission in accordance with that Regulation.
<i>intra-group transactions</i>	(in accordance with Article 2(18) of the <i>Financial Groups Directive (Definitions)</i>) all transactions by which <i>regulated entities</i> within a <i>financial conglomerate</i> rely either directly or indirectly upon other <i>undertakings</i> within the same <i>financial conglomerate</i> or upon any person linked to the <i>undertakings</i> within that <i>financial conglomerate</i> by close links, for the fulfilment of an obligation whether or not contractual, and whether or not for payment.
<i>introducer</i>	<p>an individual appointed by a <i>firm</i> or by an <i>appointed representative</i>, to carry out in the course of <i>designated investment business</i> either or both of the following activities:</p> <p>(a) effecting introductions;</p> <p>(b) distributing <i>non-real time financial promotions</i>.</p>
<i>introducer appointed representative</i>	<p>an <i>appointed representative</i> appointed by a <i>firm</i> whose scope of appointment is limited to:</p> <p>(a) effecting introductions; and</p> <p>(b) distributing <i>non-real time financial promotions</i>.</p>
<i>introducing</i>	(in <i>ICOB</i>) the activity of effecting introductions carried on by a <i>firm</i> with permission for <i>making arrangements with a view to deals in investments</i> which are <i>non-investment insurance contracts</i> . (in <i>COB</i>) the activity of effecting mere introductions carried on by a <i>firm</i> with permission for <i>making arrangements with a view to deals in investments</i> .
<i>introducing broker</i>	a <i>firm</i> which introduces transactions relating to <i>designated investments</i> arranged (brought about) for its <i>clients</i> to a <i>clearing firm</i> .
<i>investment</i>	(in accordance with sections 22(4) (The classes of activity and categories of investments) and 397(13) (Miscellaneous offences) of the <i>Act</i>) any investment, including any asset, right or interest.
<i>investment adviser</i>	<p>(in relation to an <i>authorised fund</i>) a person who is retained by an <i>ICVC</i>, its <i>directors</i> or its <i>ACD</i> or by a <i>manager</i> of an <i>AUT</i> under a commercial arrangement which is not a contract of service:</p> <p>(a) to supply any of them with advice in relation to the <i>authorised fund</i> as to the merits of investment opportunities or information relevant to the making of judgements about the merits of investment opportunities; or</p> <p>(b) to exercise for any of them any function concerning the management of the <i>scheme property</i>.</p>

<i>investment adviser function</i>	<i>controlled function CF21 in the table of controlled functions, described more fully in SUP 10.10.7R.</i>
<i>investment adviser (trainee) function</i>	<i>controlled function CF22 in the table of controlled functions, described more fully in SUP 10.10.11R.</i>
<i>investment agreement</i>	any agreement the making or performance of which by either party constitutes a regulated activity, but disregarding the exclusions in Part II of the Regulated Activities Order.
<i>investment analyst</i>	an employee of a firm who prepares investment research or the substance of investment research.
<i>investment business compensation scheme</i>	<p>(as defined in article 2(2) of the <i>compensation transitionals order</i>) any of the following:</p> <ul style="list-style-type: none"> (a) the scheme established under section 54 of the Financial Services Act 1986 and known as the Investors Compensation Scheme; (b) the scheme established under section 22j of the Grey Paper published by the FSA on 26 September 1998 and known as the Section 43 Compensation Scheme; (c) the scheme established by chapter II of part L:VIII of the PIA rule book and known as the PIA Indemnity Scheme; (d) the scheme resulting from an agreement dated 1 February 1999 between the Association of British Insurers and the Investors Compensation Scheme Limited for the making of payments by way of compensation to widows, widowers and dependants of persons (since deceased), in connection with advice given to such persons in relation to pensions, or the arranging of pensions for such persons, and known as the ABI/ICS scheme.
<i>investment company</i>	<p>(in LR) a company whose object is to invest its funds wholly or mainly in:</p> <p>(a) any of the following <i>investments</i> specified in the <i>Regulated Activities Order</i>:</p> <ul style="list-style-type: none"> (i) <i>share</i> (article 76); (ii) <i>debenture</i> (article 77); (iii) <i>government and public security</i> (article 78); (iv) <i>warrant</i> (article 79); (v) <i>certificate representing certain securities</i> (article 80); (vi) <i>unit</i> (article 81);

	(vii) <i>option</i> (article 83);
	(viii) <i>future</i> (article 84);
	(ix) <i>contract for differences</i> (article 85);
	(x) rights to or interests in investments in (i) to (ix) (article 89); or
	(b) interests in partnership arrangements, participations, joint ventures and other forms of non-corporate investment provided that the conditions of listing are met; or (c) interests in any other property provided that the relevant requirements of this chapter are met; with the object of spreading investment risk and managing its portfolio for the benefit of its shareholders.
<i>investment company with variable capital</i>	a body incorporated under the <i>OEIC Regulations</i> .
<i>investment firm</i>	any legal person the regular occupation or business of which is the provision of <i>core investment services</i> for third parties on a professional basis, as defined in article 1(2) of the <i>ISD</i> , and (in relation to a person with his or its head office in an <i>EEA State</i>) a person, who is not a legal person, included as an <i>investment firm</i> by his or its <i>Home State</i> . (see also <i>ISD investment firm</i> and <i>recognised third country investment firm</i> .)
<i>investment management firm</i>	a <i>firm</i> whose permitted activities include designated investment business, which is not an authorised professional firm, bank, <i>ELMI</i> , building society, credit union, energy market participant, friendly society, <i>ICVC</i> , insurer, media firm, oil market participant, service company, incoming <i>EEA firm</i> (without a top-up permission), incoming Treaty firm (without a top-up permission), <i>UCITS</i> management company or <i>UCITS</i> qualifier (without a top-up permission), whose permission does not include a requirement that it comply with <i>IPRU(INV)</i> 3 or 10 (Securities and futures firms) or 13 (Personal investment firms) and which is within (a), (b) or (c): <ul style="list-style-type: none"> (a) a <i>firm</i>: <ul style="list-style-type: none"> (i) which was a member of <i>IMRO</i> immediately before commencement; and (ii) which was not, immediately before commencement, subject to the financial supervision requirements of the <i>FSA</i> (under section 43 of the Financial Services Act 1986), or <i>PIA</i> or <i>SFA</i> (under lead regulation arrangements); (b) a <i>firm</i> whose permission includes a requirement that it comply with <i>IPRU(INV)</i> 5 (Investment management firms); (c) a <i>firm</i>: <ul style="list-style-type: none"> (i) which was given a <i>Part IV</i> permission on or after commencement, or which was authorised under section 25 of the Financial Services Act 1986 immediately before commencement and was not a member of <i>IMRO</i>, <i>PIA</i> or the <i>SFA</i>; and (ii) for which the most substantial part of its gross income, including commissions, from the regulated activities included in its <i>Part IV</i> permission is derived from one or more of the following activities (based, for a <i>firm</i> given a <i>Part IV</i> permission after commencement,

	<p>on the business plan submitted as part of the <i>firm's</i> application for <i>permission</i> or, for a <i>firm</i> authorised under section 25 of the Financial Services Act 1986, on the <i>firm's</i> financial year preceding its <i>authorisation</i> under the Act):</p> <p>(A) <i>managing investments other than for private customers or where the assets managed are primarily derivatives;</i></p> <p>(B) <i>OPS activity;</i></p> <p>(C) <i>acting as the manager or trustee of an AUT;</i></p> <p>(D) <i>acting as the ACD or depositary of an ICVC;</i></p> <p>(E) <i>establishing, operating or winding up a collective investment scheme (other than an AUT or ICVC);</i></p> <p>(F) <i>safeguarding and administering investments.</i></p>
<i>investment management function</i>	<i>controlled function CF27 in the table of controlled functions, described more fully in SUP 10.10.20R.</i>
<i>investment manager</i>	<p>a <i>person</i> who, acting only on behalf of a <i>client</i>:</p> <p>(a) manages <i>designated investments</i> in an account or portfolio on a discretionary basis under the terms of a discretionary management agreement; or</p> <p>(b) manages <i>designated investments</i> in an account or portfolio on a non-discretionary basis under the terms of a non-discretionary management agreement.</p>
<i>Investment Ombudsman</i>	the former <i>Ombudsman</i> under the IMRO scheme.
<i>investment professional</i>	<p>(in accordance with article 19(5) of the <i>Financial Promotion Order</i>) (in relation to a <i>financial promotion</i>):</p> <p>(a) an <i>authorised person</i>;</p> <p>(b) an <i>exempt person</i> when the <i>financial promotion</i> relates to a <i>controlled activity</i> which is a <i>regulated activity</i> in relation to which the <i>person</i> is exempt;</p> <p>(c) any other <i>person</i>:</p> <p>(i) whose ordinary activities involve him in carrying on the <i>controlled activity</i> to which the <i>financial promotion</i> relates for the purposes of a business carried on by him; or</p> <p>(ii) who it is reasonable to expect will carry on that activity for the purposes of a business carried on by him;</p> <p>(d) a government, a local authority (whether in the <i>United Kingdom</i> or elsewhere) or an international organisation;</p> <p>(e) a <i>person</i> ("A") who is a <i>director, officer</i> or <i>employee</i> of a <i>person</i> ("B") falling within any of (a) to (d) where the <i>financial promotion</i> is made to A in that capacity and where A's responsibilities when</p>

	acting in that capacity involve him in the carrying on by B of <i>controlled activities</i> .
<i>investment research</i>	<p>a document (other than a <i>personal recommendation</i>), or material the substance of which is common to a number of documents although worded as if they are <i>personal recommendations</i>, which contains one or more of the following:</p> <ul style="list-style-type: none"> (a) the results of research into a <i>designated investment</i> or its <i>issuer</i>; (b) analysis of factors likely to influence the future performance of a <i>designated investment</i> or its <i>issuer</i>; and (c) advice or recommendations based on those results or that analysis.
<i>investment service</i>	a <i>core investment service</i> or <i>non-core investment service</i> .
<i>investment services conglomerate</i>	a <i>financial conglomerate</i> identified as an investment services conglomerate in the decision tree in paragraph 4.5 of PRU 8 Ann 1R (Decision tree for types of <i>financial conglomerate</i> and definition of <i>most important financial sector</i>).
<i>Investment Services Directive</i>	the Council Directive of 10 May 1993 on investment services in the securities field (No 93/22/EEC).
<i>investment services sector</i>	<p>a sector composed of one or more of the following entities:</p> <ul style="list-style-type: none"> (a) an <i>investment firm</i>; (b) a <i>financial institution</i>; and (c) (in the circumstances described in PRU 8.4.39R (The financial sectors: Asset management companies)) an <i>asset management company</i>.
<i>investment transaction</i>	a transaction to <i>buy, sell, subscribe for or underwrite a security or contractually based investment</i> .
<i>investment trust</i>	<p>a company listed in the <i>United Kingdom</i> or another <i>EEA State</i> which:</p> <ul style="list-style-type: none"> (a) is approved by the Commissioners for HM Revenue and Customs under section 842 of the Income and Corporation Taxes Act 1988 (or, in the case of a newly formed <i>company</i>, has declared its intention to conduct its affairs so as to obtain such approval); or (b) is resident in an <i>EEA State</i> other than the <i>United Kingdom</i> and would qualify for such approval if resident and <i>listed in the United Kingdom</i>.
<i>investment trust savings scheme</i>	(a) a <i>dealing service</i> (whether or not held within a <i>pension contract</i>) dedicated to the <i>securities</i> of one or more <i>investment trusts</i> ;

	(b) <i>securities</i> to be acquired through an investment trust savings scheme in (a).
<i>Investor Compensation Directive</i>	the Council Directive of 3 March 1997 on investor compensation schemes (No 97/9/EC).
<i>IOSCO</i>	the International Organisation of Securities Commissions.
<i>IPA</i>	individual pension account.
<i>IPA eligible investment</i>	a type of investment specified in regulation 4.(6) of The Personal Pension Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 (SI 2001/117).
<i>IPRU</i>	the Interim Prudential sourcebook, comprising ■ <i>IPRU(BANK)</i> , <i>IPRU(BSOC)</i> , <i>IPRU(FSOC)</i> , <i>IPRU(INS)</i> and ■ <i>IPRU(INV)</i> , or according to the context one of these Interim Prudential sourcebooks.
<i>IPRU(BANK)</i>	the Interim Prudential sourcebook for Banks.
<i>IPRU(BSOC)</i>	the Interim Prudential sourcebook for Building Societies.
<i>IPRU(FSOC)</i>	the Interim Prudential sourcebook for Friendly Societies.
<i>IPRU(INS)</i>	the Interim Prudential Sourcebook for insurers.
<i>IPRU(INV)</i>	the Interim Prudential sourcebook for Investment Businesses.
<i>ISA</i>	an <i>individual savings account</i> .
<i>ISA manager</i>	a <i>person</i> who is approved by HM Revenue and Customs for the purposes of the <i>ISA Regulations</i> as an account manager.
<i>ISA Regulations</i>	the Individual Savings Account Regulations 1998 (SI 1998/1870).
<i>ISA transfer</i>	a transaction resulting from a decision, made with or without advice from a <i>firm</i> , by a <i>customer</i> who is an individual, to transfer the <i>investments</i> (or their value) held in his existing <i>ISA</i> in favour of another <i>ISA</i> which may or may not be managed by the same <i>ISA manager</i> .
<i>ISD</i>	<i>Investment Services Directive</i> .
<i>ISD instrument</i>	(in accordance with Schedule B of the Annex to the ISD) any of the following investments: (a) transferable securities; (b) units in collective investment undertakings;

	<p>(c) money-market instruments;</p> <p>(d) financial-futures contracts, including equivalent cash-settled instruments;</p> <p>(e) forward interest-rate agreements</p> <p>(f) interest-rate, currency and equity swaps; and</p> <p>(g) options to acquire or dispose of any instruments falling within (a) to (f), including equivalent cash-settled instruments and options on currency and on interest rates.</p>
<i>ISD investment firm</i>	<p>an <i>investment firm</i> that has its registered office (or, if it has no registered office, its head office) in an <i>EEA State</i>:</p> <p>(a) excluding a <i>person</i> to whom the <i>ISD</i> does not apply under article 2(2) of the <i>ISD</i>; but</p> <p>(b) including a <i>BCD credit institution</i> whose <i>Home State</i> authorisation includes a <i>core investment service</i>.</p>
<i>issue</i>	<p>(in relation to <i>units</i>)</p> <p>(1) (except in <i>ENF</i>) the issue of new <i>units</i> by the <i>trustee</i> of an <i>AUT</i> or by an <i>ICVC</i>;</p> <p>(2) (in <i>ENF</i>)</p> <p>(a) an issue in accordance with (1); and</p> <p>(b) the sale of <i>units</i>.</p>
<i>issue price</i>	<p>(in relation to the issue of <i>units</i> of a <i>dual-priced AUT</i>) the price for each <i>unit</i> payable by the <i>manager</i> to the <i>trustee</i> on that <i>issue</i>.</p>
<i>issuer</i>	<p>(1) (except in <i>CIS</i> , <i>LR</i>, <i>PR</i> and <i>DR</i>)</p> <p>(</p> <p>a</p> <p>) (in relation to any <i>security</i>) (other than a <i>unit</i> in a <i>collective investment scheme</i>) the <i>person</i> by whom it is or is to be issued;</p> <p>(</p> <p>b</p> <p>) (in relation to a <i>unit</i> in a <i>collective investment scheme</i>) the <i>operator</i> of the <i>scheme</i>;</p> <p>(</p> <p>c</p> <p>) (in relation to an interest in a limited <i>partnership</i>) the <i>partnership</i>;</p> <p>(</p> <p>d</p> <p>) (in relation to <i>certificates representing certain securities</i>) the <i>person</i> who issued or is to issue the <i>security</i> to which the certificate or other instrument relates.</p>

issuing
e-money

(2) (in DR

and FEES in relation to DR

) any company or other legal person or undertaking (including a public sector issuer), any class of whose financial instruments:

(a) have been admitted to trading on a regulated market; or

(b) are the subject of an application for admission to trading on a regulated market;

other than issuers who have not requested or approved admission of their financial instruments to trading on a regulated market.

(3) (in LR and FEES in relation to LR) any company or other legal person or undertaking (including a public sector issuer), any class of whose securities has been admitted to listing or is the subject of an application for admission to listing. (4) (in PR and FEES in relation to PR) (as defined in section 102A of the Act) a legal person who issues or proposes to issue the transferable securities in question.

the activity specified in article 9B of the Regulated Activities Order (Issuing electronic money), which is issuing e-money.

<i>land vehicles</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 3 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against loss of or damage to vehicles used on land, including motor vehicles but excluding railway rolling stock.
<i>large business customer</i>	(in relation to a <i>regulated mortgage contract</i> or <i>qualifying credit</i> , and in relation to an activity to be carried on by a <i>firm</i>) a <i>client</i> , if the credit is for the purposes of a business which has a group annual turnover of £1 million or more.
<i>large company</i>	a <i>body corporate</i> which does not qualify as a small company under section 247 of the Companies Act 1985.
<i>large deal</i>	<p>(in ■ CIS) a <i>transaction</i> (or <i>series of transactions in one dealing period</i>) by any <i>person</i> to <i>buy, sell or exchange units in an authorised fund</i> at a total value of £15,000 or its equivalent in the <i>base currency</i> of the <i>authorised fund</i>, or:</p> <ul style="list-style-type: none"> (a) for the purpose of <i>SDRT provision</i>, such other value; or (b) for all or any other specified purposes, such greater value; <p>as may be specified in the <i>prospectus</i>; (in COLL) a <i>transaction</i> (or <i>series of transactions</i>) in one <i>dealing period</i> by any <i>person</i> to <i>buy, sell or exchange units in an authorised fund</i>, of any value as set out in the <i>prospectus</i>, for the purposes of:</p> <ul style="list-style-type: none"> (a) an <i>SDRT provision</i>; (b) a <i>dilution levy</i>; or (c) a <i>dilution adjustment</i>.
<i>large e-money float exposure</i>	(in ■ ELM) an <i>e-money float exposure</i> or <i>e-money float exposures</i> that exceeds or together exceed 10% of an ELMI's own funds as specified in more detail in ELM 3.5.7R (Calculation of large exposure).
<i>large mutual association</i>	a <i>mutual association</i> or <i>unincorporated association</i> with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).
<i>large order, quote or transaction</i>	(in relation to an <i>ATS</i>) an <i>order, quote or transaction</i> relating to an investment traded on an <i>ATS</i> , the publication of details of which at the time of the order, quote or transaction might significantly affect the price of the relevant investment to the detriment of the <i>person</i> placing the order, providing the quote or entering into the transaction (as the case may be).
<i>large partnership</i>	a <i>partnership</i> or <i>unincorporated association</i> with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).
<i>larger denomination share</i>	any <i>share</i> that is not a <i>smaller denomination share</i> .
<div style="background-color: #4a5568; color: white; padding: 2px 5px; font-weight: bold;">PAGE L1</div> <i>lead regulated firm</i>	a <i>firm</i> which is the subject of the financial supervision requirements of an <i>overseas regulator</i> in accordance with an agreement between the <i>FSA</i> and that regulator relating to the financial supervision of <i>firms</i> whose head office is within the country of that regulator.
<i>leading insurer</i>	(in relation to a <i>community co-insurance operation</i>) has the same meaning as in the <i>Community Co-Insurance Directive</i> .

<i>legal expenses</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 17 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against risks of loss to the <i>persons insured</i> attributable to their incurring legal expenses (including costs of litigation).
<i>liability of ships</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 12 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against damage arising out of or in connection with the use of vessels on the sea or on inland water, including third party risks and carrier's liability.
<i>liability subject to compulsory insurance</i>	any liability required under any of the following enactments to be covered by insurance or (as the case may be) by insurance or by some other provisions for securing its discharge: <ul style="list-style-type: none"> (a) section 1(4A)(d) of the Riding Establishments Act 1964 (or any corresponding enactment for the time being in force in Northern Ireland); (b) section 1 of the Employers' Liability (Compulsory Insurance) Act 1969 or Article 5 of the Employers' Liability Order (Defective Equipment and Compulsory Insurance) (Northern Ireland) Order 1972; (c) Part VI of the Road Traffic Act 1988 or Part VIII of the Road Traffic (Northern Ireland) Order 1981; (d) section 19 of the Nuclear Installations Act 1965.
<i>liability to a policyholder</i>	(in relation to a firm carrying out contracts of insurance) any liability or obligation of that <i>firm</i> to, or in respect of, a <i>policyholder</i> , including any liability or obligation arising: <ul style="list-style-type: none"> (a) from the requirement to treat <i>customers</i> fairly under Principle 6, including with respect to <i>policyholders'</i> reasonable expectations; or (b) from a determination of liability by an <i>Ombudsman</i>; or (c) from any requirement to pay compensation under the <i>regulatory system</i>.
<i>life and annuity</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph I of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance), on human life or a contract to pay annuities on human life, but excluding (in each case) contracts within paragraph III of Part II of that Schedule (Linked long-term).
<i>life policy</i>	(1) (except in COB, AUTH App 1 and AUTH App 5): <ul style="list-style-type: none"> (a) (in accordance with the definition of "qualifying contract of insurance" in article 3(1) of the <i>Regulated Activities Order</i>) a <i>long-term insurance contract</i> other than a reinsurance contract and a <i>pure protection contract</i>; or (b) a <i>long-term care insurance contract</i>. (2) (in COB except COB 3): <ul style="list-style-type: none"> (a) a <i>long-term insurance contract</i> in (1) or (b) a <i>pension policy</i>.

lifetime mortgage

(3) (in COB 3, AUTH App 1 and AUTH App 5) a *long-term insurance contract* in (1) (a) or a *pension policy*.

a *regulated mortgage contract* under which:

(a) entry into the mortgage is restricted to older *customers* above a specified age;

and

(b) the *mortgage lender* may or may not specify a mortgage term, but will not seek full repayment of the loan (including interest, if any, outstanding) until the occurrence of one or more of the following:

(i) the death of the *customer*; or

(ii) the *customer* leaves the mortgaged land to live elsewhere and has no reasonable prospect of returning (for example by moving into residential care); or

(iii) the *customer* acquires another dwelling for use as his main residence; or

(iv) the *customer* sells the mortgaged land; or

(v) the *mortgage lender* exercises its legal right to take possession of the mortgaged land under the terms of the contract.

and

(c) while the *customer* continues to occupy the mortgaged land as his main residence:

(i) no instalment repayments of the capital and no payment of interest on the capital (other than interest charged when all or part of the capital is repaid voluntarily by the *customer*), are due or capable of becoming due; or

(ii) although interest payments may become due, no full or partial repayment of the capital is due or capable of becoming due; or

(iii) although interest payments and partial repayment of the capital may become due, no full repayment of the capital is due or capable of becoming due.

LIFFE

the London International Financial Futures and Options Exchange.

limit of indemnity

(in PRU 9.2 (Professional indemnity insurance requirements for insurance and mortgage mediation activities)) the sum available to indemnify a *firm* in respect of each claim made under its professional indemnity insurance.

limitation

a limitation incorporated in a *Part IV permission* under section 42(7)(a) of the *Act* (Giving permission) or section 45(4) of the *Act* (Variation etc on the Authority's own initiative).

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limited issue share

a *share* of a *class* the *issue* of which is restricted by reference to:

(a) the occasion or occasions on which *shares* of that *class* may be issued; or

(b) the amount or value of *shares* that may be issued.

<i>limited issue unit</i>	<p>a <i>unit</i> of a <i>class</i> the <i>issue</i> of which is restricted by reference to:</p> <p>(a) the occasion or occasions on which <i>units</i> of that <i>class</i> may be issued; or</p> <p>(b) the amount or value of <i>units</i> that may be issued.</p>
<i>limited liability partnership</i>	<p>(a) a <i>body corporate</i> incorporated under the Limited Liability Partnerships Act 2000;</p> <p>(b) a <i>body corporate</i> incorporated under legislation having the equivalent effect to the Limited Liability Partnerships Act 2000.</p>
<i>limited redemption arrangements</i>	the arrangements operated by an <i>authorised fund manager</i> for the redemption of <i>units</i> in an <i>authorised fund</i> where the <i>authorised fund manager</i> holds himself out to redeem <i>units</i> in that <i>scheme</i> less frequently than twice in a <i>calendar month</i> in accordance with COLL 6.2.19R (Limited redemption)
<i>linked benefit</i>	<p>a benefit payable under a <i>life policy</i> or a <i>regulated collective investment scheme</i> the amount of which is determined by reference to:</p> <p>(a) the value of the property of any description (whether specified or not); or</p> <p>(b) fluctuations in the value of any such property; or</p> <p>(c) income from such property; or</p> <p>(d) fluctuations in an index of the value of such property.</p>
<i>linked borrowing</i>	additional credit facilities (which may be secured, unsecured, or both) that are integral to a <i>regulated mortgage contract</i> but which may be the subject of a separate contract.
<i>linked deposits</i>	additional facilities (which may be a current account, a savings account, or both) that are linked to a <i>regulated mortgage contract</i> but which may be the subject of a separate contract.
<i>linked life stakeholder product</i>	the <i>stakeholder product</i> specified by regulations 6 and 7 (rights under certain linked long-term contracts) of the <i>Stakeholder Regulations</i> ;
<i>linked long-term</i>	(in relation to a <i>class</i> of <i>contract of insurance</i>) the <i>class</i> of <i>contract of insurance</i> , specified in paragraph III of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance), on human life or contracts to pay annuities on human life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contracts) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).
<i>liquidity risk</i>	the risk that a <i>firm</i> , although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.
<i>list of sponsors</i>	(in <i>LR</i>) the list of sponsors maintained by the <i>FSA</i> in accordance with section 88(3)(a) of the <i>Act</i> .
<i>listed</i>	(1) (except in

	<p><i>LR</i>, ENF 21 and <i>PRU</i></p> <p>) included in an <i>official list</i>.</p> <p>(2) (in <i>PRU</i>)</p> <p>)</p> <p>(a) included in an <i>official list</i>; or</p> <p>(b) in respect of which facilities for <i>dealing on a regulated market</i> have been granted.</p> <p>(3) (in <i>LR</i> and ENF 21) admitted to the <i>official list</i> maintained by the <i>FSA</i> in accordance with section 74 of the <i>Act</i>.</p>
<i>listed activity</i>	an activity listed in Annex 1 to the <i>Banking Consolidation Directive</i> .
<i>listed company</i>	(in <i>LR</i>) a <i>company</i> that has any <i>class</i> of its securities listed.
<i>listed security</i>	any <i>security</i> that is admitted to an <i>official list</i> .
<i>listing particulars</i>	(in <i>LR</i>) (in accordance with section 79(2) of the <i>Act</i>), a document in such form and containing such information as may be specified in <i>listing rules</i> .
<i>listing rules</i>	(in accordance with section 73A(2) of the <i>Act</i>) <i>rules</i> relating to admission to the <i>official list</i> .
<i>LLD</i>	the Lloyd's sourcebook.
<i>Lloyd's actuary</i>	the <i>actuary</i> appointed by the <i>Society</i> under SUP 4.6.1R .
<i>Lloyd's Arbitration Scheme</i>	the Lloyd's Arbitration Scheme (Members and Underwriting Agents Arbitration Scheme) established under Lloyd's Arbitration Scheme (Members and Underwriting Agents Scheme) Byelaw (No 15 of 1992).
<i>Lloyd's member's contribution</i>	<p>(in <i>LLD</i>) assets:</p> <p>(a) provided to a <i>managing agent</i> in response to a cash call; or</p> <p>(b) held by the <i>Society</i> as <i>funds at Lloyd's</i>.</p>
<i>Lloyd's Members' Ombudsman</i>	the office of Ombudsman established under Lloyd's Members' Ombudsman Scheme Byelaw (No 13 of 1987).
<i>Lloyd's Return</i>	the financial report that the <i>Society</i> is required to submit to the <i>FSA</i> under LLD 15.2.1R.

<i>Lloyd's trust deed</i>	(in LLD) a trust deed in the form prescribed by the <i>Society</i> and notified to the FSA, for execution by a <i>member</i> in respect of his <i>insurance business</i> .
<i>Lloyd's trust fund</i>	(in LLD) a fund held on the terms of a <i>Lloyd's trust deed</i> .
<i>local</i>	<p>a <i>firm</i> which is a member of a <i>futures</i> and <i>options</i> exchange and whose <i>permission</i> includes a <i>requirement</i> that:</p> <p>(a) the <i>firm</i> will not conduct <i>designated investment business</i> other than:</p> <p>(i) <i>dealing</i> for its own account on that <i>futures</i> or <i>options</i> exchange; or</p> <p>(ii) <i>dealing</i> for the accounts of other members of the same <i>futures</i> and <i>options</i> exchange; or</p> <p>(iii) making a price to other members of the same <i>futures</i> and <i>options</i> exchange; and</p> <p>(b) the performance of the <i>firm's</i> contracts must be guaranteed by and must be the responsibility of one or more of the clearing members of the same <i>futures</i> and <i>options</i> exchange.</p>
<i>London Stock Exchange</i>	(in LR) London Stock Exchange Plc.
<i>long-term admissible asset</i>	a <i>long-term insurance asset</i> which is an <i>admissible asset</i> .
<i>long-term incentive scheme</i>	<p>(in LR) any arrangement (other than a retirement benefit plan, a deferred bonus or any other arrangement that is an element of an executive <i>director's</i> remuneration package) which may involve the receipt of any asset (including cash or any security) by a <i>director</i> or <i>employee</i> of the <i>group</i>:</p> <p>(a) which includes one or more conditions in respect of service and/or performance to be satisfied over more than one financial year; and</p> <p>(b) pursuant to which the <i>group</i> may incur (other than in relation to the establishment and administration of the arrangement) either cost or a liability, whether actual or contingent.</p>
<i>long-term care insurance contract</i>	<p>a <i>long-term insurance contract</i> which:</p> <p>(a)</p> <p>(i) provides (or would at the <i>policyholder's</i> option provide) benefits for the <i>policyholder</i> which are payable or provided in the event that the <i>policyholder's</i> mental or physical health has deteriorated to the extent that he is incapacitated so that he is unable to live independently without assistance, and is not expected to recover to the extent that he can live independently without assistance; and</p>

	<p>(ii) those benefits are payable or provided in respect of:</p> <ul style="list-style-type: none"> (A) services; (B) accommodation; or (C) goods; <p>which are necessary or desirable for the continuing care of the <i>policyholder</i> because of the incapacity referred to in (i); and</p> <p>(iii) the benefits under the contract are capable of being paid periodically for all or part of the period during which the <i>policyholder</i> is unable to live independently without assistance; or</p> <p>(b) is sold or held out as providing benefits for the <i>policyholder</i> as set out in (a).</p>
<i>long-term insurance asset</i>	has the meaning set out in PRU 7.6.21R.
<i>long-term insurance business</i>	the business of <i>effecting or carrying out long-term insurance contracts</i> .
<i>long-term insurance business syndicate</i>	a syndicate in which members carry on <i>long-term insurance business</i> .
<i>long-term insurance capital requirement</i>	(in relation to a firm carrying on <i>long-term insurance business</i>) an amount of <i>capital resources</i> that the firm must hold calculated in accordance with PRU 2.1.32R.
<i>long-term insurance contract</i>	<p>(in accordance with article 3(1) of the <i>Regulated Activities Order</i> (Interpretation: general)) any contract of insurance within Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance), namely:</p> <ul style="list-style-type: none"> (a) <i>life and annuity</i> (paragraph I); (b) <i>marriage or the formation of a civil partnership and birth</i> (paragraph II); (c) <i>linked long-term</i> (paragraph III); (d) <i>permanent health</i> (paragraph IV); (e) <i>tontines</i> (paragraph V); (f) <i>capital redemption</i> (paragraph VI); (g) <i>pension fund management</i> (paragraph VII); (g) <i>collective insurance</i> etc (paragraph VIII); (h) <i>social insurance</i> (paragraph IX).

<i>long-term insurance fund</i>	has the meaning set out in PRU 7.6.22R.
<i>long-term insurance liabilities</i>	liabilities arising from <i>long-term insurance business</i> .
<i>long-term insurer</i>	an <i>insurer</i> with <i>permission</i> to effect or carry out long-term insurance contracts.
<i>lower tier two capital</i>	<p>(1) (in <i>ELM</i>) the lower tier two capital of an <i>ELMI</i> calculated in accordance with ELM 2.4 (Calculation of initial capital and own funds).</p> <p>(2) (in <i>PRU</i>) an item of capital that is specified in stage H of the table in PRU 2.2.14R.</p>
<i>lower tier two capital resources</i>	the sum calculated at stage H of the calculation in PRU 2.2.14R.
<i>lower tier two instrument</i>	an item of capital that meets the conditions in PRU 2.2.108R and is eligible to form part of a <i>firm's lower tier two capital resources</i> .
<i>LR</i>	the Listing Rules sourcebook
<i>LTICR</i>	<i>long-term insurance capital requirement</i> .

MAD	(in LR) the <i>Market Abuse Directive</i> .
main investment services undertaking	<p>(for the purpose of PRU 8 (Group Risk) and in relation to a <i>financial conglomerate</i>):</p> <p>(a) (if there is only one investment firm in that financial conglomerate) that investment firm; and</p> <p>(b) (if there is more than one investment firm in that financial conglomerate) the member of the financial conglomerate identified in the same way as the main firm for the purposes of rule 14.4.2 of Chapter 14 of IPRU(INV) (Group Financial Resources), but so that the comparison required by that rule must be carried out with respect to all investment firms in the financial conglomerate.</p>
major subsidiary undertaking	(in LR) a subsidiary undertaking that represents 25% or more of the aggregate of the gross assets or profits (after deducting all charges except taxation) of the group.
making arrangements with a view to regulated mortgage contracts	the regulated activity, specified in article 25A(2) of the <i>Regulated Activities Order</i> , which is in summary: making arrangements with a view to a person who participates in the arrangements entering into a regulated mortgage contract as borrower. (see also <i>arranging</i> (in relation to regulated mortgage contracts) and <i>arranging</i> (bringing about) regulated mortgage contracts.)
making arrangements with a view to transactions in investments	<p>the regulated activity, specified in article 25(2) of the <i>Regulated Activities Order</i> (Arranging deals in investments), which is in summary: making arrangements with a view to a person who participates in the arrangements buying, selling, subscribing for or underwriting any of the following investments (whether as principal or agent):</p> <p>(a) a designated investment; or</p> <p>(b) a funeral plan contract; or</p> <p>(c) the underwriting capacity of a Lloyd's syndicate; or</p> <p>(d) ; or</p> <p>(e) rights to or interests in investments in (b), (c) or (d); or</p> <p>(f) a pure protection contract; or</p> <p>(g) a general insurance contract.</p>
management accounts	(in relation to a UK recognised body) accounts showing the actual and budgeted income and expenditure of that body over any period.
management expenses	<p>(1) (except in PRU) (in accordance with section 223 of the <i>Act</i> (Management expenses)) expenses incurred or expected to be incurred by the FSCS in connection with its function under COMP, other than compensation costs; for the purposes of COMP these are subdivided into base costs, specific costs and establishment costs.</p> <p>(2) (in PRU) in relation to long-term insurance business, means all expenses, other than commission, incurred in the administration of an insurer or its business.</p>

management expenses levy

a levy imposed by the FSCS on participant firms to meet the management expenses and which is made up of one or more of a base cost levy, a specific costs levy and an establishment costs levy, each participant firm's share being calculated in accordance with ■ FEES 6.4 .

manager

(1) (in relation to an AUT) the firm which is the manager of the AUT in accordance with the trust deed.

(1A) (in relation to an OEIC which is an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive and which has appointed a person to manage the scheme) the person appointed to manage the scheme.

(2) (as defined in section 423(1) and (2) of the Act (Manager)) (except in relation to a unit trust scheme or an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive (other than a unit trust scheme) or a registered friendly society):

(a) an employee who:

(i) under the immediate authority of his employer, is responsible, either alone or jointly with one or more other individuals, for the conduct of his employer's business; or

(ii) under the immediate authority of his employer or of a person who is a manager in accordance with (i) exercises managerial functions or is responsible for maintaining accounts or other records of his employer;

(b) if the employer is not an individual, references in (a) to the authority of the employer are references to the authority:

(i) in the case of a body corporate, of the directors;

(ii) in the case of a partnership, of the partners; and

(iii) in the case of an unincorporated association, of its officers or the members of its governing body.

(3) (as defined in section 423(3) of the Act (Manager)) (in relation to a body corporate other than one covered at (1A) above):

(a) a person (other than an employee of the body) who is appointed by the body to manage any part of its business, including an employee of the body corporate (other than the chief executive) who under the immediate authority of a director or chief executive of the body corporate exercises managerial functions or is responsible for maintaining accounts or other records of the body corporate;

(b) for the purposes of (a) and in relation to a body corporate whose principal place of business is within the United Kingdom, the chief executive includes only a person who is an employee of the body corporate in accordance with section 417(1) of the Act (Definitions).

managing agent

(as defined in article 3(1) of the Regulated Activities Order) a person who is permitted by the Council in the conduct of his business as an underwriting agent to perform for a member one or more of the following functions:

(a) underwriting contracts of insurance at Lloyd's;

	<p>(b) reinsuring such contracts in whole or in part;</p> <p>(c) paying claims on such contracts.</p>
<i>managing agent's agreement</i>	an agreement in the form prescribed by the Society, between a <i>managing agent</i> and a <i>member</i> , under which the <i>managing agent</i> manages the <i>insurance business</i> of that <i>member</i> .
<i>managing investments</i>	<p>the <i>regulated activity</i>, specified in article 37 of the <i>Regulated Activities Order</i> (Managing investments), which is in summary: managing assets belonging to another <i>person</i> in circumstances which involve the exercise of discretion, if:</p> <p>(a) the assets consist of or include any <i>security</i> or <i>contractually based investment</i> (that is, any <i>designated investment</i>, <i>funeral plan contract</i> or right to or interest in a <i>funeral plan contract</i>); or</p> <p>(b) the arrangements for their management are such that the assets may consist of or include such <i>investments</i>, and either the assets have at any time since 29 April 1988 done so, or the arrangements have at any time (whether before or after that date) been held out as arrangements under which the assets would do so.</p>
<i>managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's</i>	the <i>regulated activity</i> , specified in article 57 of the <i>Regulated Activities Order</i> (Managing the underwriting capacity of a Lloyd's syndicate), of managing the <i>underwriting capacity of a Lloyd's syndicate</i> as a <i>managing agent</i> at Lloyd's.
<i>mandate rules</i>	CASS 4.5.
MAR	the Market Conduct sourcebook.
<i>margin</i>	(in <i>COLL</i> and <i>CIS</i>) cash or other property paid, transferred or deposited under the terms of a <i>derivative</i> ; for these purposes cash or property will be treated as having been paid, transferred or deposited if it must be paid, transferred or deposited in order to comply with a requirement imposed by the market on which the contract is made or traded.
<i>margined contract</i>	(in <i>COLL</i> and CASS 4) any contract in <i>derivatives</i> .
<i>margined transaction</i>	<p>(1) (except in CASS 4) a transaction <i>executed</i> by a <i>firm</i> with or for a <i>client</i> relating to a <i>future</i>, <i>option</i> or <i>contract for differences</i> (or any right to or any interest in such an <i>investment</i>) under the terms of which the <i>client</i> will or may be liable to provide cash or <i>collateral</i> to secure performance of obligations which he may have to perform when the transaction falls to be completed or upon the earlier <i>closing out</i> of his position.</p> <p>(2) (in CASS 4):</p> <p>(a) a transaction within (1); or</p>

	(b) an <i>option</i> purchased by a <i>client</i> , the terms of which provide that the maximum liability of the <i>client</i> in respect of the transaction will be limited to the amount payable as premium.
mark-up or mark-down	<p>(a) (when a <i>firm</i> receives a <i>customer order</i> and takes a <i>principal position</i> in the relevant <i>investment</i> in order to fulfil that <i>customer order</i> (that is, when the <i>firm</i> takes a <i>principal position</i> in the relevant <i>investment</i> which it would not otherwise take, except to fulfil that <i>customer order</i>)) the difference, if any, between:</p> <p>(i) the price at which the <i>firm</i> takes a <i>principal position</i> in the relevant <i>investment</i> in order to fulfil that <i>customer order</i>; and</p> <p>(ii) the price at which the <i>firm</i> executes the transaction with its <i>customer</i>;</p> <p>(b) (when a <i>firm</i> executes a <i>customer order</i> against its own book and owes a duty of best execution) the difference between:</p> <p>(i) the price at which best execution would be achieved; and</p> <p>(ii) the price at which the <i>firm</i> executes the transaction with its <i>customer</i>.</p>
market abuse	<p>(in accordance with section 118 of the Act (Market abuse)) <i>behaviour</i> (whether by one <i>person</i> alone or by two or more <i>persons</i> jointly or in concert) which:</p> <p>(a) occurs in relation to <i>qualifying investments</i> traded or admitted to trading on a <i>prescribed market</i> or in respect of which a request for admission to trading on such a market has been made; and</p> <p>(b) falls within any one or more of the types of <i>behaviour</i> set out in section 118(2) to (8) of the Act.</p>
market abuse (distortion)	<p>the <i>behaviour</i> described in section 118(8) of the Act which satisfies the condition in section 118(8)(b) and is <i>behaviour</i> (not falling within sections 118(5), (6) or (7)) which:</p> <p>(a) would be, or would be likely to be, regarded by a <i>regular user</i> of the market as <i>behaviour</i> that would distort, or would be likely to distort, the market in a <i>qualifying investment</i>; and</p> <p>(b) is likely to be regarded by a <i>regular user</i> of the market as a failure on the part of the <i>person</i> concerned to observe the standard of <i>behaviour</i> reasonably expected of a <i>person</i> in his position in relation to the market.</p>
market abuse (improper disclosure)	the <i>behaviour</i> described in section 118(3) of the Act, which is an <i>insider disclosing inside information</i> to another <i>person</i> otherwise than in the proper course of the exercise of employment, profession or duties.
market abuse (insider dealing)	the <i>behaviour</i> described in section 118(2) of the Act, which is an <i>insider dealing</i> , or attempting to deal, in a <i>qualifying investment</i> or related <i>investment</i> on the basis of <i>inside information</i> relating to the <i>investment</i> in question.

<i>market abuse (manipulating devices)</i>	the <i>behaviour</i> described in section 118(6) of the <i>Act</i> , which is effecting transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance.
<i>market abuse (misleading behaviour)</i>	<p>the <i>behaviour</i> described in section 118(8) of the <i>Act</i> which satisfies the condition in section 118(8)(a) and is <i>behaviour</i> (not falling within sections 118(5), (6) or (7)) which:</p> <p>(a) is likely to give a <i>regular user</i> of the market a false or misleading impression as to the supply of, demand for or price or value of, <i>qualifying investments</i>, and</p> <p>(b) is likely to be regarded by a <i>regular user</i> of the market as a failure on the part of the <i>person</i> concerned to observe the standard of <i>behaviour</i> reasonably expected of a <i>person</i> in his position in relation to the market.</p>
<i>market abuse (misuse of information)</i>	<p>the <i>behaviour</i> described in section 118(4) of the <i>Act</i> , which is <i>behaviour</i> (not falling within sections 118 (2) or (3) of the <i>Act</i>):</p> <p>(a) based on information which is not generally available to those using the market but which, if available to a <i>regular user</i> of the market, would be, or would be likely to be, regarded by him as relevant when deciding the terms on which transactions in <i>qualifying investments</i> should be effected; and</p> <p>(b) likely to be regarded by a <i>regular user</i> of the market as a failure on the part of the <i>person</i> concerned to observe the standard of <i>behaviour</i> reasonably expected of a <i>person</i> in his position in relation to the market.</p>
Market Abuse Directive	Directive of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse) (No 2003/6/EC).
<i>market abuse regime</i>	the regime established under the provisions of Part VIII of the <i>Act</i> (Penalties for market abuse).
<i>market contract</i>	<p>a market contract as described in section 155 of the Companies Act 1989 or article 80 of the Companies (No2) (Northern Ireland) Order 1990 which is in summary:</p> <p>(a) a contract entered into by a <i>member</i> or <i>designated non-member</i> of an <i>RIE</i> which is either:</p> <p>(i) a contract made on the exchange or an exchange to whose undertaking the exchange has succeeded; or</p> <p>(ii) a contract in the making of which the <i>member</i> or <i>designated on-member</i> was subject to the rules of the exchange or of an exchange to whose undertaking the exchange has succeeded;</p> <p>(b) a contract entered into by an <i>RIE</i> or <i>RCH</i> with one of its <i>members</i> for the purpose of enabling the rights and liabilities of that <i>member</i> under transactions in <i>investments</i> to be settled.</p>

*market
counterparty*

- (1) (except in ■ COB 3) a *client* who is:
- (a) a properly constituted government (including a quasi-governmental body or a government agency) of any country or territory;
 - (b) a central bank or other national monetary authority of any country or territory;
 - (c) a supranational whose members are either countries or central banks or national monetary authorities;
 - (d) a State investment body, or a body charged with, or intervening in, the management of the public debt;
 - (e) another *firm* , or an *overseas financial services institution* , except in relation to *designated investment business*, and related *ancillary activities* , conducted with or for that *firm* or institution, when that *firm* or institution is an *intermediate customer* in accordance with ■ COB 4.1.7R (Classification of another *firm* or an overseas financial services institution);
 - (f) any *associate* of a *firm* (except an *OPS firm*), or of an *overseas financial services institution* , if the *firm* or institution consents;
 - (g) a *client* when he is classified as a *market counterparty* in accordance with ■ COB 4.1.12R (Large intermediate customer classified as a market counterparty);
 - (h) a *recognised investment exchange* , *designated investment exchange* , *regulated market* or *clearing house* when it is classified as a *market counterparty* in accordance with COB 4.1.8A R (Classification of an exchange or *clearing house*);
- but excluding:
- (A) a *regulated collective investment scheme*; and
 - (B) (except for the purposes of ■ DISP) a *client*, who would otherwise be a *market counterparty*, when he is classified as a *private customer* in accordance with ■ COB 4.1.14R (Client classified as private customer).
- (2) (in ■ COB 3) a *person* in (1) and a *person* who would be such a *person* if he were a *client*.

market maker

(in relation to an *investment*) a *person* who (otherwise than in his capacity as the *operator* of a *regulated collective investment scheme*) holds himself out as able and willing to enter into transactions of sale and purchase in *investments* of that description at prices determined by him generally and continuously rather than in respect of each particular transaction.

market risk

(in relation to a *firm*) the risks that arise from fluctuations in values of, or income from, assets or in interest or exchange rates.

market value

the market value as determined in accordance with generally accepted accounting practice.

marketable investment

(a) an *investment* which is traded on or under the rules of an exchange;

(b) a debt instrument which may be transferred without the consent of the *issuer* or any other *person* (including a collateralised mortgage obligation);

(c) a *commodity*;

(d) a *warrant*, *option*, *future* or other instrument which entitles the holder to subscribe for or acquire:

(i) an *investment* or *commodity* in (a) to (c); or

(ii) any currency; or

(iii) any combination of (i) and (ii);

(e) a *contract for differences* (including interest rate and currency swaps) relating to fluctuations in:

(i) the value or price of an *investment* or *commodity* in (a) to (d); or

(ii) any currency; or

(iii) the rate of interest in any currency or any index of such rates; or

(iv) the level of any index which is derived from the prices of an *investment* or *commodity* in (a) to (c); or

(v) any combination of (i) to (iv);

(f) *warrants*, *options*, *futures* or other instruments entitling the holder to obtain the rights of those contracts in (d) or (e);

(g) a *unit* in a *regulated collective investment scheme*.

marketing

(in ■ **COLL** and ■ **CIS**) (in relation to marketing *units* in a *regulated collective investment scheme* in a particular country or territory):

(a) *communicating* to a *person* in that country or territory an invitation or inducement to become, or offer to become, a *holder* in that *authorised fund*;

(b) *giving advice on investments* to, or arranging (bringing about) a deal in an investment for a *person* in that country or territory to become a *holder* in that *authorised fund*.

marriage or the formation of a

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph II of Part II of Schedule 1 to the *Regulated Activities*

*civil
partnership
and birth*

Order (Contracts of long-term insurance), to provide a sum on marriage or the formation of a civil partnership or on the birth of a child, being contracts expressed to be in effect for a period of more than one year.

*matched
principal
broker*

a firm with permission to deal in investments as principal other than:

(a) a bank , a building society or an ELMI; or

(b) a UCITS management company; or

(c) an insurer; or

(d) a local;

and which satisfies the following conditions:

(e) it deals as principal only to fulfil customer orders;

(f) it holds positions for its own account only as a result of a failure to match investors' orders precisely;

(g) the total market value of the positions is no higher than 15 % of the firm's initial capital; and

(h) the positions are incidental and provisional in nature and strictly limited to the time required to carry out the transaction in question.

*material
holdings*

(in ELM) the holdings and positions set out in ■ ELM 2.4.17R (Material holdings).

*material
interest*

(in COB) (in relation to a transaction) any interest of a material nature, other than:

(a) disclosable commission on the transaction;

(b) goods or services which can reasonably be expected to assist in carrying on designated investment business with or for clients and which are provided or to be provided

under a soft commission agreement or

in compliance with ■ COB 7.18.3 R (Use of dealing commission to purchase goods or services).

*material
outsourcing*

outsourcing services of such importance that weakness, or failure, of the services would cast serious doubt upon the firm's continuing satisfaction of the threshold conditions or compliance with the Principles.

<i>mathematical reserves</i>	the provision made by an <i>insurer</i> to cover liabilities (excluding liabilities which have fallen due and liabilities arising from <i>deposit back arrangements</i>) arising under or in connection with <i>long-term insurance contracts</i> .
<i>maxi-ISA</i>	<p>an <i>ISA</i> which includes a <i>stocks and shares component</i> and may also include other <i>qualifying investments</i> such as:</p> <ul style="list-style-type: none"> (a) a <i>cash component</i>; (b) an <i>insurance component</i>; <p>as prescribed in paragraphs 7, 8 and 9 respectively of the <i>ISA Regulations</i>.</p>
<i>MCAS scheme</i>	Mortgage Code Arbitration Scheme.
<i>MCOB</i>	the Mortgages: Conduct of Business sourcebook.
<i>MCR</i>	<i>minimum capital requirement</i> .
<i>means of distance communication</i>	(in accordance with article 2(e) of the <i>Distance Marketing Directive</i>) any means used for the distance marketing of a service between parties which does not involve the simultaneous physical presence of those parties.
<i>media firm</i>	<p>a <i>firm</i> whose only permitted activities are advising on investments and agreeing to carry on that regulated activity , and whose Part IV permission includes requirements to the effect that the <i>firm</i> must advise:</p> <ul style="list-style-type: none"> (a) only through the media; and (b) without conveying the impression that the advice is particularly suitable for any <i>person</i> , except when it is given in response to a specific request for advice from that <i>person</i> ; <p>in this definition, "media" means:</p> <ul style="list-style-type: none"> (i) newspapers, journals, magazines or other periodical publications; (ii) services comprising regularly updated news or information; (iii) services consisting of the broadcast or transmission of television or radio programmes.
<i>member</i>	<p>(1) (except in ■ PROF , LR , ENF 18 and ■ REC) a <i>person</i> admitted to membership of the <i>Society</i> or any <i>person</i> by law entitled or bound to administer his affairs.</p> <p>(2) (in ■ PROF , LR and ENF 18) (as defined in section 325(2) of the <i>Act</i> (Authority's general duty)) (in relation to a profession) a <i>person</i> who is entitled to practise</p>

	<p>that profession and, in practising it, is subject to the rules of the relevant <i>designated professional body</i>, whether or not he is a member of that body.</p> <p>(3)</p> <p>(in ■ REC) (in relation to a <i>recognised body</i>) a person who is entitled, under an arrangement or agreement between him and that body, to use that body's <i>facilities</i>.</p>
<i>member contribution</i>	<p>any paid up contribution by a member of a <i>mutual</i> where the members' accounts meet the following criteria:</p> <p>(a) the memorandum and articles of association or other constitutional documents must stipulate that payments may be made from these accounts to members only in so far as this does not cause the <i>firm</i> 's <i>capital resources</i> to fall below the required level, or, if after dissolution of the <i>firm</i> , all the <i>firm</i>'s other debts have been settled;</p> <p>(b) the memorandum and articles of association or other constitutional documents must stipulate, with respect to the payments referred to in (a) made for reasons other than the individual termination of membership, that the <i>FSA</i> must be notified at least one month in advance of the intended date of such payments; and</p> <p>(c) the <i>FSA</i> must be notified of any amendment to the relevant provisions of the memorandum and articles of association or other constitutional documents.</p>
<i>member society</i>	(as defined in article 2(2) of the <i>compensation transitionals order</i>) a person who at any time before <i>commencement</i> was a member society within the rules of the Friendly Societies Protection Scheme established in accordance with section 141 of the Financial Services Act 1986.
<i>members' adviser</i>	a <i>firm</i> whose <i>permission</i> includes <i>advising on syndicate participation at Lloyd's</i> , but which is not an <i>underwriting agent</i> .
<i>members' agent</i>	an <i>underwriting agent</i> who carries on the regulated activity of <i>advising on syndicate participation at Lloyd's</i> .
<i>membership of a Lloyd's syndicate</i>	the <i>investment</i> , specified in article 86(2) of the <i>Regulated Activities Order</i> , which is a <i>person's</i> membership (or prospective membership) of a <i>Lloyd's syndicate</i> .
MIIC	the <i>Motor Insurers' Information Centre</i> .
<i>mineral company</i>	(in LR) a <i>company</i> or <i>group</i> , whose principal activity is, or is planned to be, the <i>extraction of mineral resources</i> (which may or may not include exploration for <i>mineral resources</i>).
<i>mineral expert's report</i>	(in LR) a report prepared in accordance with the <i>CESR recommendations</i> .

<i>mineral resources</i>	(in <i>LR</i>) include metallic and non-metallic ores, mineral concentrates, industrial minerals, construction aggregates, mineral oils, natural gases, hydrocarbons and solid fuels including coal.
<i>mini-ISA</i>	<p>an <i>ISA</i> which contains only one of the following <i>qualifying investments</i>:</p> <ul style="list-style-type: none"> (a) a <i>stocks and shares component</i> ; (b) a <i>cash component</i> ; (c) an <i>insurance component</i> ; <p>as prescribed in paragraph 7, 8 or 9 respectively of the <i>ISA Regulations</i>.</p>
<i>minimum capital requirement</i>	an amount of capital resource s that a <i>firm</i> must hold as set out in PRU 2.1.21R and PRU 2.1.22R.
<i>minimum guarantee fund</i>	(in ■ <i>LLD</i>) a minimum guarantee fund as defined in ■ <i>IPRU(INS)</i> 2.9 as that rule was in force on 30 December 2004 .
<i>minimum levy</i>	(in <i>FEES</i>) the fixed minimum <i>general levy</i> payable by a <i>firm</i> .
<i>miscellaneous financial loss</i>	<p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 16 of Part I of Schedule 1 to the <i>Regulated Activities Order (General contracts of insurance)</i>, against any of the following risks:</p> <ul style="list-style-type: none"> (a) risks of loss to the <i>persons</i> insured attributable to interruptions of the carrying on of business carried on by them or to reduction of the scope of business so carried on; (b) risks of loss to the <i>persons</i> insured attributable to their incurring unforeseen expense (other than loss such as is covered by contracts within paragraph 18 of Part I of Schedule 1 to the <i>Regulated Activities Order (Assistance)</i>); (c) risks which do not fall within paragraphs (a) or (b) and which are not of such a kind that <i>contracts of insurance</i> against them fall within any other provision of Schedule 1 to the <i>Regulated Activities Order</i> .
<i>misleading statements and practices offence</i>	<p>any of the offences described in section 397 of the <i>Act</i> (Misleading statements and practices), which are in summary:</p> <ul style="list-style-type: none"> (a) the offence of: <ul style="list-style-type: none"> (i) making a statement, promise or forecast, which the <i>person</i> making the statement, promise or forecast knows to be misleading, false or deceptive in a material particular; or (ii) dishonestly concealing any material facts whether in connection with a statement, promise or forecast made by the <i>person</i> concealing the facts or otherwise; or (iii) recklessly making (dishonestly or otherwise) a statement, promise or forecast which is misleading, false or deceptive in a material particular; <p>where the <i>person</i> makes the statement, promise or forecast or conceals the facts for the purpose of inducing, or is reckless as to whether it may</p>

	<p>induce, another <i>person</i> (whether or not that <i>person</i> is the same <i>person</i> to whom the statement, promise or forecast is made):</p> <p>(A) to enter or offer to enter into, or to refrain from entering or offering to enter into, a relevant agreement; or</p> <p>(B) to exercise, or refrain from exercising, any rights conferred by a relevant investment;</p> <p>(b) the offence of doing any act or engaging in any course of conduct which creates a false or misleading impression as to the market in or the price or value of any relevant investments where the act was done or the course of conduct engaged in for the purpose of creating that impression and of thereby inducing another <i>person</i> to acquire, dispose of, subscribe for or underwrite those investments or to refrain from doing so, or to exercise, or refrain from exercising, any rights conferred by those investments;</p> <p>in this definition: "relevant agreement" means an agreement:</p> <p>(I) the entering into or performance of which by either party constitutes an activity of a kind specified in an order made by the Treasury or one which falls within a specified class of activity; and</p> <p>(II) which relates to a relevant investment;</p> <p>"relevant investment" means an investment of a kind specified in an order made by the Treasury or one which falls within a class of investment prescribed in regulations made by the Treasury.</p>
<i>mixed-activity holding company</i>	<p>one of the following:</p> <p>(a) (in accordance with Article 1(22) of the <i>Banking Consolidation Directive</i> (Definitions)) a <i>parent undertaking</i>, other than a <i>financial holding company</i>, a <i>credit institution</i> or a <i>mixed financial holding company</i>, the <i>subsidiary undertakings</i> of which include at least one <i>credit institution</i>; or</p> <p>(b) (in accordance with Article 7(3) of the <i>Capital Adequacy Directive</i> (Supervision on a consolidated basis) and in relation to a <i>banking and investment group</i> without any <i>credit institutions</i> in it) a <i>parent undertaking</i>, other than a <i>financial holding company</i>, an <i>investment firm</i> or a <i>mixed financial holding company</i>, the <i>subsidiary undertakings</i> of which include at least one <i>investment firm</i>.</p>
<i>mixed-activity insurance holding company</i>	(in accordance with Article 1(j) of the <i>Insurance Groups Directive</i> (Definitions)) a <i>parent undertaking</i> , other than an <i>insurance undertaking</i> , an <i>insurance holding company</i> or a <i>mixed financial holding company</i> , the <i>subsidiary undertakings</i> of which include at least one <i>insurance undertaking</i> .
<i>mixed financial holding company</i>	(in accordance with Article 2(15) of the <i>Financial Groups Directive</i> (Definitions)) a <i>parent undertaking</i> , other than a <i>regulated entity</i> , which together with its <i>subsidiary undertakings</i> , at least one of which is an <i>EEA regulated entity</i> , and other entities, constitutes a <i>financial conglomerate</i> .
<i>mixed remittance</i>	a remittance that is part <i>client money</i> and part <i>other money</i> .
ML	the Money Laundering sourcebook.

MLAR	(in SUP) a Mortgage Lending and Administration Return containing data specified in SUP 16 Ann 19AR and relevant to the <i>firm's</i> type and <i>regulated activities</i> .
MLRO	<i>money laundering reporting officer</i> .
Model Code	The Model Code on directors' dealings in securities set out in LR 9 Ann 1
<i>modified auditor's report</i>	(in LR) an auditor's report: (a) in which the auditor's opinion is qualified; or (b) which sets out: <ul style="list-style-type: none"> (i) a problem relating to the business as a going concern; or (ii) a significant uncertainty, the resolution of which is dependent upon future events.
<i>money</i>	any form of money, including cheques and other payable orders.
<i>money laundering</i>	any act which: <ul style="list-style-type: none"> (a) constitutes an offence under section 18 (Money laundering) of the Terrorism Act 2000; or (b) constitutes an offence under section 327 (Concealing etc), section 328 (Arrangements) or section 329 (Acquisition, use and possession) of the Proceeds of Crime Act 2002; or (c) constitutes an attempt, conspiracy or incitement to commit an offence specified in paragraph (b); or (d) constitutes aiding, abetting, counselling or procuring the commission of an offence specified in paragraph (b); or (e) would constitute an offence specified in paragraph (b), (c), or (d) if done in the <i>United Kingdom</i>.
<i>Money Laundering Directive</i>	the Council Directive of 10 June 1991 on the prevention of the use of the financial system for the purpose of money laundering (91/308/EEC) as amended by the Council Directive of 4 December 2001 (2001/97/EEC).
<i>Money Laundering Regulations</i>	the Money Laundering Regulations 2003 (SI 2003/3075) (see ■ ML). [deleted]
<i>money laundering reporting function</i>	<i>controlled function</i> CF11 in the <i>table of controlled functions</i> , described more fully in SUP 10.7.13R.
<i>money laundering reporting officer</i>	the individual appointed by a <i>relevant firm</i> in accordance with ■ ML 7.1.

money-market instrument

any of the following *investments*:

- (a) a *debenture* which is issued on terms requiring repayment not later than five years from the date of issue;
- (b) any *government and public security* which is issued on terms requiring repayment not later than one year or, if issued by a local authority in the *United Kingdom* , five years from the date of issue;
- (c) a *warrant* which entitles the holder to subscribe for an *investment* within (a) or (b);
- (d) a *certificate representing certain securities or rights to or interests in investments* relating, in either case, to an *investment* within (a) or (b);
- (e) an *option* relating to:
 - (i) an instrument in (a) or (b); or
 - (ii) currency of the *United Kingdom* or of any other country or territory; or
 - (iii) gold or silver;
- (f) a *future* for the sale of:
 - (i) an instrument in (a) or (b); or
 - (ii) currency of the *United Kingdom* or of any other country or territory; or
 - (iii) gold or silver;
- (g) a *contract for differences* by reference to fluctuations in:
 - (i) the value or price of any instrument within any of (a) to (f); or
 - (ii) currency of the *United Kingdom* or of any other country or territory; or
 - (iii) the rate of interest on loans in any such currency or any index of such rates;
- (h) an *option* to acquire or dispose of an instrument within (e), (f) or (g).

money market instrument activity

an activity in respect of a transaction:

- (a) which involves any of the following *investments* and is not regulated by the rules of a *recognised investment exchange* :
 - (i) a *debenture* which is issued on terms requiring repayment not later than five years from the date of issue;
 - (ii) any *government and public security* which is issued on terms requiring repayment not later than one year or, if issued by a local authority in the *United Kingdom* , five years from the date of issue; or
 - (iii) a *warrant* which entitles the holder to subscribe for an *investment* within (a)(i) or (a)(ii);

(b) which involves any of the following *investments* and is not made on a *recognised investment exchange* or expressed to be so made:

(i) a *certificate representing certain securities* or rights to or interests in *investments* relating, in either case, to an *investment* within (a)(i) or (a)(ii);

(ii) an *option* relating to:

(A) an instrument in (a)(i) or (a)(ii); or

(B) currency of the *United Kingdom* or of any other country or territory; or

(C) gold or silver;

(iii) a *future* for the sale of:

(A) an instrument in (a)(i) or (a)(ii); or

(B) currency of the *United Kingdom* or of any other country or territory; or

(C) gold or silver;

(iv) a *contract for differences* by reference to fluctuations in:

(A) the value or price of any instrument within any of (a)(i) to (a)(iii) or (b)(i) to (b)(iii); or

(B) currency of the *United Kingdom* or of any other country or territory; or

(C) the rate of interest on loans in any such currency or any index of such rates; or

(v) an *option* to acquire or dispose of an instrument within (b)(ii), (b)(iii) or (b)(iv); or

(c) where one of the parties agrees to sell or transfer a *debenture* or *government and public security* and by the same or a collateral agreement that party agrees, or acquires an option, to buy back or re-acquire that *investment* or an equivalent amount of a similar *investment* within twelve *months* of the sale or transfer.

For the purposes of (c) *investments* are regarded as similar if they entitle their holders to the same rights against the same *persons* as to capital and interest and the same remedies for the enforcement of those rights.

an authorised fund dedicated to:

(a) *deposits* ; and

(b) *debentures* which are not *transferable securities* ;

whether with or without *securities* which are *transferable securities* .

<i>money-purchase benefits</i>	(1) (except in COMP) (in relation to an <i>occupational pension scheme</i>) benefits the rate or amount of which are calculated by reference to a payment or payments made by a member of the scheme. (2) (in COMP) in relation to a member of a <i>personal pension scheme</i> or an <i>occupational pension scheme</i> or the widow or widower or surviving civil partner of a member of such a scheme, means benefits the rate or amount of which is calculated by reference to a payment or payments made by the member or by any other <i>person</i> in respect of the member and which are not average salary benefits.
<i>money-purchase occupational scheme</i>	an <i>occupational pension scheme</i> which provides <i>money-purchase benefits</i> .
<i>money service business</i>	carrying on by way of business the activity of: <ul style="list-style-type: none"> (a) operating a bureau de change; or (b) transmitting money, or any representation of monetary value, by any means; or (c) cashing cheques which are made payable to customers.
<i>money service operator</i>	a <i>person</i> who carries on <i>money service business</i> other than a <i>firm</i> , a BCD credit institution or a <i>financial institution</i> .
<i>Month</i>	(in accordance with the Interpretation Act 1978) a calendar month.
<i>mortgage administrator</i>	a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) for administering a regulated mortgage contract.
<i>mortgage adviser</i>	a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) for advising on regulated mortgage contracts.
<i>Mortgage and General Insurance Complaints Transitional Order</i>	The Financial Services and Markets Act 2000 (Transitional Provisions) (Complaints Relating to General Insurance and Mortgages) Order 2004 (SI 2004/454).
<i>mortgage arranger</i>	a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) for arranging (see also arranging (bringing about) regulated mortgage contracts and making arrangements with a view to regulated mortgage contracts).
<i>mortgage credit card</i>	a plastic card which is a credit card issued under a regulated mortgage contract and not regulated by the Consumer Credit Act 1974.
<i>mortgage intermediary</i>	a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) to carry on mortgage mediation activity .
<i>mortgage lender</i>	a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) for entering into a regulated mortgage contract .

<i>mortgage mediation activity</i>	<p>(as defined in article 26 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 1) Order 2003 (SI 2003/1475)) any of the following <i>regulated activities</i>:</p> <ul style="list-style-type: none"> (a) <i>arranging (bringing about) regulated mortgage contracts</i> (article 25A(1)); (b) <i>making arrangements with a view to regulated mortgage contracts</i> (article 25A(2)); (c) <i>advising on regulated mortgage contracts</i> (article 53A); (d) <i>agreeing to carry on a regulated activity in (a) to (c)</i> (article 64).
<i>mortgage shortfall debt</i>	the outstanding debt, under a <i>regulated mortgage contract</i> , following the sale of the mortgaged property.
<i>most important financial sector</i>	<p>(in relation to a financial sector in a <i>consolidation group</i> or a <i>financial conglomerate</i> and in accordance with PRU 8.4 (Cross sector groups)) the <i>financial sector</i> with the largest average referred to in the box titled Threshold Test 2 in the <i>financial conglomerate definition decision tree</i> (10% ratio of balance sheet size and solvency requirements); and so that:</p> <ul style="list-style-type: none"> (a) the <i>investment services sector</i> and the <i>banking sector</i> are treated as one for the purposes set out in PRU 8.4.7R (Definition of financial conglomerate: The financial sectors: General); and (b) the definition is altered as set out in paragraph 4.4 and the decision tree in paragraph 4.5 of PRU 8 Ann 1R (Types of financial conglomerate and definition of most important financial sector) for the purposes set out in paragraph 4.4 of PRU 8 Ann 1R.
Motor Insurers' Information Centre	the information centre appointed to meet the <i>United Kingdom's</i> obligations under article 5 of the <i>Fourth Motor Insurance Directive</i> (Information Centres).
<i>motor vehicle liability</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 10 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against damage arising out of or in connection with the use of motor vehicles on land, including third-party risks and carrier's liability.
<i>motor vehicle liability insurance business</i>	<p><i>general insurance business of class 10, other than:</i></p> <ul style="list-style-type: none"> (a) carrier's liability; (b) pure reinsurance of that class.
<i>motor vehicle liability insurer</i>	<ul style="list-style-type: none"> (a) a <i>firm</i> with <i>permission</i> to carry on <i>motor vehicle liability insurance business</i> ; (b) any <i>person</i> carrying on the <i>regulated activity</i> of managing the <i>underwriting capacity</i> of a <i>Lloyd's syndicate</i> in respect of members whose insurance business at Lloyd's includes <i>motor vehicle liability insurance business</i> .

<i>multilateral development bank</i>	any of the following: African Development Bank (AfDB) Asian Development Bank (ASB) Caribbean Development Bank (CDB) Council of Europe Development Bank European Bank for Reconstruction & Development (EBRD) European Investment Bank (EIB) European Investment Fund (EIF) Inter-American Development Bank (IADB) Inter-American Investment Corporation (IAIC) International Bank for Reconstruction & Development (IBRD) including International Financial Corporation (IFC) Multilateral Investment Guarantee Agency (MIGA) Nordic Investment Bank (NIB)
<i>mutual</i>	<p>an <i>insurer</i> which:</p> <p>(a) if it is a <i>body corporate</i> has no <i>share capital</i> (except a wholly owned <i>subsidiary</i> with no <i>share capital</i> but limited by guarantee); or</p> <p>(b) is a <i>registered friendly society</i> or <i>incorporated friendly society</i> ; or</p> <p>(c) is a <i>society</i> registered or deemed to be registered under the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies (Northern Ireland) Act 1969.</p>

<i>name-passing broker</i>	a person who arranges (brings about) <i>deals</i> between counterparties at mutually acceptable terms and passes their names to each of them to facilitate the conclusion of a transaction.
<i>national bureau</i>	(in relation to an <i>EEA State</i>) a professional organisation which: <ul style="list-style-type: none"> (a) has been constituted in that State in accordance with Recommendation No 5 adopted on 25 January 1949 by the Road Transport Sub-committee of the Inland Transport Committee of the United Nations Economic Commission for Europe; and (b) groups together <i>insurance undertakings</i> which in that State are authorised to conduct the business of motor vehicle liability insurance.
<i>national guarantee fund</i>	(in relation to an <i>EEA State</i>) a body which: <ul style="list-style-type: none"> (a) has been set up or authorised in that State in accordance with article 1(4) of Council Directive (84/5/EEC); and (b) provides compensation for damages to property or personal injuries caused by unidentified vehicles for which the insurance obligation provided for in article 1(1) of that Directive has not been satisfied.
<i>natural gas</i>	(a) natural gas in any form, including natural gas as deliverable through the <i>Network Code</i> ; and <ul style="list-style-type: none"> (b) any right that relates to natural gas, for example the right under a contract or otherwise to require a person to take any action in relation to natural gas, including: <ul style="list-style-type: none"> (i) delivering natural gas to any person or taking delivery of natural gas; or (ii) providing any information or notice in relation to natural gas; or (iii) making any payment in relation to the delivery or non-delivery, or the taking or non-taking of delivery, of natural gas.
NCIS	National Criminal Intelligence Service.
<i>near cash</i>	money, deposits or investments which, in each case, fall within any of the following: <ul style="list-style-type: none"> (a) money which is deposited with an <i>eligible institution</i> or an <i>approved bank</i> in: <ul style="list-style-type: none"> (i) a current account; or (ii) a <i>deposit</i> account, if the money can be withdrawn immediately and without payment of a penalty exceeding seven days' interest calculated at ordinary commercial rates; (b) certificates of <i>deposit</i> issued by an <i>eligible institution</i> or an <i>approved bank</i> if immediately redeemable at the option of the holder; (c) <i>government and public securities</i>, if redeemable at the option of the holder or bound to be redeemed within two years; (d) bills of exchange which are <i>government and public securities</i>;

	(e) <i>deposits</i> with a <i>local</i> authority of a kind which fall within paragraph 9 of Part II of the First Schedule to the <i>Trustee Investments Act 1961</i> , and equivalent <i>deposits</i> with any <i>local</i> authority in another <i>EEA State</i> , if the <i>money</i> can be withdrawn immediately and without payment of a penalty as described in (a).
<i>net accumulation share</i>	(in relation to an <i>ICVC</i>) a <i>share</i> in respect of which income (net of any tax deducted or accounted for by an <i>ICVC</i>) is credited periodically to capital under ■ CIS 9.2.4R (Annual allocation to accumulation shares or accumulation units) or ■ CIS 9.2.6R (Interim allocations of income).
<i>net annual rent</i>	(in <i>LR</i>) (in relation to a <i>property</i>) the current income or income estimated by the valuer: <ul style="list-style-type: none"> (a) ignoring any special receipts or deductions arising from the <i>property</i>; (b) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and (c) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the <i>property</i> and allowances to maintain it in a condition to command its rent.
<i>net earned premiums</i>	<i>gross earned premiums</i> , less reinsurance premiums earned.
<i>net FX open currency position</i>	(in ■ ELM) (in relation to an <i>ELMI</i>) the <i>ELMI</i> 's net open foreign currency position as calculated in accordance with ■ ELM (Calculation of FX exposure).
<i>net leverage</i>	the ratio of total assets, less those bought under reverse <i>repo</i> arrangements, to total equity.
<i>net premium</i>	the <i>premium</i> that is calculated to provide the basic sum assured under a <i>with-profits insurance contract</i> taking into consideration only the mortality and interest rate risks and using the same assumptions as used in the calculation of the <i>mathematical reserves</i> .
<i>net written premiums</i>	<i>gross written premiums</i> , less reinsurance premiums payable under reinsurance ceded.
<i>netting</i>	a process by which the claims and obligations between two counterparties are offset against each other to leave a single net sum.
<i>network</i>	a <i>firm</i> : <ul style="list-style-type: none"> (a) which has five or more <i>appointed representatives</i> (not counting <i>introducer appointed representatives</i>) ; or (b) whose <i>appointed representatives</i>

	<p>, not counting <i>introducer appointed representatives</i></p> <p>(</p> <p>and</p> <p>being fewer than five) have, between them, 26 or more <i>representatives</i> ;</p> <p>but not:</p> <p>(i) a <i>product provider</i> ; or</p> <p>(ii) a <i>firm</i> which markets the <i>packaged products</i> of a <i>product provider</i> which is in the same <i>group</i> as the <i>firm</i> and which does so other than by selecting products from the whole market; or</p> <p>(iii) an <i>insurer</i> in relation to a <i>non-investment insurance contract</i>; or</p> <p>(iv) a <i>mortgage lender</i>.</p>
Network Code	the network code prepared by Transco plc in accordance with condition 7 of the public gas transporter licence granted or treated as granted to Transco plc under section 7(2) of the Gas Act 1986, as in force from time to time, or any subsequent similar instrument or arrangement.
new applicant	(in LR) an <i>applicant</i> that does not have any <i>class</i> of its <i>securities</i> already listed.
nominee company	a <i>body corporate</i> whose business consists solely of acting as a nominee holder of <i>investments</i> or other property.
non-authorised Voluntary Jurisdiction participant	a participant in the <i>Voluntary Jurisdiction</i> who is not a <i>firm</i> .
non-core investment service	a service listed in section C of the Annex to the <i>ISD</i> , the text of which is set out in Schedule 2 to the <i>Regulated Activities Order</i> (Annex to the <i>Investment Services Directive</i>).
non-credit equalisation provision	the provision required to be established under PRU 7.5.17R.
non-directive friendly society	<p>(a) a <i>friendly society</i> whose <i>insurance business</i> is restricted to the provision of benefits which vary according to the resources available and in which the contributions of the members are determined on a flat-rate basis;</p> <p>(b) a <i>friendly society</i> whose <i>long-term insurance business</i> is restricted to the provision of benefits for employed and self-employed <i>persons</i> belonging to an undertaking or group of undertakings, or a trade or group of trades, in the event of death or survival or of discontinuance or curtailment of activity (whether or not the commitments arising from such operations are fully covered at all times by mathematical reserves);</p> <p>(c) a <i>friendly society</i> which undertakes to provide benefits solely in the event of death where the amount of such benefits does not exceed the</p>

average funeral costs for a single death or where the benefits are provided in kind;

(d) a *friendly society* (carrying on *long-term insurance business*):

(i) whose registered rules contain provisions for calling up additional contributions from members or reducing their benefits or claiming assistance from other *persons* who have undertaken to provide it; and

(ii) whose annual gross premium income (other than from contracts of reinsurance) has not exceeded 5 million Euro for each of the three preceding financial years;

(e) a *friendly society* (carrying on *general insurance business*):

(i) whose registered rules contain provisions for calling up additional contributions from members or reducing their benefits;

(ii) whose gross premium income (other than from contracts of reinsurance) for the preceding financial year did not exceed 5 million Euro; and

(iii) whose members provided at least half of that gross premium income;

(f)

(i) a *friendly society* whose liabilities in respect of *general insurance contracts* are fully reinsured with or guaranteed by other *mutuals* (including *friendly societies*); and

(ii) the *mutuals* providing the *reinsurance* or the *guarantee* are subject to the rules of the *First Non-Life Directive*;

and in each case whose *insurance business* is limited to that described in any of (a) to (f).

non-directive insurer

(a) an *insurer* whose *insurance business* is restricted to the provision of benefits which vary according to the resources available and in which the contributions are determined on a flat-rate basis; or

(b) an *insurer* whose *long-term insurance business* is restricted to the provision of benefits for employed and self-employed persons belonging to an *undertaking* or group of *undertakings*, or a trade or group of trades, in the event of death or survival or of discontinuance or curtailment of activity (whether or not the commitments arising from such operations are fully covered at all times by mathematical reserves); or

(c) an *insurer* which undertakes to provide benefits solely in the event of death where the amount of such benefits does not exceed the average funeral costs for a single death or where the benefits are provided in kind; or

(d) a *mutual* (carrying on *long-term insurance business*) whose:

(i) articles of association contain provisions for calling up additional contributions from members or reducing their benefits or claiming assistance from other persons who have undertaken to provide it; and

(ii) annual gross *premium income* (other than from contracts of *reinsurance*) has not exceeded 5 million Euro for each of the

	<p><i>financial year in question and the two previous financial years ; or</i></p> <p>(e) a <i>mutual</i> (carrying on <i>general insurance business</i>) whose:</p> <ul style="list-style-type: none"> (i) articles of association contain provisions for calling up additional contributions from members or reducing their benefits; (ii) business does not cover liability risks, other than <i>ancillary risks</i> , or credit or suretyship risks; (iii) gross <i>premium income</i> (other than from contracts of <i>reinsurance</i>) for the <i>financial year in question</i> did not exceed 5 million Euro; and (iv) members provided at least half of that gross <i>premium income</i>; or <p>(f) an <i>insurer</i> whose <i>insurance business</i> (other than <i>reinsurance</i>) is:</p> <ul style="list-style-type: none"> (i) restricted to the provision of assistance for persons who get into difficulties while travelling, while away from home or while away from their permanent residence; (ii) carried out exclusively on a local basis and consists only of benefits in kind; and (iii) such that the gross <i>premium income</i> from the provision of assistance in the <i>financial year in question</i> did not exceed 200,000 Euro; or <p>(g)</p> <ul style="list-style-type: none"> (i) a <i>mutual</i> whose liabilities in respect of <i>general insurance contracts</i> are fully reinsured with or guaranteed by other <i>mutuals</i> (including <i>friendly societies</i>); and (ii) the <i>mutuals</i> providing the <i>reinsurance</i> or the guarantee are subject to the rules of the <i>First Non-Life Directive</i> .
<i>non-directive mutual</i>	a <i>mutual</i> that falls into (d), (e) or (g) of the definition of a <i>non-directive insurer</i> .
<i>non-discretionary investment manager</i>	(in relation to <i>firm type</i> in SUP 16.10 (Confirmation of standing data)) a person who, acting only on behalf of a <i>client</i> , manages <i>designated investments</i> in an account or portfolio on a non-discretionary basis under the terms of a non-discretionary management agreement.
<i>non-discretionary management agreement</i>	<p>an agreement for the non-discretionary management of <i>investments</i>:</p> <ul style="list-style-type: none"> (a) under which the <i>firm</i> agrees to conduct a regular review of the suitability of the <i>client's</i> account or portfolio, based on an assessment of the <i>client's</i> requirements; and (b) that sets out the <i>client's</i> investment objectives, investment strategy, and attitude to risk, the intervals at which the portfolio will be reviewed, and the arrangements for consulting the <i>client</i> about proposed investment decisions.
<i>non-EEA bank</i>	a <i>bank</i> which is a <i>body corporate</i> or <i>partnership</i> formed under the law of any country or territory outside the EEA .

<i>non-EEA direct insurer</i>	an insurer , other than a pure reinsurer , whose head office is not in an EEA State.
<i>non-EEA insurer</i>	an insurer whose head office is not in an EEA State.
<i>non-EEA state</i>	a country or state that is not an EEA State.
<i>non-equity transferable securities</i>	(in PR) (as defined in section 102A of the Act) all transferable securities that are not equity securities.
<i>non-executive director</i>	a director who has no responsibility for implementing the decisions or the policies of the governing body of a firm.
<i>non-executive director function</i>	controlled function CF2 in the table of controlled functions , described more fully in SUP 10.6.8R.
<i>Non-Exempt Activities Order</i>	the Financial Services and Markets Act 2000 (Professions) (Non-Exempt Activities) Order 2001 (SI 2001/1227).
<i>non-investment financial promotion</i>	a non-real time financial promotion for a non-investment insurance contract.
<i>non-investment insurance contract</i>	a contract of insurance which is a general insurance contract or a pure protection contract but which is not a long-term care insurance contract.
<i>Non-Life Directives</i>	the First Non-Life Directive , the Second Non-Life Directive and the Third Non-Life Directive.
<i>non-mainstream regulated activity</i>	a regulated activity of an authorised professional firm in relation to which the conditions in ■ PROF 5.2.1R are satisfied.
<i>non-market-price transaction</i>	a transaction where: <ul style="list-style-type: none"> (a) the dealing rate or price paid by the firm or its client differs from the prevailing market rate or price to a material extent; or (b) the firm or its client otherwise gives materially more or less in value than it receives in return.
<i>non-profit fund</i>	a long-term insurance fund which is not a with-profits fund.

<i>non-profit insurance business</i>	the business of <i>effecting</i> or carrying out non-profit insurance contracts.
<i>non-profit insurance contract</i>	a long-term insurance contract which is not a <i>with-profits insurance contract</i> .
<i>non-proportional reinsurance treaty</i>	see <i>proportional reinsurance treaty</i> .
<i>non-real time financial promotion</i>	(in accordance with article 7(2) of the <i>Financial Promotion Order</i>) (as more fully described in ■ COB 3.5.5R ("Real time" and "non-real time" financial promotions) and AUTH App 1.10 (Types of <i>financial promotion</i>))) a <i>financial promotion</i> that is not a <i>real time financial promotion</i> .
<i>non-real time qualifying credit promotion</i>	(in accordance with article 7(2) of the <i>Financial Promotion Order</i>) (as more fully described in MCOB 3.5.5R ("Real time" and "non-real time" qualifying credit promotions)) a <i>qualifying credit promotion</i> that is not a <i>real time qualifying credit promotion</i> .
<i>non-stakeholder CTF</i>	a CTF that is not a <i>stakeholder CTF</i> .
<i>non-UCITS retail scheme</i>	an authorised fund which is neither a <i>UCITS scheme</i> or a <i>qualified investor scheme</i> .
<i>non-UCITS scheme</i>	an authorised fund that is not a <i>UCITS scheme</i> .
<i>normally resident</i>	(in MCOB) normally resident; for the purposes of this definition: <ul style="list-style-type: none"> (a) an individual (whether or not acting as trustee) is to be treated as normally resident in the country which he indicates is his country of residence, unless the <i>firm</i> has reason to doubt this; and (b) a <i>body corporate</i> acting as trustee is to be treated as resident in the country in which its registered office (or, if it has no registered office, its head office) is located.
<i>notice of discontinuance</i>	a notice given by the FSA in accordance with section 389 of the <i>Act</i> (Notices of discontinuance) which states that the FSA has decided not to take the action proposed in a <i>warning notice</i> or the action to which a <i>decision notice</i> relates.
<i>notice of intention</i>	a notice of intention to establish a <i>branch</i> in an <i>EEA State</i> given by a <i>UK firm</i> under paragraph 19(2) of Part III of Schedule 3 to the <i>Act</i> (Exercise of passport rights by UK firms).
<i>notification rule</i>	(1) (in relation to a <i>firm</i>) a rule requiring a <i>firm</i> to give the FSA notice of, or information regarding, an event, but excluding:

	<p>(a) a <i>rule</i> requiring periodic submission of a report; and</p> <p>(b) a <i>rule</i> in the <i>listing rules</i> .</p> <p>(2) (in relation to a <i>recognised body</i>) a <i>rule</i> made by the FSA under section 293 of the <i>Act</i> (Notification requirements) or section 295 of the <i>Act</i> (Notification: overseas investment exchanges and overseas clearing houses) requiring a <i>recognised body</i> to give the FSA:</p> <p>(a) notice of, and specified information regarding, specified events relating to the body;</p> <p>(b) specified information relating to the body at specified times or in respect of specified periods; and</p> <p>(c) any other information required to be given by such a <i>rule</i>.</p>
<i>notified point</i>	a point that is within the two hours immediately following a <i>valuation point</i> and is notified in accordance with ■ CIS 4.3.9R(3) (Issue of units to meet authorised fund manager's obligation to sell) or ■ CIS 15.3.4R(4) (Issue of units: manager's instructions).
<i>notional principal</i>	<p>(a) (in relation to a <i>contract for differences</i> which is an index derivative):</p> <p>(i) the current mark to market valuation of a <i>contract for differences</i> which resembles a <i>futures contract</i>; or</p> <p>(ii) the exercise value of a <i>contract for differences</i> which resembles an <i>option contract</i>;</p> <p>(b) (in relation to any other <i>contract for differences</i>) the notional lot size of the contract.</p>
<i>nuclear risks</i>	risks falling within any <i>class of general insurance business</i> and arising in connection with the construction and use of any nuclear reactor or nuclear installation or the carriage of any nuclear matter.

<i>occupational pension fund management business</i>	<p>(in ■ COMP) the business of carrying on:</p> <p>(1) <i>pension fund management</i> ; or</p> <p>(2) (other than in connection with a <i>personal pension scheme</i>) <i>pension fund management</i>, written as linked long term business , for an <i>occupational pension scheme</i> or for an institution falling within article 2 of the Council Directive of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision (No 2003/41/EC) but only to the extent that:</p> <p>(a) there is no transfer to the <i>participant firm</i> of:</p> <p>(i) investment, market, or credit risk;</p> <p>(iii) mortality or expense risk prior to any annuity being effected; and</p> <p>(b) any annuity options provide for the <i>participant firm</i> to change the annuity rates without prior notice.</p>
<i>occupational pension scheme</i>	(as specified in article 3(1) of the <i>Regulated Activities Order (Interpretation)</i>) any scheme or arrangement which is comprised in one or more instruments or agreements and which has, or is capable of having, effect in relation to one or more descriptions or categories of employment so as to provide benefits, in the form of pensions or otherwise, payable on termination of service, or on death or retirement, to or in respect of earners with a qualifying service in an employment of any such description or category.
OECD	Organisation for Economic Co-operation and Development.
<i>OECD state guaranteed issuer</i>	an <i>issuer of debt securities</i> whose obligations in relation to those securities have been guaranteed by a member state of the <i>OECD</i> .
OEIC	<i>open-ended investment company</i> . (see also <i>ICVC</i> .)
<i>OEIC Regulations</i>	the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) or for an <i>ICVC</i> established in Northern Ireland, the Open-Ended Investment Companies Regulations (Northern Ireland) 2004 (SR 2004/335).
<i>off-exchange</i>	(in relation to a transaction in an <i>investment</i>) a transaction which is not <i>on-exchange</i> .
<i>offer</i>	<p>(1) (in ■ MAR 1 (Code of market conduct)) an offer as defined in the <i>Takeover Code</i>.</p> <p>(2) (in ■ MAR 2 (Buy-backs and Stabilisation)) an offer or invitation to make an offer.</p> <p>(3) (in LR , PR and ENF 21) an <i>offer of transferable securities to the public</i>.</p>
<i>offer document</i>	(in MCOB) a document in which the <i>mortgage lender</i> offers to enter into a <i>regulated mortgage contract</i> with a <i>customer</i> .

<i>offer for sale</i>	(in LR) an invitation to the public by, or on behalf of, a third party to purchase <i>securities</i> of the <i>issuer</i> already in issue or allotted (and may be in the form of an invitation to tender at or above a stated minimum price).
<i>offer for subscription</i>	(in LR) an invitation to the public by, or on behalf of, an <i>issuer</i> to subscribe for <i>securities</i> of the <i>issuer</i> not yet in issue or allotted (and may be in the form of an invitation to tender at or above a stated minimum price).
<i>offer of transferable securities to the public</i>	<p>(in PR and LR) (as defined in section 102B of the <i>Act</i>), in summary: (a) a communication to any person which presents sufficient information on:</p> <ul style="list-style-type: none"> (i) the transferable securities to be offered, and (ii) the terms on which they are offered; <p>to enable an investor to decide to buy or subscribe for the securities in question; (b) which is made in any form or by any means; (c) including the placing of securities through a financial intermediary; (d) but not including a communication in connection with trading on:</p> <ul style="list-style-type: none"> (i) a regulated market; (ii) a multilateral trading facility; or (iii) any market prescribed by an order under section 130A of the <i>Act</i>. <p>Note: This is only a summary; to see the full text of the definition, readers should consult section 102B of the <i>Act</i>.</p>
<i>offeree</i>	(in ■ MAR 1) an offeree as defined in the <i>Takeover Code</i> . (3) (in LR , PR and ■ ENF 21) an <i>offer of transferable securities to the public</i> .
<i>offering programme</i>	(in PR) (as defined in Article 2.1(k) of the <i>prospectus directive</i>) a plan which would permit the issuance of non-equity securities, including warrants in any form, having a similar type and/or class, in a continuous or repeated manner during a specified issuing period.
<i>offering programme</i>	(in PR) (as defined in Article 2.1(k) of the <i>prospectus directive</i>) a plan which would permit the issuance of non-equity securities, including warrants in any form, having a similar type and/or class, in a continuous or repeated manner during a specified issuing period.
<i>offeror</i>	<p>(1) (in MAR 1 (The Code of Market Conduct) and LR 5.2.10R) an offeror as defined in the <i>Takeover Code</i>.</p> <p>(2) (in MAR 2 (Buy-backs and Stabilisation)) (as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) the prior holders of, or the entity issuing, the <i>relevant securities</i>).</p> <p>(3) (in LR</p>

	, PR, FEES provisions in relation to PR, and ENF 21) a person who makes an offer of transferable securities to the public.
offer price	the price at which a person could purchase a unit in a dual-priced AUT or a security .
	(3) (in LR and PR and ■ ENF 21 ENF 21) a person who makes an offer of transferable securities to the public.
officer	(1) (in connection with the exercise of the FSA's power to require information) an officer of the FSA , a member of the FSA's staff or an agent of the FSA . (2) (otherwise) (in relation to a body corporate) (as defined in section 400(5) of the Act (Offences by bodies corporate etc)) a director, member of the committee of management, chief executive , manager , secretary, or other similar officer of the body, or a person purporting to act in that capacity or a controller of the body.
official list	(1) (in LR and ■ ENF 21) the list maintained by the FSA in accordance with section 74(1) of the Act for the purposes of Part VI of the Act . (2) (except in LR and ■ ENF 21): (a) the list maintained by the FSA in accordance with section 74(1) of the Act (The official list) for the purposes of Part VI of the Act (Official Listing); (b) any corresponding list maintained by a competent authority for listing in another EEA State .
oil	mineral oil of any description and petroleum gases, whether in liquid or vapour form, including products and derivatives of oil.
oil collective investment scheme	a collective investment scheme , the property of which consists only of property which is oil or an oil investment or cash awaiting investment.
oil investment	any of the following: (a) a unit in an oil collective investment scheme ; (b) an option to acquire or dispose of an oil investment ; (c) a future where the commodity in question is oil ; (d) a contract for differences where the property in question is oil or an oil investment or the index or other factor in question is linked to or otherwise dependent upon fluctuations in the value or price of oil or any oil investments ; (e) rights to or interests in investments in (a) - (d).
oil market activity	(a) any regulated activity in relation to an oil investment or to oil which: (i) is the executing of own account transactions on any recognised investment exchange or designated investment exchange ; or

	<p>(ii) if it is not the <i>executing</i> of transactions on such exchanges, is performed in connection with or for persons who are not individuals; and</p> <p>(b) <i>establishing, operating or winding up a collective investment scheme which is an oil collective investment scheme in which individuals do not participate.</i></p>
oil market participant	<p>a <i>firm</i> :</p> <p>(a) whose permission:</p> <p>(i) includes a <i>requirement that the firm must not carry on any designated investment business other than oil market activity ; and</i></p> <p>(ii) does not include a <i>requirement that it comply with</i> ■ IPRU(INV) 5 (Investment management firms) or 13 (Personal investment firms); and</p> <p>(b) <i>which is not an authorised professional firm , bank , building society , credit union , friendly society , ICVC , insurer , ISD investment firm , media firm , service company , insurance intermediary , mortgage administrator , mortgage intermediary , mortgage lender , incoming EEA firm (without a top-up permission) , or incoming Treaty firm (without a top-up permission) .</i></p>
Ombudsman	a <i>person</i> appointed to the panel of <i>persons</i> maintained by the FOS Ltd to determine complaints, including the Chief Ombudsman.
Ombudsman Transitional Order	the Financial Services and Markets Act 2000 (Transitional Provisions) (Ombudsman Scheme and Complaints Scheme) Order 2001 (SI 2001/2326).
OMPS	the Handbook Guide for oil market participants.
on-exchange	<p>(a) (in relation to a transaction in the <i>United Kingdom</i>) effected by means of the <i>facilities</i> of, or governed by the <i>rules</i> of, an RIE or a <i>regulated market</i> ;</p> <p>(b) (in relation to any other transaction) effected by means of the <i>facilities</i> of, or governed by the <i>rules</i> of, an exchange.</p>
one-off transaction	any transaction other than a transaction carried out in the course of an established business relationship formed by a <i>person</i> acting in the course of relevant financial business.
open	in relation to a <i>syndicate year</i> , one which has not been <i>closed</i> .
open offer	(in LR) an invitation to existing <i>securities</i> holders to subscribe or purchase <i>securities</i> in proportion to their holdings, which is not made by means of a renounceable letter (or other negotiable document).

<i>open to review</i>	<p>(as defined in section 391(8) of the <i>Act</i> (Publication)) (in relation to a <i>supervisory notice</i> which does not take effect immediately or on a specified date) the status of the matter to which the notice relates when:</p> <ul style="list-style-type: none"> (a) the period during which any <i>person</i> may refer a matter to the <i>Tribunal</i> is still running; or (b) the matter has been referred to the <i>Tribunal</i> but has not been dealt with; or (c) the matter has been referred to the <i>Tribunal</i> and dealt with but the period during which an appeal may be brought against the <i>Tribunal's</i> decision is still running; or (d) such an appeal has been brought but has not been determined.
<i>open-ended investment company</i>	<p>(as defined in section 236 of the <i>Act</i> (Open-ended investment companies)) a <i>collective investment scheme</i> which satisfies both the property condition and the investment condition:</p> <ul style="list-style-type: none"> (a) the property condition is that the property belongs beneficially to, and is managed by or on behalf of, a <i>body corporate</i> ("BC") having as its purpose the investment of its funds with the aim of: <ul style="list-style-type: none"> (i) spreading investment risk; and (ii) giving its members the benefit of the results of the management of those funds by or on behalf of that body; (b) the investment condition is that, in relation to BC, a reasonable investor would, if he were to participate in the <i>scheme</i>: <ul style="list-style-type: none"> (i) expect that he would be able to realise, within a period appearing to him to be reasonable, his investment in the <i>scheme</i> (represented, at any given time, by the value of shares in, or securities of, BC held by him as a <i>participant</i> in the <i>scheme</i>); and (ii) be satisfied that his investment would be realised on a basis calculated wholly or mainly by reference to the value of property in respect of which the <i>scheme</i> makes arrangements. <p>(see also <i>investment company with variable capital</i> .)</p>
<i>open-market option</i>	<p>the option to apply:</p> <ul style="list-style-type: none"> (a) the proceeds of a <i>pension policy</i> or <i>pension contract</i> ; or (b) the proceeds of a <i>money-purchase occupational scheme</i> for a particular occupational scheme member; <p>to purchase an annuity on the open market from a <i>long-term insurer</i>.</p>
<i>operator</i>	<p>(1) (except in <i>ENF</i>):</p> <ul style="list-style-type: none"> (a) (in relation to an <i>AUT</i>) the <i>manager</i> ; (b) (in relation to an <i>ICVC</i>) that <i>company</i> or, if applicable, the <i>authorised corporate director</i> ; (ba) (in relation to any other <i>OEIC</i> which is an undertaking for <i>collective investment</i> in transferable securities within the meaning of the <i>UCITS Directive</i> and which has appointed a <i>person</i> to manage the <i>scheme</i>) the <i>manager</i>;

(c) (in relation to any other *collective investment scheme* that is a *unit trust scheme* with a separate trustee) any person who, under the *trust deed* establishing the *scheme* , is responsible for the management of the property held for or within the *scheme* ;

(d) (in relation to any other *collective investment scheme* that is an *open-ended investment company*) that company or, if applicable, any person who, under the constitution or founding arrangements of the *scheme* , is responsible for the management of the property held for or within the *scheme* ;

(e) (in relation to any other *collective investment scheme*) any person who, under the constitution or founding arrangements of the *scheme* , is responsible for the management of the property held for or within the *scheme* ;

(f) (in relation to an *investment trust savings scheme*) any person appointed, by those responsible for managing the property of the *investment trust* , to manage the *investment trust savings scheme* .

(2) (in *ENF*) (in accordance with section 237(2) of the *Act* (Other definitions)):

(a) (in relation to a *unit trust scheme* with a separate trustee) the *manager*;

(b) (in relation to an *OEIC* which is an undertaking for collective investment in transferable securities within the meaning of the *UCITS Directive* and which has appointed a person to manage the *scheme*) the *manager* ;

(c) (in relation to any other *OEIC*) the *company*.

OPS activity

(a) *managing investments* in a case where the assets managed are:

(i) held for the purposes of an *occupational pension scheme* ; or

(ii) held for the purposes of a *welfare trust* established by a person who is, or has been at any time during the last 12 months , an *associate* of the *OPS firm* ; or

(iii) assets of an *OPS collective investment scheme* ;

(b) any one or more of the following activities undertaken in the course of, or incidental to, the operation of an *occupational pension scheme* , *welfare trust* or *OPS collective investment scheme*:

(i) *dealing in investments as principal* ;

(ii) *dealing in investments as agent* ;

(iii) *arranging (bringing about) deals in investments*;

(iv) *making arrangements with a view to transactions in investments* ;

(v) *safeguarding and administering investments* ;

(vi) *advising on investments* ;

(vii) *receiving or holding client money* .

<i>OPS collective investment scheme</i>	a <i>collective investment scheme</i> the contributions to which consist entirely of assets held for an <i>occupational pension scheme</i> .
<i>OPS firm</i>	<p>(a) (except in ■ IPRU(INV)) a <i>firm</i> which:</p> <ul style="list-style-type: none"> (i) carries on <i>OPS activity</i> ; and (ii) is one or more of the following: <ul style="list-style-type: none"> (A) a trustee of the <i>occupational pension scheme</i> in question; (B) a <i>company</i> owned by the trustees of the <i>occupational pension scheme</i> in question; (C) a <i>company</i> which is: <ul style="list-style-type: none"> (I) an employer in relation to the <i>occupational pension scheme</i> in question in respect of its employees or former employees or their dependants; or (II) a <i>company</i> within the <i>group</i> which includes an employer within (I); or (III) an administering authority subject to the Local Government Superannuation Regulations 1986; or <p>(b) a <i>firm</i> which:</p> <ul style="list-style-type: none"> (i) has satisfied the requirements set out in (a) at any time during the past 12 <i>months</i> ; but (ii) is no longer able to comply with those requirements because of a change in the control or ownership of the employer referred to in (a)(ii) during that period.
<i>option</i>	<p>the <i>investment</i> , specified in article 83 of the <i>Regulated Activities Order</i> (Options), which is an option to acquire or dispose of:</p> <ul style="list-style-type: none"> (a) a <i>designated investment</i> (other than an option); or (b) currency of the <i>United Kingdom</i> or of any other country or territory; or (c) palladium, platinum, gold or silver; or (d) an option to acquire or dispose of an option specified in (a), (b) or (c).
<i>organisation</i>	a <i>body corporate</i> , a <i>partnership</i> , a trust or an unincorporated association.
<i>original financing costing amount</i>	(in relation to a <i>share</i> , <i>debenture</i> or other investment in, or external contribution to the capital of, a <i>firm</i> that is subject to a <i>step-up</i>) the <i>financing cost amount</i> for the instrument for a period beginning on or near the date of issue of the instrument and ending on or near the date of the first <i>step-up</i> .
<i>OTC</i>	over the counter.

OTC derivative	a derivative traded solely over the counter.
outgoing ECA provider	a firm which: <ul style="list-style-type: none"> (a) provides an <i>electronic commerce activity</i> , from an establishment in the United Kingdom , with or for an EEA ECA recipient ; and (b) is a national of an EEA State or a firm or company mentioned in article 48 of the Treaty .
outgoing electronic commerce communication	(in accordance with article 6 of the <i>Financial Promotion Order</i>) an <i>electronic commerce communication</i> made from an establishment in the United Kingdom to a person in an EEA State other than the United Kingdom.
outsourcing	the use of a person to provide customised services to a firm other than: <ul style="list-style-type: none"> (a) a member of the firm's governing body acting in his capacity as such; or (b) an individual employed by a firm under a contract of service.
over the counter	(in relation to a transaction in an <i>investment</i>) not <i>on-exchange</i> .
overall financial sector	a sector composed of one or more the following types of entities: <ul style="list-style-type: none"> (a) members of each of the <i>financial sectors</i>; and (b) (except where PRU 8.4 (Cross sector groups) or PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) provide otherwise) a <i>mixed financial holding company</i>.
overallotment facility	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) a clause in the underwriting agreement or lead management agreement which permits acceptance of subscriptions or offers to purchase a greater number of <i>relevant securities</i> than originally offered.
overseas	outside the United Kingdom.
overseas clearing house	a <i>clearing house</i> which has neither its head office nor its registered office in the United Kingdom .
overseas company	(in LR and PR) a company incorporated outside the United Kingdom.
overseas financial services institution	an institution authorised to carry on any <i>regulated activity</i> or other financial service by an <i>overseas regulator</i> .

<i>overseas firm</i>	a <i>firm</i> which has its registered office (or, if it has no registered office, its head office) outside the <i>United Kingdom</i> .
<i>overseas introducing broker</i>	a <i>person</i> , who is not an <i>authorised person</i> : <ul style="list-style-type: none"> (a) who is resident outside the <i>United Kingdom</i> ; and (b) who introduces transactions relating to designated investments arranged (brought about) for its <i>clients</i> to a <i>clearing firm</i> in the <i>United Kingdom</i> .
<i>overseas investment exchange</i>	an investment exchange which has neither its head office nor its registered office in the <i>United Kingdom</i> .
<i>overseas long-term insurer</i>	an <i>insurance undertaking</i> which is not an <i>authorised person</i> and which: <ul style="list-style-type: none"> (a) has its head office in an <i>EEA State</i> other than the <i>United Kingdom</i> , and is entitled to carry on <i>long-term insurance business</i> in that <i>EEA State</i> ; or (b) has a <i>branch</i> or agency in an <i>EEA State</i> other than the <i>United Kingdom</i> and is entitled to carry on <i>long-term insurance business</i> in that <i>EEA State</i> ; or (c) is authorised to effect or carry on <i>long-term insurance business</i> in the Bailiwick of Jersey, the Bailiwick of Guernsey, the Isle of Man, the Commonwealth of Pennsylvania or the State of Iowa; <p>for the purposes of (a) and (b), Gibraltar is to be regarded as if it were an <i>EEA State</i>.</p>
<i>overseas person</i>	(in accordance with article 3(1) of the <i>Regulated Activities Order (Interpretation)</i>) a <i>person</i> who: <ul style="list-style-type: none"> (a) carries on any of the following <i>regulated activities</i>: <ul style="list-style-type: none"> (i) <i>dealing in investments as principal</i>; (ii) <i>dealing in investments as agent</i>; (iii) <i>arranging (bringing about) deals in investments</i>; (iv) <i>arranging (bringing about) regulated mortgage contracts</i>; (v) <i>making arrangements with a view to regulated mortgage contracts</i>; (vi) <i>making arrangements with a view to transactions in investments</i> ; (vii) <i>managing investments</i> ; (viii) <i>safe custody and administering investments</i>; (ix) <i>sending dematerialised instructions</i> ; (x) <i>causing dematerialised instructions to be sent</i> ; (xi) <i>establishing, operating or winding up a collective investment scheme</i> ; (xii) <i>acting as trustee of an authorised unit trust scheme</i> ;

	<p>(xiii) <i>acting as the depositary or sole director of an open-ended investment company ;</i></p> <p>(xiv) <i>establishing, operating or winding up a stakeholder pension scheme ;</i></p> <p>(xv) <i>advising on investments ;</i></p> <p>(xvi) <i>advising on regulated mortgage contracts ;</i></p> <p>(xvii) <i>entering into a regulated mortgage contract ;</i></p> <p>(xviii) <i>administering a regulated mortgage contract ;</i></p> <p>(ix) <i>agreeing to carry on those regulated activities , disregarding the exclusion in article 72 of the Regulated Activities Order (Overseas persons); but</i></p> <p>(b) <i>does not carry on any such activities, or offer to do so, from a permanent place of business maintained by him in the United Kingdom.</i></p>
<i>overseas recognised body</i>	<i>an ROIE or ROCH.</i>
<i>overseas regulator</i>	<p>(as defined in section 195(3) of the <i>Act</i> (Exercise of power in support of overseas regulator)) <i>an authority in a country or territory outside the United Kingdom:</i></p> <p>(a) <i>which is a Home State regulator ; or</i></p> <p>(b) <i>which exercises any of the following functions:</i></p> <p>(i) <i>a function corresponding to any function of the FSA under the Act ;</i></p> <p>(ii) <i>a function corresponding to any function exercised by the FSA in its capacity as competent authority in relation to the listing of securities;</i></p> <p>(iii) <i>a function corresponding to any function exercised by the Secretary of State under the Companies Act 1985;</i></p> <p>(iv) <i>a function in connection with the investigation of conduct of the kind prohibited by Part V of the Criminal Justice Act 1993 (Insider Dealing), or with the enforcement of rules (whether or not having the force of law) relating to such conduct;</i></p> <p>(v) <i>a function prescribed by regulations made for the purposes of section 195(4) of the Act (Exercise of powers) which, in the opinion of the Treasury, relates to companies or financial services.</i></p>
<i>own account dealer</i>	<p>a firm with permission to deal in investments as principal other than:</p> <p>(a) <i>a bank , a building society or an ELMI ; or</i></p> <p>(b) <i>an insurer ; or</i></p> <p>(c) <i>a UCITS management company ; or</i></p> <p>(d) <i>a matched principal broker ; or</i></p>

	<p>(e) an <i>ICVC</i> ; or</p> <p>(f) a <i>local</i> .</p>
<i>own account order</i>	an order which relates to an <i>own account transaction</i> .
<i>own account trading firm</i>	(in relation to <i>firm type</i> in SUP 16.10 (Confirmation of standing data)) a <i>firm</i> that only deals or arranges deals in securities or contractually based investments for its own benefit, or for the benefit of an <i>associate</i> .
<i>own account transaction</i>	a transaction executed by the <i>firm</i> for its own benefit or for the benefit of its <i>associate</i> .
<i>own funds</i>	<p>(1) own funds as described in articles 34 to 39 of the <i>Banking Consolidation Directive</i> .</p> <p>(2) (in ■ ELM) the own funds of an <i>ELMI</i> calculated in accordance with ■ ELM 2.4 (Calculation of initial capital and own funds).</p> <p>(3) (in <i>IPRU(INV)</i> Chapter 8) capital, as defined in CRED 8.2.1R.</p>
<i>own funds requirement</i>	<p>(in ■ ELM) (in relation to an <i>ELMI</i>) 2% of the higher of the following amounts:</p> <p>(a) the <i>ELMI</i>'s e-money outstandings at that time; and</p> <p>(b) the average of the <i>ELMI</i>'s daily e-money outstandings amount for the six month period ending at that time;</p> <p>calculated in accordance with ■ ELM 2.5 (Continuing capital requirement).</p>
<i>ownership share</i>	<p>(in ■ ELM) in accordance with the definition of a "share" in section 422(6) of the <i>Act</i> (Controller):</p> <p>(a) (in relation to an <i>undertaking</i> with a share capital) an allotted share;</p> <p>(b) (in relation to an <i>undertaking</i> with capital but no share capital) a right to share in the capital of the <i>undertaking</i> ;</p> <p>(c) (in relation to an <i>undertaking</i> without capital) an interest:</p> <p>(i) conferring any right to share in the profits, or liability to contribute to the losses, of the <i>undertaking</i> ; or</p> <p>(ii) giving rise to an obligation to contribute to the debts or expenses of the <i>undertaking</i> in the event of a winding up.</p>
<i>own-initiative power</i>	the <i>FSA</i> 's power under section 45 of the <i>Act</i> (Variation etc on the Authority's own initiative) to vary or cancel a <i>Part IV permission</i> otherwise than on the application of a <i>firm</i> .

packaged product

- (a) a *life policy*;
- (b) a *unit in a regulated collective investment scheme*;
- (c) an *interest in an investment trust savings scheme*;
- (d) a *stakeholder pension scheme*;

whether or not (in the case of (a), (b) or (c)) held within a *PEP*, an *ISA* or a *CTF* and whether or not the packaged product is also a *stakeholder product*.

parent undertaking

(in accordance with section 420 of the *Act* (Parent and subsidiary undertaking) and section 258 of the *Companies Act 1985* (Parent and subsidiary undertakings)):

(a) (in relation to whether an *undertaking*, other than an *incorporated friendly society*, is a *parent undertaking* and except for the purposes of PRU 8.4 (Cross sector groups), PRU 8.5 (Third country groups), PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) and PRU 8 Ann 2R (Prudential rules for third country groups)) an *undertaking* which has the following relationship to another *undertaking* ("S"):

- (i) it holds a majority of the voting rights in S; or
- (ii) it is a member of S and has the right to appoint or remove a majority of its board of directors; or
- (iii) it has the right to exercise a dominant influence over S through:
 - (A) provisions contained in S's memorandum or articles; or
 - (B) a control contract; or
- (iv) it is a member of S and controls alone, under an agreement with other shareholders or members, a majority of the voting rights in S; or
- (v)
 - (A) it has the power to exercise, or actually exercises, dominant influence or control over S; or
 - (B) it and S are managed on a unified basis; or
- (vi) it is a *parent undertaking* of a *parent undertaking* of S; or
- (vii) (except in ■ REC and ■ LLD) he is an individual and would be a *parent undertaking* if he were an *undertaking*; or
- (viii) (except in ■ REC and ■ LLD) it is incorporated in or formed under the law of another *EEA State* and is a *parent undertaking* within the meaning of any rule of law in that State for purposes connected with implementation of the Seventh Company Law Directive;

	<p>in relation to (ii) and (iv), the <i>undertaking</i> will be treated as a member of S if any of its <i>subsidiary undertakings</i> is a member of S, or if any shares in S are held by a <i>person</i> acting on behalf of the <i>undertaking</i> or any of its <i>subsidiary undertakings</i>; the provisions of Schedule 10A to the Companies Act 1985 (Parent and subsidiary undertakings: supplementary provisions) explain the expressions used in and supplement paragraphs (i) to (vi);</p> <p>(b) (in relation to whether an incorporated friendly society is a parent undertaking and except for the purposes of PRU 8.4 (Cross sector groups), PRU 8.5 (Third country groups), PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) and PRU 8 Ann 2R (Prudential rules for third country groups)) an <i>incorporated friendly society</i> which has the following relationship to a <i>body corporate</i> ("S"):</p> <ul style="list-style-type: none"> (i) it holds a majority of the voting rights in S; or (ii) it is a member of S and has the right to appoint or remove a majority of S's board of directors; or (iii) it is a member of S and controls alone, under an agreement with other shareholders or members, a majority of the voting rights in S; or (iv) it is the <i>parent undertaking</i> of a <i>body corporate</i> which has the relationship in (i), (ii) or (iii) to S. <p>(c) (for the purposes of PRU 8.4 (Cross sector groups), PRU 8.5 (Third country groups), PRU 8 Ann 1R (Capital adequacy calculations for financial conglomerates) and PRU 8 Ann 2R (Prudential rules for third country groups) and in relation to whether an <i>undertaking</i> is a parent <i>undertaking</i>) an <i>undertaking</i> which has the following relationship to another <i>undertaking</i> ("S"):</p> <ul style="list-style-type: none"> (i) a relationship described in (a) other than (a)(vii); or (ii) it effectively exercises a dominant influence over S <p>and so that (ii) applies also for the purpose of PRU 8.1 (Group risk systems and controls requirement).</p>
<i>parental responsibility</i>	<p>(as defined in section 3(9) of the Child Trust Fund Act 2004):</p> <ul style="list-style-type: none"> (a) parental responsibility within the meaning of the Children Act 1989 or the Children (Northern Ireland) Order 1995 (SI 1995/755 (N.I. 2)); or (b) parental responsibilities within the meaning of the Children (Scotland) Act 1995.
<i>Part 6 rules</i>	(as defined in section 73A of the <i>Act</i>) <i>rules</i> made for the purposes of Part VI of the <i>Act</i> .
<i>Part 30 exemption order</i>	an order under regulation 30.10 of the General Regulations under the US Commodity Exchange Act, issued by the Commodity Futures Trading Commission on 15 May 1989, granting a <i>person</i> exemption from the registration requirement contained in Part 30 of those General Regulations.
<i>Part IV permission</i>	(as defined in section 40(4) of the <i>Act</i> (Application for <i>permission</i>)) a <i>permission</i> given by the FSA under Part IV of the <i>Act</i> (Permission to carry on regulated activities), or having effect as if so given.

<i>Part XX exemption</i>	the exemption from the general prohibition conferred on an exempt professional firm by section 327 of the Act (Exemption from the general prohibition).
<i>participant</i>	(in accordance with section 235(2) of the Act (Collective investment schemes)) a person who participates in a collective investment scheme .
<i>participant firm</i>	<p>(1) (except in</p> <p>■ FEES 6</p> <p>) a firm or a member other than:</p> <p>(a) (in accordance with section 213(10) of the Act (The compensation scheme) and regulation 2 of the <i>Electing Participants Regulations</i> (Persons not to be regarded as relevant persons) an incoming EEA firm which is:</p> <p>(i) a credit institution ;</p> <p>(ii) an ISD investment firm ; or</p> <p>(iii) a UCITS management company;</p> <p>(iv) both (i) and (ii); or</p> <p>(v) an IMD insurance intermediary or an IMD reinsurance intermediary which is neither (i) or (ii);</p> <p>in relation to its passported activities , unless it has top-up cover (and in the case of a UCITS management company , only in relation to the services referred to in Article 5(3) of the UCITS Directive , that is managing investments (other than of a collective investment scheme), advising on investments or safeguarding and administering investments);</p> <p>(b) a service company;</p> <p>(c) [deleted]</p> <p>(d) [deleted]</p> <p>(e) an underwriting agent , or members' adviser , in respect of advising on syndicate participation at Lloyd's or managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's;</p> <p>(f) an authorised professional firm that is subject to the rules of the Law Society (England and Wales) or the Law Society of Scotland;</p> <p>(g) an ICVC ;</p> <p>(h) a UCITS qualifier;</p> <p>(i) an ELMI in relation to issuing e-money .</p> <p>(2) (in</p> <p>■ FEES 6</p> <p>) a firm specified in paragraph (1) above that is not a member .</p>
<i>participating deposit-taker</i>	<p>(as defined in article 2(2) of the compensation transitionals order) a person who was at any time before commencement :</p> <p>(a) a UK institution, participating institution, former UK institution or former participating institution as defined in section 52(6) of the Banking Act 1987; or</p>

	(b) a former authorised institution (as defined in section 106(1) of the Banking Act 1987 (other than a former UK institution or former participating institution as defined in section 52(6) of that Act), which was not a recognised bank or licensed institution excluded by an order under section 23(2) of the Banking Act 1979.
<i>participating insurance undertaking</i>	<p>an insurer which:</p> <ul style="list-style-type: none"> (a) has a <i>subsidiary undertaking</i> that is an <i>insurance undertaking</i>; or (b) holds a <i>participation in an insurance undertaking</i>; or (c) is linked to an <i>insurance undertaking</i> by a <i>consolidation Article 12(1) relationship</i>.
<i>participating institution</i>	(as defined in article 2(2) of the <i>compensation transitionals order</i>) a <i>person</i> who was at any time before <i>commencement</i> a participating institution within the meaning of section 24(4) of the Building Societies Act 1986.
<i>participating security</i>	a participating security as defined in regulation 3 of the Uncertificated Securities Regulations 1995 (SI 1995/3272), which enable title to participating securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument.
<i>participation</i>	<p>(for the purposes of ELM and PRU 8 (Group risk)):</p> <ul style="list-style-type: none"> (a) a participating interest as defined in section 260 of the Companies Act 1985; or (b) the direct or indirect ownership of 20% or more of the voting rights or capital of an <i>undertaking</i>; <p>but excluding the interest of a <i>parent undertaking</i> in its <i>subsidiary undertaking</i>.</p>
<i>partner</i>	<p>(in relation to a <i>firm</i> which is a <i>partnership</i>) any <i>person</i> appointed to direct its affairs, including:</p> <ul style="list-style-type: none"> (a) a <i>person</i> occupying the position of a partner (by whatever name called); and (b) a <i>person</i> in accordance with whose directions or instructions (not being advice given in a professional capacity) the partners are accustomed to act.
<i>partner function</i>	<i>controlled function</i> CF4 in the <i>table of controlled functions</i> , described more fully in SUP 10.6.17R.
<i>partnership</i>	(in accordance with section 417(1) of the <i>Act</i> (Definitions)) any partnership, including a partnership constituted under the law of a country or territory outside the <i>United Kingdom</i> , but not including a <i>limited liability partnership</i> .
<i>passport activity</i>	an activity carried on by an <i>EEA firm</i> , or by a <i>UK firm</i> , under an <i>EEA right</i> .

<i>payment holiday</i>	a feature of a <i>regulated mortgage contract</i> under which the mortgage lender permits the customer to make no payments for a specified period without being in <i>arrears</i> .
PD	<i>Prospectus Directive</i>
PD Regulation	the Prospectus Directive Regulation (No 2004/809/EC).
<i>pending application</i>	(as defined in article 3(1) of the <i>compensation transitionals order</i>): (a) an application for compensation made under an <i>investment business compensation scheme</i> before commencement in relation to which a terminating event did not occur before commencement ; and (b) an application made to the FSCS after commencement under an <i>investment business compensation scheme</i> , even if at the time of application that scheme had otherwise ceased to exist.
<i>penny share</i>	a readily realisable security in relation to which the bid-offer spread is 10 per cent or more of the offer price, but not: (a) a government and public security ; or (b) a share in a company quoted on The Financial Times Stock Exchange 100 Index; or (c) a security issued by a company which, at the time that the firm deals or recommends to the client in the investment, has a market capitalisation of £100 million or more (or its equivalent in any other currency at the relevant time).
<i>pension annuity</i>	an investment purchased with the sums derived from the vesting (partial or full) of a pension policy or pension contract, for the purposes of securing the beneficiary's entitlement to immediate or future benefits.
<i>pension buy-out contract</i>	an annuity contract which complies with paragraph (g) of section 591(2) of the Income and Corporation Taxes Act 1988.
<i>pension contract</i>	a contract under which rights to benefits are obtained by the making of contributions to an occupational pension scheme or to a personal pension scheme , where the contributions are paid to a regulated collective investment scheme.
<i>pension fund management</i>	(in relation to a class of contract of insurance) the class of contract of insurance specified in paragraph VII of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance) namely: (a) pension fund management contracts ; and (b) pension fund management contracts which are combined with contracts of insurance covering either conservation of capital or payment of a minimum interest; where effected or carried out by a person who does not carry on a banking business, and otherwise carries on <i>insurance business</i> .

<i>pension fund management contract</i>	(as defined in article 3(1) of the <i>Regulated Activities Order (Interpretation)</i>) a contract to manage the <i>investments</i> of pension funds (other than funds solely for the benefit of the officers or employees of the <i>person</i> effecting or carrying out the contract and their dependants or, in the case of a <i>company</i> , partly for the benefit of officers and employees of its subsidiary or holding company or a subsidiary of its holding company and their dependants; in this definition "subsidiary" and "holding company" mean either <i>subsidiary</i> and <i>holding company</i> , or <i>subsidiary</i> and <i>holding company</i> defined in accordance with article 4 of the Companies (Northern Ireland) Order 1986 (SI 1986) No 1032 (NI 6)) as amended by article 62 of the Companies (No 2) (Northern Ireland) Order 1990 (SI 1990 No 1504 (NI 10)).
<i>pension opt-out</i>	<p>a transaction resulting from a decision made, with or without advice from a <i>firm</i> , by a <i>customer</i> who is an individual, to:</p> <p>(a) opt out of an <i>occupational pension scheme</i> of which he is a current member; or</p> <p>(b) decline to become a member of an <i>occupational pension scheme</i> which he is eligible to join or which he will become eligible to join at the end of a waiting period;</p> <p>in favour of a <i>stakeholder pension scheme</i> or a <i>personal pension scheme</i> (including a self-invested <i>personal pension scheme</i>).</p>
<i>pension policy</i>	a contract under which a right to benefits results from contributions made to an <i>occupational pension scheme</i> or to a <i>personal pension scheme</i> , where the contributions are paid to a <i>long-term insurer</i> .
<i>pension scheme</i>	a scheme under which a right to benefits results from contributions made under a <i>pension contract</i> or <i>pension policy</i> .
<i>pension transfer</i>	<p>a transaction resulting from a decision made, with or without advice from a <i>firm</i> , by a <i>customer</i> who is an individual, to transfer deferred benefits from:</p> <p>(a) an <i>occupational pension scheme</i> ; or</p> <p>(b) an <i>individual pension contract</i> providing fixed or guaranteed benefits that replaced similar benefits under a <i>defined benefits pension scheme</i> ; or</p> <p>(c) (in ■ COB 6.7 (Cancellation and withdrawal) a <i>stakeholder pension scheme</i> or a <i>personal pension scheme</i>)</p> <p>to a <i>stakeholder pension scheme</i> or to a <i>personal pension scheme</i> (including a self-invested <i>personal pension scheme</i>), or to any deferred annuity policy (including a <i>pension buy-out contract</i>) where the eventual benefits depend in whole or in part on investment performance in the period up to the <i>intended retirement date</i> .</p>
<i>pension transfer specialist</i>	an individual appointed by a <i>firm</i> to check the suitability of a <i>pension transfer</i> or <i>pension opt-out</i> who has passed the required examinations specified in the interim approved examination annexes to ■ TC 2.
<i>pension transfer specialist function</i>	controlled function CF24 in the table of controlled functions, described more fully in SUP 10.10.14R.
PEP	a <i>personal equity plan</i> .

<i>PEP manager</i>	the <i>plan manager</i> of a <i>PEP</i> in accordance with the Personal Equity Plan Regulations 1989.
<i>PEP transfer</i>	a transaction resulting from a decision, made with or without advice from a <i>firm</i> , by a <i>customer</i> who is an individual, to transfer the <i>investments</i> (or their value) held in his existing <i>PEP</i> in favour of another <i>PEP</i> which may or may not be managed by the same <i>PEP manager</i> .
<i>percentage ratio</i>	(in <i>LR</i>) (in relation to a transaction) the figure, expressed as a percentage, that results from applying a calculation under a class test to the transaction.
<i>PERG</i>	the Perimeter Guidance manual.
<i>periodic statement</i>	a report which a <i>firm</i> is required to provide to a <i>customer</i> under ■ COB 8.2 (Periodic statements).
<i>permanent health</i>	<p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph IV of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance), providing specified benefits against risks of persons becoming incapacitated in consequence of sustaining injury as a result of an accident or of an accident of a specified class or of sickness or infirmity, being contracts that:</p> <ul style="list-style-type: none"> (a) are expressed to be in effect for a period of not less than five years, or until the normal retirement age of the persons concerned, or without limit of time; and (b) either are not expressed to be terminable by the insurer, or are expressed to be so terminable only in special circumstances mentioned in the contract.
<i>permanent share capital</i>	an item of capital that is stated in PRU 2.2.36R to be permanent share capital.
<i>permission</i>	<p>permission to carry on <i>regulated activities</i>; that is, any of the following:</p> <ul style="list-style-type: none"> (a) a <i>Part IV permission</i>; (b) the permission that an <i>incoming EEA firm</i> has, under paragraph 15(1) of Schedule 3 to the <i>Act</i> (EEA Passport Rights), on qualifying for <i>authorisation</i> under paragraph 12 of that Schedule; (c) the permission that an <i>incoming Treaty firm</i> has, under paragraph 4(1) of Schedule 4 to the <i>Act</i> (Treaty Rights), on qualifying for <i>authorisation</i> under paragraph 2 of that Schedule; (d) the permission that a <i>UCITS qualifier</i> has, under paragraph 2(1) of Schedule 5 to the <i>Act</i> (Persons concerned in Collective Investment Schemes); (e) the permission that an <i>ICVC</i> has, under paragraph 2(2) of Schedule 5 to the <i>Act</i> (Persons concerned in Collective Investment Schemes); (f) the permission that the Society of Lloyd%7Ds has, under section 315(2) of the <i>Act</i> (The Society: <i>authorisation and permission</i>), which is to be treated as a <i>Part IV permission</i> for the purposes of Part IV of the <i>Act</i> (Permission to carry on regulated activities) in accordance with section 315(3) of the <i>Act</i>.

<i>permitted activity</i>	<p>(1) (except in AUTH 5 and SUP 14) a <i>regulated activity</i> which a firm has permission to carry on.</p> <p>(2) (in AUTH 5 and ■ SUP 14) an activity identified in a consent notice, a regulator's notice or, where none is required, a notice of intention.</p>
<i>permitted immovable</i>	any immovable which falls within ■ CIS 5A.8.4R (Permitted immovable) (excluding, in relation to an ICVC, immovable property that is necessary for the direct pursuit of its business).
<i>permitted third party</i>	<p>a third party who is:</p> <p>(a) an <i>authorised person</i> ; or</p> <p>(b) an <i>exempt person</i> for whom an <i>authorised person</i> is accepting responsibility; or</p> <p>(c) a <i>person</i> lawfully carrying on a <i>regulated activity</i> in another <i>EEA State</i> .</p>
<i>person</i>	(in accordance with the Interpretation Act 1978) any person, including a body of persons corporate or unincorporate (that is, a natural person, a legal person and, for example, a <i>partnership</i>).
<i>person discharging managerial responsibilities</i>	<p>(in accordance with section 96B(1) of the Act):</p> <p>(a) a <i>director of an issuer</i>:</p> <p>(i) registered in the <i>United Kingdom</i> that has requested or approved admission of its <i>shares</i> to trading on a <i>regulated market</i>; or</p> <p>(ii) not registered in the <i>United Kingdom</i> or any other <i>EEA State</i> but has requested or approved admission of its shares to trading on a <i>regulated market</i> and who is required to file annual information in relation to shares in the <i>United Kingdom</i> in accordance with Article 10 of the <i>Prospectus Directive</i>; or</p> <p>(b) a senior executive of such an <i>issuer</i> who:</p> <p>(i) has regular access to <i>inside information</i> relating, directly or indirectly, to the <i>issuer</i> ; and</p> <p>(ii) has power to make managerial decisions affecting the future development and business prospects of the <i>issuer</i> .</p>
<i>person exercising significant influence</i>	(in LR) in relation to a <i>listed company</i> , a <i>person</i> or entity which exercises significant influence over that <i>listed company</i> (other than a 50/50 joint venture partner).

<i>personal account transaction</i>	<p>a transaction for the account of an <i>employee</i> of a <i>firm</i> , or his <i>associate</i> , in a <i>designated investment</i> , other than:</p> <ul style="list-style-type: none"> (a) a transaction in a <i>government and public security</i> ; or (b) a transaction in a <i>life policy</i> ; or (c) a transaction in a <i>unit</i> in a <i>regulated collective investment scheme</i> ; or (d) a discretionary transaction if there is no prior communication with the <i>employee</i> and the discretion is not exercised by the <i>firm</i> .
<i>personal equity plan</i>	a scheme of investment satisfying the conditions prescribed in regulations made by the Treasury under section 333 of the Income and Corporation Taxes Act 1988 (the Personal Equity Plan Regulations 1989).
<i>Personal Insurance Arbitration Service</i>	the <i>former scheme</i> set up on a voluntary basis and run by the Chartered Institute of Arbitrators to handle complaints against those insurance companies which subscribed to it.
<i>personal investment firm</i>	<p>a <i>firm</i> whose <i>permitted activities</i> include <i>designated investment business</i>, which is not an authorised professional firm, bank, ELMI, building society, credit union, energy market participant, friendly society, ICVC, insurer, media firm, oil market participant, service company, incoming EEA firm (without a <i>top-up permission</i>), <i>incoming Treaty firm</i> (without a <i>top-up permission</i>), UCITS management company or UCITS qualifier (without a <i>top-up permission</i>), whose <i>permission</i> does not include a <i>requirement</i> that it comply with ■ IPRU(INV) 3 (Securities and futures firms), 5 (Investment management firms) or 10 (Securities and futures firms), and which is within (a), (b) or (c):</p> <ul style="list-style-type: none"> (a) a <i>firm</i>: <ul style="list-style-type: none"> (i) which was a member of PIA immediately before <i>commencement</i>; and (ii) which was not, immediately before <i>commencement</i> , subject to the financial supervision requirements of the FSA (under section 43 of the Financial Services Act 1986), or IMRO or SFA (under lead regulation arrangements); (b) a <i>firm</i> whose <i>permission</i> includes a <i>requirement</i> that it comply with ■ IPRU(INV) 13 (Personal investment firms); (c) a <i>firm</i>: <ul style="list-style-type: none"> (i) which was given a <i>Part IV permission</i> after <i>commencement</i>, or which was authorised under section 25 of the Financial Services Act 1986 immediately before <i>commencement</i> and not a member of IMRO, PIA or SFA; and (ii) for whom the most substantial part of its gross income, including <i>commissions</i> , from the <i>regulated activities</i> included in its <i>Part IV permission</i> is derived from one or more of the following activities (based, for a <i>firm</i> given a <i>Part IV permission</i> after <i>commencement</i>, on the business plan submitted as part of the <i>firm's</i> application for <i>permission</i> or, for a <i>firm</i> authorised under section 25 of the

	<p>Financial Services Act 1986, on the <i>firm's</i> financial year preceding its <i>authorisation</i> under the Act):</p> <p>(A) <i>advising on investments , or arranging (bringing about) deals in investments, in relation to packaged products;</i></p> <p>(B) <i>managing investments for private customers.</i></p>
<i>personal pension contract</i>	a <i>pension contract</i> under which contributions (single or regular) are paid to a <i>personal pension scheme</i> .
<i>personal pension policy</i>	a <i>pension policy</i> under which contributions (single or regular) are paid to a <i>personal pension scheme</i> .
<i>personal pension scheme</i>	a scheme of investment in accordance with section 630 of the Income and Corporation Taxes Act 1988.
<i>personal recommendation</i>	a recommendation which is <i>advice on investments</i> given to a specific <i>person</i> .
PIA	the Personal Investment Authority Limited.
PIA Ombudsman scheme	the <i>former scheme</i> set up by PIA under the Financial Services Act 1986 and operated by the PIA Ombudsman Bureau Ltd to handle complaints against members of PIA.
<i>placing</i>	(in LR) a marketing of <i>securities</i> already in issue but not <i>listed</i> or not yet in issue, to specified <i>persons</i> or clients of the <i>sponsor</i> or any securities house assisting in the placing, which does not involve an offer to the public or to existing holders of the <i>issuer's securities</i> generally.
<i>plan investor</i>	a <i>person</i> entered in the <i>plan register</i> under ■ COLL 6.4.9R (Plan registers) or, as the case may be, ■ CIS 6.5.4R (Requirement).
<i>plan manager</i>	in relation to: <ul style="list-style-type: none"> (a) a <i>group personal equity plan</i>, the <i>PEP manager</i>; (b) a <i>group ISA</i> , the <i>ISA manager</i> ; (c) a <i>group savings plan</i> , the <i>person</i> primarily responsible for that <i>group savings plan</i> .
<i>plan register</i>	(1) (in relation to an <i>ICVC</i>) a record of <i>persons</i> who subscribe to a <i>group plan</i> and for whom <i>shares</i> in the <i>ICVC</i> are held for the purposes of the <i>group plan</i> by the <i>plan manager</i> or a nominee (other than a record for the establishment or maintenance of which no payments are to be made out of the <i>scheme property</i>).

	(2) (in relation to an AUT) a sub- register to the register, which subregister records <i>persons</i> who subscribe to a <i>group plan</i> and for whom units in the AUT are held for the purposes of the plan by the <i>plan manager</i> or a nominee (other than any sub- register that has not been established and maintained in accordance with ■ COLL 6.4.4R (Register: general requirements and contents) or, as the case may be, CIS 6.5.4R (Requirement) or for the establishment of which no payments are to be made out of the <i>scheme property</i>).
<i>plan shares</i>	<i>shares</i> entered in a <i>plan register</i> under ■ CIS 6.5.4R(7) (Requirement).
<i>plan units</i>	<i>units</i> entered in a <i>plan register</i> under ■ CIS 6.5.4R(12) (Requirement).
<i>plastic card</i>	a card, or a token with an equivalent function, which a <i>customer</i> can use to pay for goods and services, or to obtain cash or both, such as a credit card, charge card, debit card, cash card or electronic purse.
PLC Safeguards Directive	the Second Council Directive of 13 December 1976 on coordination of safeguards for the protection of the interests of members and others in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent (No 77/91/EEC).
<i>policy</i>	(as defined in article 2 of the Financial Services and Markets Act 2000 (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361)) as the context requires: <ul style="list-style-type: none"> (a) a <i>contract of insurance</i>, including one under which an existing liability has already accrued; or (b) any instrument evidencing such a contract.
<i>policy document</i>	a <i>policy</i> in a <i>durable medium</i> .
<i>policy summary</i>	a summary of a <i>non-investment insurance contract</i> in a <i>durable medium</i> containing the information specified in ICOB 5.5.5R.
<i>policyholder</i>	(as defined in article 3 of the Financial Services and Markets Act 2000 (Meaning of "Policy and "Policyholder") Order 2001 (SI 2001/2361)) the <i>person</i> who for the time being is the legal holder of the <i>policy</i> , including any <i>person</i> to whom, under the <i>policy</i> , a sum is due, a periodic payment is payable or any other benefit is to be provided or to whom such a sum, payment or benefit is contingently due, payable or to be provided.
<i>policyholder advocate</i>	the <i>person</i> appointed under COB 6.13.8R to negotiate with a <i>firm</i> on its proposals for making a <i>retribution</i> of its <i>inherited estate</i> .
POS Regulations	the Public Offers of Securities Regulations 1995 (SI 1995/1537).
<i>post</i>	(in relation to sending a <i>document</i> by post) sending pre-paid by a postal service which seeks to deliver <i>documents</i> by post within the <i>United Kingdom</i> no later than the next working day in all or the majority of cases, and to deliver by post

	outside the <i>United Kingdom</i> within such a period as is reasonable in all the circumstances.
<i>Post-BCCI Directive</i>	the European Parliament and Council Directive of 29 June 1995 amending certain directives with a view to reinforcing prudential supervision (No 95/26/EC).
<i>post-sale notice</i>	a notice of a right to cancel an <i>investment agreement</i> given under ■ COB 6.7.30R(2) (Giving the customer notice of a right to cancel).
<i>potential tier one instrument</i>	an item of capital that falls into PRU 2.2.27R.
<i>power of intervention</i>	the power conferred on the <i>FSA</i> under section 196 of the <i>Act</i> (The Power of Intervention) to impose a requirement on an <i>incoming firm</i> .
PPFM	<i>Principles and Practices of Financial Management</i> .
PR	the Prospectus Rules sourcebook.
<i>precious metals</i>	(in ■ COLL) gold, silver or platinum
<i>pre-sale notice</i>	a notice of a right to cancel an <i>investment agreement</i> given under ■ COB 6.7.30R(1) (Giving the customer notice of a right to cancel).
<i>predecessor scheme</i>	any of the following: <ul style="list-style-type: none"> (a) The Office of the Banking Ombudsman; (b) The Office of the Building Societies Ombudsman; (c) The Insurance Ombudsman Bureau; (d) The Office of the Investment Ombudsman; (e) The Personal Investment Authority Ombudsman Bureau; (f) The Personal Insurance Arbitration Service; (g) The Securities and Futures Authority Complaints Bureau and Arbitration Service; (h) The FSA Complaints Unit and Independent Investigator.
<i>preference share</i>	a <i>share</i> conferring preference as to income or return of capital which is not convertible into an <i>equity share</i> and does not form part of the <i>equity share capital</i> of a <i>company</i> .
<i>preliminary charge</i>	a <i>charge</i> upon a <i>sale</i> of <i>units</i> by an <i>authorised fund manager</i> whether or not acting as <i>principal</i> .
<i>premium</i>	(1) (except in <i>ICOB</i> and <i>CASS 5</i>) (in relation to a <i>general insurance contract</i>) the consideration payable under the contract by the <i>policyholder</i> to the <i>insurer</i> .

	<p>(2)</p> <p>(except in <i>ICOB</i> and <i>CASS 5</i>)</p> <p>(in relation to a <i>long-term insurance contract</i>)</p> <p>the consideration payable under the contract by the <i>policyholder</i> to the <i>insurer</i></p> <p>; (except in <i>SUP 16.8</i> (Persistency reports from insurers)) a premium is a regular premium if it is one of a series of payments under the contract:</p> <p>(2A) (in <i>ICOB</i> and <i>CASS 5</i>) as in (1) and (2) except that '<i>insurance undertaking</i>' is substituted for '<i>insurer</i>' (except where '<i>insurer</i>' is used in the heading to <i>SUP 16.8</i>).</p> <p>(a)</p> <p>(i) which are payable on dates that are certain or ascertainable at the time the contract is made;</p> <p>(ii) which are payable over a period that exceeds one year in length; and</p> <p>(iii) assuming the <i>policy</i> evidencing the contract is not surrendered or otherwise terminated before the <i>premiums</i> fall due, will fall due on those dates without either party to the contract exercising any option under the contract; or</p> <p>(b) of which the first payment is an obligation under the contract, and subsequent payments, calculated according to an agreed formula, are payable over a period which exceeds one year in length under a collateral written arrangement with the <i>insurer</i> or <i>friendly society</i>.</p> <p>(3) (in relation to an <i>option</i>) the total amount which the purchaser of the <i>option</i> is, or may be, required to pay in consideration for the right to exercise the <i>option</i>.</p>
<i>premiums amount</i>	(for the purposes of <i>PRU 7.2</i>), an amount, as defined in <i>PRU 7.2.45R</i> , used in the calculation of the <i>general insurance capital requirement</i> .
<i>prescribed market</i>	a market which has been prescribed by the Treasury in the <i>Prescribed Markets and Qualifying Investments Order</i>
<i>Prescribed Markets and Qualifying Investments Order</i>	the Financial Services and Markets Act 2000 (Prescribed Markets and Qualifying Investments) Order 2001 (SI 2001/996).
<i>prescribed pricing basis</i>	(in relation to a <i>derivative contract</i> , or <i>quasi-derivative contract</i>), the pricing basis set out in ■ <i>IPRU(INS) 4.12R(8)</i> (Derivative contracts) as that rule was in force on 30 December 2004 .
<i>previous regulator</i>	(1) (in relation to a <i>firm</i> which was authorised under the Banking Act 1987 immediately before <i>commencement</i> or which was a European institution (as defined in the Banking Coordination (Second Council Directive) Regulations 1992) immediately before <i>commencement</i>) the <i>FSA</i> .

	<p>(2) (in relation to a <i>firm</i> which was a <i>building society</i> immediately before <i>commencement</i>) the <i>Building Societies Commission</i>.</p> <p>(3) (in relation to a <i>firm</i> which was a <i>friendly society</i> immediately before <i>commencement</i>) the <i>Friendly Societies Commission</i>.</p> <p>(4) (in relation to a <i>firm</i> authorised under the Insurance Companies Act 1982 immediately before <i>commencement</i>) the Treasury.</p> <p>(5) (in relation to an <i>underwriting agent</i> which obtained the <i>permission</i> relevant to that category under the Financial Services and Markets Act 2000 (Repeals, Transitional Provisions and Savings) Order 2001 (SI 2001/2636)) the <i>Society of Lloyd's</i> .</p> <p>(6) (in relation to a <i>firm</i> which was authorised, or which was an <i>appointed representative</i> , under the Financial Services Act 1986 immediately before <i>commencement</i> or which was a European investment <i>firm</i> (as defined in the Investment Services Regulations 1995 (SI 1995/3275)) immediately before <i>commencement</i>) any of:</p> <ul style="list-style-type: none"> (a) <i>IMRO</i> ; (b) <i>PIA</i> ; (c) <i>SFA</i> ; (d) a <i>recognised professional body</i> ; and (e) the <i>FSA</i> ; <p>if the <i>firm</i> (or, if relevant, its principal for the purposes of section 44 of the Financial Services Act 1986) was subject in carrying on business to the rules, requirements, regulations or guidance of that body.</p> <p>(7) (in relation to an <i>ex-section 43 firm</i>) the <i>FSA</i> .</p>
price	(in relation to a unit in an ICVC or a single-priced AUT) the <i>price of the unit</i> calculated in accordance with ■ COLL 6.3 (Valuation and pricing) or, as the case may be, CIS 4 (Single pricing and dealing).
price information	<p>(in MCOB) information, in a <i>qualifying credit promotion</i> , that relates to:</p> <ul style="list-style-type: none"> (a) any rate of charge; or (b) the presence or absence of any payments, fees or charges (other than the fees for advising on or <i>arranging a regulated mortgage contract</i> as required by MCOB 3.6.27R); or (c) the amount, frequency or number of any payments, repayments, fees or charges; or (d) any monetary amounts.
price stabilising rules	the <i>rules</i> made under section 144 of the <i>Act</i> , and appearing in ■ MAR 2.1 to ■ MAR 2.4 , together with any other provisions available for their interpretation.
price taking system	an <i>ATS</i> that facilitates transactions by reference to prices established on a market or another <i>ATS</i> .
primary listed issuer	(in <i>LR</i>) an <i>issuer</i> with a <i>primary listing</i> of its <i>securities</i> .

<i>primary listing</i>	(in LR) a <i>listing</i> by the FSA by virtue of which the <i>issuer</i> is subject to the full requirements of the <i>listing rules</i> .
<i>primary pooling event</i>	<p>(1) (in CASS 4) an event that occurs in the circumstances described in CASS 4.4.5R (Failure of the authorised firm: primary pooling event).</p> <p>(2) (in CASS 5) an event that occurs in the circumstances described in CASS 5.6.5R (Failure of the authorised firm: primary pooling event).</p>
PRIN	the part of the <i>Handbook</i> in High Level Standards that has the title Principles for Businesses.
<i>principal</i>	<p>(1) in relation to a <i>person</i> :</p> <p>(a) a <i>person</i> acting on his own account;</p> <p>(b) (if the <i>person</i> is an <i>appointed representative</i>) the <i>authorised person</i> who is party to a contract with the <i>appointed representative</i> resulting in him being exempt under section 39 of the <i>Act</i> (Exemption of <i>appointed representatives</i>).</p> <p>(2) in relation to an <i>option</i> , <i>future</i> or forward contract:</p> <p>(a) (except in the case of an <i>option</i> on a <i>future</i>) the amount of property or the value of the property which must be delivered in order to satisfy settlement of the <i>option</i> , <i>future</i> or forward contract;</p> <p>(b) (in relation to an <i>option</i> on a <i>future</i>) the amount of property or the value of the property which must be delivered in order to satisfy settlement of the <i>future</i> .</p>
<i>Principle</i>	one of the Principles set out in PRIN 2.1.1R (Principles for Businesses).
<i>Principles and Practices of Financial Management</i>	the Principles and Practices of Financial Management which a <i>firm</i> carrying on <i>with-profits business</i> must establish, maintain and record under ■ COB 6.10 (Principles and Practices of Financial Management).
<i>private customer</i>	<p>(1) (except in ■ COB 3 , COB 4.2 and COB 6.4) a <i>client</i> who is not a market counterparty or an <i>intermediate customer</i>, including:</p> <p>(a) an individual who is not a <i>firm</i> ;</p> <p>(b) an overseas individual who is not an <i>overseas financial services institution</i> ;</p> <p>(c) [deleted]</p> <p>(d) (except for the purposes of ■ DISP) a <i>client</i> when he is classified as a <i>private customer</i> in accordance with ■ COB 4.1.14R (Client classified as a private customer);</p> <p>(e) a <i>person</i> to whom a <i>firm</i> provides basic advice on stakeholder products ;</p> <p>(f) (in COB 6.1 to 6.5) where the <i>regulated activity</i> (except for a personal recommendation relating to a contribution to a CTF) relates to a CTF and there is no <i>registered contact</i> , the <i>person</i> to whom the annual statement must be sent in accordance with Regulation 10 of the CTF Regulations;</p>

private person

(g) (in COB 6.7) where the *regulated activity* (except for a personal recommendation relating to a contribution to a CTF) relates to a CTF and there is no *registered contact*, the child, via the person to whom the annual statement must be sent in accordance with Regulation 10 of the CTF Regulations;

(h) a *client* who would otherwise be excluded as a market counterparty or *intermediate customer* if the *client* is within (e), (f) or (g);

but excluding a *client*, who would otherwise be a *private customer*:

(i) when he is classified as an *intermediate customer* in accordance with ■ COB 4.1.9R (Expert private customer classified as an intermediate customer); or

(ii) when the *regulated activity* relates to a CTF, any person other than (e), (f), (g) or (h).

(2) (in ■ COB 3) a *person* in (1) or a *person* excluded under (1)(h)(ii) or a *person* who would be such a *person* if he were a *client*.

(in COB 4.2 and 6.1 to 6.5) a *person* in (1) and, in relation to the conclusion of a *distance contract*, a *retail customer*.

(3) (in and to) a *person* in (1) and, in relation to the conclusion of a *distance contract*, a *retail customer*.

(as defined in article 3 of the Financial Services and Markets Act 2000 (Rights of Action) Regulations 2000 (SI 2001/2256)):

(a) any individual, unless he suffers the loss in question in the course of carrying on:

(i) any *regulated activity*; or

(ii) any activity which would be a *regulated activity* apart from any exclusion made by article 72 of the *Regulated Activities Order* (Overseas persons); and

(b) any *person* who is not an individual, unless he suffers the loss in question in the course of carrying on business of any kind;

but not including a government, a local authority (in the *United Kingdom* or elsewhere) or an international organisation; for the purposes of (a), an individual who suffers loss in the course of *effecting or carrying out contracts of insurance* written at Lloyd's is not to be taken to suffer loss in the course of carrying on a *regulated activity*; in this definition:

(A) "government" means:

(I) the government of the *United Kingdom*; or

(II) the Scottish Administration; or

(III) the Executive Committee of the Northern Ireland Assembly; or

(IV) the National Assembly for Wales; or

(V) the government of any country or territory outside the *United Kingdom*;

	<p>(B) "international organisation" means any international organisation the members of which include the <i>United Kingdom</i> or any other State;</p> <p>(C) "local authority", in relation to the <i>United Kingdom</i>, means:</p> <p>(I) in England and Wales, a local authority as defined in the Local Government Act 1972, the Greater London Authority, the Common Council of the City of London or the Council of the Isles of Scilly;</p> <p>(II) in Scotland, a local authority as defined in the Local Government (Scotland) Act 1973; and</p> <p>(III) in Northern Ireland, a district council as defined in the Local Government Act (Northern Ireland) 1972.</p>
<i>probable reserves</i>	<p>(in LR):</p> <p>(a) in respect of mineral companies primarily involved in the <i>extraction</i> of oil and gas resources, those reserves which are not yet proven but which, on the available evidence and taking into account technical and economic factors, have a better than 50% chance of being produced; and</p> <p>(b) in respect of mineral companies other than those primarily involved in the <i>extraction</i> of oil and gas resources, those measured and/or indicated mineral resources, which are not yet proven but of which detailed technical and economic studies have demonstrated that <i>extraction</i> can be justified at the time of the determination and under specified economic conditions.</p>
<i>procuration fee</i>	the total amount paid by a <i>mortgage lender</i> to a <i>mortgage intermediary</i> , whether directly or indirectly, in connection with providing applications from <i>customers</i> to enter into <i>regulated mortgage contracts</i> with that <i>mortgage lender</i> .
<i>product provider</i>	<p>(1) (except in <i>ICOB</i>) a <i>firm</i> which is:</p> <p>(i) a <i>long-term insurer</i>;</p> <p>(ii) a <i>friendly society</i>;</p> <p>(iii) the operator of a <i>regulated collective investment scheme</i> or an <i>investment trust savings scheme</i>.</p> <p>(2) (in <i>ICOB</i>) in relation to a <i>non-investment insurance contract</i>, an <i>insurer</i> not acting as an <i>insurance intermediary</i>.</p>
PROF	the Professional Firms sourcebook.
<i>professional firm</i>	<p>a <i>person</i> which is:</p> <p>(a) an individual who is entitled to practise a profession regulated by a <i>designated professional body</i> and, in practising it, is subject to its rules, whether or not he is a member of that body; or</p> <p>(b) a <i>person</i> (not being an individual) which is controlled and managed by one or more such individuals.</p>
<i>profit estimate</i>	(in PR and LR) (as defined in the <i>PD Regulation</i>) a profit forecast for a financial period which has expired and for which results have not yet been published.

<i>profit forecast</i>	(in <i>PR</i> and <i>LR</i>) (as defined in the <i>PD Regulation</i>) a form of words which expressly states or by implication indicates a figure or a minimum or maximum figure for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that period, or contains data from which a calculation of such a figure for future profits or losses may be made, even if no particular figure is mentioned and the word "profit" is not used.
<i>prohibited period</i>	(in <i>LR</i>) as defined by paragraph 1(e) of the <i>Model Code</i> .
<i>prohibition order</i>	an order made by the <i>FSA</i> under section 56 of the <i>Act</i> (Prohibition orders) which prohibits an individual from performing a specified function, any function falling within a specified description or any function.
<i>projection</i>	a projection of the amount of any future benefit payable under a contract or <i>policy</i> , being a benefit the amount of which is not ascertainable under the terms of the contract or <i>policy</i> when the calculation is made.
<i>projection date</i>	the date to which the <i>projection</i> is made.
<i>property</i>	(in <i>LR</i>) freehold, heritable or leasehold property.
<i>property collective investment undertaking</i>	(in <i>PR</i>) (as defined in the <i>PD Regulation</i>) a collective investment undertaking whose investment objective is the participation in the holding of property in the long term.
<i>property company</i>	(in <i>LR</i>) a <i>company</i> primarily engaged in <i>property</i> activities including: <ul style="list-style-type: none"> (a) the holding of <i>properties</i> (directly or indirectly) for letting and retention as investments; (b) the development of <i>properties</i> for letting and retention as investments; (c) the purchase and development of <i>properties</i> for subsequent sale; (d) the purchase of land for development <i>properties</i> for retention as investments.
<i>property enterprise trust</i>	an <i>unregulated collective investment scheme</i> of which the underlying assets are land and buildings.
<i>property investment company</i>	(1) (in ■ <i>CIS</i>) a <i>body corporate</i> , a substantial activity of which relates to <i>permitted immovables</i> (whether by way of investing, dealing in, developing, redeveloping or refurbishing them and whether directly or indirectly). (2) (in <i>LR</i>) an <i>investment company</i> or an <i>investment trust</i> which invests or intends to invest 20% or more of its gross assets directly in <i>property</i> and satisfies the requirements of LR 15.5 in addition to any other relevant requirements of LR 15.

<i>property related assets</i>	<p>(in ■ CIS):</p> <p>(a) <i>shares , debentures or warrants</i> which are issued by a <i>property investment company</i>;</p> <p>(b) <i>certificates representing certain securities</i> which confer rights in respect of an <i>investment</i> within (a).</p>
<i>property scheme</i>	(in ■ CIS) an authorised fund dedicated to <i>permitted immovables</i> and <i>property related assets</i> , whether with or without <i>transferable securities</i> .
<i>property-linked benefits</i>	benefits other than <i>index-linked benefits</i> provided for under a <i>linked long-term contract of insurance</i> .
<i>property valuation report</i>	(in LR) a <i>property valuation report</i> prepared by an independent expert in accordance with the Appraisal and Valuation Standards (5th edition) issued by the Royal Institution of Chartered Surveyors.
<i>property-linked liabilities</i>	insurance liabilities in respect of <i>property-linked benefits</i> .
<i>proportional reinsurance treaty</i>	a reinsurance treaty under which a pre-determined proportion of each <i>claim</i> payment by the cedant under <i>policies</i> subject to the treaty is recoverable from the reinsurer; <i>non-proportional reinsurance treaty</i> is construed accordingly.
<i>prospectus</i>	(1) (in LR and PR and FEES) a <i>prospectus</i> required under the <i>prospectus directive</i> . (2) (except in LR and PR) (in relation to a collective investment scheme) a document containing information about the scheme and complying with the requirements in ■ COLL 4.2.5R (Table: contents of the prospectus), ■ COLL 8.3.4R (Table: contents of qualified investor scheme prospectus); ■ COLL 9.3.2R (Additional information required in the prospectus for an application under section 272) or, as the case may be, ■ CIS 3 or ■ CIS 17 applicable to a <i>prospectus</i> of a <i>scheme</i> of the type concerned.
<i>Prospectus Directive</i>	the Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (No 2003/71/EC).
<i>Prospectus Rules</i>	(as defined in section 73A(4) of the Act) rules expressed to relate to <i>transferable securities</i> .
<i>protected claim</i>	a <i>claim</i> which is covered by the <i>compensation scheme</i> , as defined in ■ COMP 5.2.1R.
<i>protected contract of insurance</i>	a <i>contract of insurance</i> which is covered by the <i>compensation scheme</i> , as defined in ■ COMP 5.4.1R.
<i>protected deposit</i>	a <i>deposit</i> which is covered by the <i>compensation scheme</i> , as defined in ■ COMP 5.3.1R.

<i>protected investment business</i>	<i>designated investment business</i> which is covered by the <i>compensation scheme</i> , as defined in ■ COMP 5.5.1R.
<i>protected items</i>	<p>(as defined in section 413 of the <i>Act</i> (Protected items)) communications (and items which they enclose or refer to and which are in the possession of a <i>person</i> entitled to possession of them) between:</p> <p>(a) a professional legal adviser and his client or any <i>person</i> representing his client; or</p> <p>(b) a professional legal adviser, his client or any <i>person</i> representing his client and any other <i>person</i> ;</p> <p>where the communication or the item is made:</p> <p>(i) in connection with the giving of legal advice to the client; or</p> <p>(ii) in connection with, or in contemplation of, legal proceedings and for the purposes of those proceedings; and</p> <p>is not held with the intention of furthering a criminal purpose.</p>
<i>protected mortgage business</i>	activities in relation to <i>regulated mortgage contracts</i> which are covered by the <i>compensation scheme</i> , as defined in COMP 5.6.1R.
<i>protected non-investment insurance mediation</i>	<i>insurance mediation activities</i> which are covered by the <i>compensation scheme</i> , as defined in COMP 5.7.1R.
<i>proven reserves</i>	<p>(in LR):</p> <p>(a) in respect of mineral companies primarily involved in the <i>extraction</i> of oil and gas resources, those reserves which, on the available evidence and taking into account technical and economic factors, have a better than 90% chance of being produced; and</p> <p>(b) in respect of mineral companies other than those primarily involved in the <i>extraction</i> of oil and gas resources, those measured mineral resources of which detailed technical and economic studies have demonstrated that <i>extraction</i> can be justified at the time of the determination, and under specified economic conditions.</p>
<i>providing basic advice on a stakeholder product</i>	the <i>regulated activity</i> , specified in article 52B of the <i>Regulated Activities Order</i> (providing basic advice on stakeholder products), which is in summary, advising on certain relatively low cost products by means of questions.
<i>providing qualifying credit</i>	the <i>controlled activity</i> , specified in paragraph 10 of Schedule 1 to the <i>Financial Promotion Order</i> , of providing <i>qualifying credit</i> .

<i>proxy capital resources requirement</i>	the <i>minimum capital requirement</i> to which an <i>undertaking</i> would have been subject if it had <i>permission</i> for each activity it carries on anywhere in the world, so far as that activity is a <i>regulated activity</i> .
PRU	the Integrated Prudential Sourcebook
<i>prudential context</i>	in relation to activities carried on by a <i>firm</i> , the context in which the activities have, or might reasonably be regarded as likely to have, a negative effect on: <ul style="list-style-type: none"> (a) confidence in the <i>financial system</i> ; or (b) the ability of the <i>firm</i> to meet either: <ul style="list-style-type: none"> (i) the "fit and proper" test in <i>threshold condition 5</i> (Suitability); or (ii) the applicable requirements and standards under the <i>regulatory system</i> relating to the <i>firm's</i> financial resources.
<i>public announcement</i>	any communication made by or on behalf of the <i>issuer</i> or the <i>stabilising manager</i> being a communication made in circumstances in which it is likely that members of the public will become aware of the communication.
<i>public international body</i>	<p>(1) (in <i>PR</i>) (as defined in the <i>PD Regulation</i>) a legal entity of public nature established by an international treaty between sovereign States and of which one or more Member States are members.</p> <p>(2) (in <i>LR</i> and <i>DR</i>)</p> <p>the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the Council of Europe Resettlement Fund, the European Atomic Energy Community, the European Bank for Reconstruction and Development, the European Coal and Steel Community, the European Company for the Financing of Railroad Stock, the European Economic Community, the European Investment Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Monetary Fund and the Nordic Investment Bank.</p>
<i>public offer</i>	an offer of <i>securities</i> to the public and described in the <i>POS Regulations</i> .
<i>public sector issuer</i>	states and their regional and local authorities, <i>state monopolies</i> , <i>state finance organisations</i> , <i>public international bodies</i> , statutory bodies and OECD <i>state guaranteed issuers</i> .
<i>published recommendation</i>	any publication by or on behalf of a <i>firm</i> (including publication by sound broadcasting or television or other electronic means) which contains: <ul style="list-style-type: none"> (a) the results of research into <i>investments</i> ; or (b) analysis of factors likely to influence the future performance of <i>investments</i> ; or (c) advice or recommendations based on those results or analysis, including any communication of which the content is common to a

	<p>number of communications although worded as if it were a <i>personal recommendation</i>.</p>
<p><i>pure protection contract</i></p>	<p>a <i>long-term insurance contract</i> in respect of which the following conditions are met:</p> <p>(a) the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity;</p> <p>(b) the contract provides that benefits are payable on death (other than death due to an accident) only where the death occurs within ten years of the date on which the life of the person in question was first insured under the contract, or where the death occurs before that person attains a specified age not exceeding seventy years;</p> <p>(c) the contract has no surrender value, or the consideration consists of a single premium and the surrender value does not exceed that premium;</p> <p>(d) the contract makes no provision for its conversion or extension in a manner which would result in it ceasing to comply with any of (a), (b) or (c); and</p> <p>(e) the contract is not a reinsurance contract.</p>
<p><i>pure reinsurer</i></p>	<p>an <i>insurer</i> whose <i>insurance business</i> is restricted to reinsurance.</p>

<i>railway rolling stock</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 5 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against loss of or damage to railway rolling stock.
<i>range</i>	see <i>range of packaged products</i> and <i>range of stakeholder products</i> .
<i>range of packaged products, range</i>	(in relation to a <i>firm</i>) the range of packaged products on which the <i>firm</i> gives <i>advice on investments to private customers</i> (see COB 5.1.6AR) or if appropriate the list of packaged products in which the <i>firm</i> deals.
<i>range of stakeholder products, range</i>	(in relation to a <i>firm</i>) the range of <i>stakeholder products</i> on which the <i>firm</i> gives advice (see COB 5A.3.2R);
RCH	a <i>recognised clearing house</i> .
RDC	<i>Regulatory Decisions Committee</i> .
<i>readily realisable investment</i>	<ul style="list-style-type: none"> (a) a packaged product; (b) a <i>readily realisable security</i>.
<i>readily realisable security</i>	<ul style="list-style-type: none"> (a) a <i>government or public security</i> denominated in the currency of the country of its <i>issuer</i>; (b) any other <i>security</i> which is: <ul style="list-style-type: none"> (i) admitted to official listing on an exchange in an <i>EEA State</i> ; or (ii) regularly traded on or under the rules of such an exchange; or (iii) regularly traded on or under the rules of a <i>recognised investment exchange</i> or (except in relation to <i>unsolicited real time financial promotions</i>) <i>designated investment exchange</i> ; (c) a newly issued <i>security</i> which can reasonably be expected to fall within (b) when it begins to be traded.
<i>real estate market adjustment ratio</i>	has the meaning set out, in relation to the <i>resilience capital requirement</i> , in PRU 4.2.21R.
<i>real time financial promotion</i>	(in accordance with article 7(1) of the <i>Financial Promotion Order</i>) (as more fully described in ■ COB 3.5.5R ("Real time" and "non-real time" financial promotions) and AUTH 1.10 (Types of financial promotion))) a <i>financial promotion</i> made in the course of a personal visit, telephone conversation or other interactive dialogue.
<i>real time qualifying credit promotion</i>	(in accordance with article 7(1) of the <i>Financial Promotion Order</i>) (as more fully described in MCOB 3.5.5R ('Real time' and 'non-real time' qualifying credit promotions)) a <i>qualifying credit promotion</i> made in the course of a personal visit, telephone conversation or other interactive dialogue.

<i>realistic basis life firm</i>	a firm to which PRU 2.1.15R applies (and which is therefore required to calculate a <i>with-profits insurance capital component</i> in accordance with PRU 7.4).
<i>realistic current liabilities</i>	(in relation to a <i>with-profits fund</i>) the realistic current liabilities of the <i>with-profits fund</i> calculated in accordance with PRU 7.4.190R.
<i>realistic excess capital</i>	(in relation to a <i>with-profits fund</i>) the excess, if any, of the <i>realistic value of assets</i> for the <i>with-profits fund</i> over the sum of the <i>realistic value of liabilities</i> and the <i>risk capital margin</i> for that fund, calculated in accordance with PRU 7.4.32R.
<i>realistic value of assets</i>	(in relation to a <i>with-profits fund</i>) has the meaning set out in PRU 7.4.33R.
<i>realistic value of liabilities</i>	(in relation to a <i>with-profits fund</i>) the sum of the <i>with-profits benefit reserve</i> , the <i>future policy related liabilities</i> and the <i>realistic current liabilities</i> for the <i>with-profits fund</i> .
<i>retribution</i>	the process under which a firm which carries on <i>with-profits business</i> seeks to redefine the rights and interests that the <i>with-profits policyholders</i> have over the <i>inherited estate</i> .
<i>retribution expert</i>	the expert appointed by a firm to satisfy its obligations under COB 6.13.22R.
REC	the Recognised Investment Exchange and Recognised Clearing House sourcebook.
<i>receivable</i>	(in ■ LLD) (in relation to a <i>member</i> , a period and a <i>premium</i>) a <i>premium</i> due to the <i>member</i> in respect of <i>contracts of insurance</i> effected during the period, whether or not the <i>premium</i> is received during that period.
<i>recognised body</i>	an RIE or an RCH.
<i>recognised clearing house</i>	a <i>clearing house</i> which is declared by a <i>recognition order</i> for the time being in force to be a recognised clearing house.
<i>recognised investment exchange</i>	an investment exchange which is declared by a <i>recognition order</i> for the time being in force to be a recognised investment exchange.
<i>recognised overseas clearing house</i>	an <i>overseas clearing house</i> which is declared by a <i>recognition order</i> for the time being in force to be a recognised clearing house.
<i>recognised overseas investment exchange</i>	an <i>overseas investment exchange</i> which is declared by a <i>recognition order</i> for the time being in force to be a recognised investment exchange.

recognised professional body

any of the following professional bodies (which were the recognised professional bodies for the purposes of the Financial Services Act 1986):

- (a) The Law Society (England and Wales);
- (b) The Law Society of Scotland;
- (c) The Law Society of Northern Ireland;
- (d) The Institute of Chartered Accountants in England and Wales;
- (e) The Institute of Chartered Accountants of Scotland;
- (f) The Institute of Chartered Accountants in Ireland;
- (g) The Association of Chartered Certified Accountants;
- (h) The Institute of Actuaries.

(see also *designated professional body*.)

recognised scheme

a *scheme* recognised under:

- (a) section 264 of the *Act* (Schemes constituted in other EEA States); or
- (b) section 270 of the *Act* (Schemes authorised in designated countries or territories); or
- (c) section 272 of the *Act* (Individually recognised overseas schemes).

recognised third country investment firm

(in ■ ELM) an *investment firm* that:

- (a) is subject to the prudential rules of one of the *regulatory bodies* in Appendix C in section 10 of chapter CS of ■ IPRU(BANK) ; and
- (b) has its registered office (or, if it has no registered office, its head office) in the state in which that *regulatory body* is established.

recognition order

(in accordance with section 313 of the *Act* (Interpretation of Part XVIII)) an order made under section 290 or 292 of the *Act* which declares an investment exchange or *clearing house* to be a *recognised body*.

recognition requirement

- (1) (in relation to a UK RIE or UK RCH) any of the requirements applicable to that body under the Recognition Requirements Regulations.
- (2) (in relation to a body applying for recognition as a UK RIE or UK RCH) any of the requirements under the Recognition Requirements Regulations which, if its application were successful, would apply to it.
- (3) (in relation to an ROIE or ROCH , or to an applicant for recognition as an ROIE or ROCH) any of the requirements in section 292(3) of the *Act* (Overseas investment exchanges and overseas clearing houses).

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Recognition Requirements

the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses)

Regulations

Regulations 2001 (SI 2001/995).

<i>redemption</i>	<p>(1) (except in <i>ENF 17</i> (Collective investment schemes)) (in relation to <i>units in an authorised fund</i>) the purchase of them from their holder by the authorised fund manager acting as a <i>principal</i> .</p> <p>(2) (in <i>ENF 17</i> (Collective investment schemes)) redemption as in (1) but including their cancellation by the <i>trustee</i> of an <i>AUT</i> or by an <i>ICVC</i> .</p>
<i>redemption charge</i>	<p>an amount levied by the operator of a scheme upon the redemption of units, in the case of an authorised fund under:</p> <p>(a) <i>COLL 6.7.7R</i> (Charges on buying and selling units); or</p> <p>(b) <i>CIS 8.2.7R</i> (<i>Redemption charge : ICVCs</i>); or</p> <p>(c) <i>CIS 8.5.2R</i> (<i>Redemption charge : single-priced AUTs</i>); or</p> <p>(d) <i>CIS 15.4.10R</i> (<i>Redemption charge</i>).</p>
<i>redemption price</i>	the authorised fund manager's price for <i>redemption</i> under ■ <i>CIS 15.4.9R</i> (Redemption price parameters).
<i>redemption right</i>	(in relation to an <i>e-money firm</i>) the right of a holder of <i>e-money</i> to require the <i>e-money firm</i> to redeem that <i>e-money</i> that corresponds to the duty of the <i>e-money firm</i> in ■ <i>ELM 6.3.1R</i> (Duty to redeem) to redeem <i>e-money</i> issued by it.
<i>register</i>	<p>(1) (in <i>PR</i>) the register of qualified investors maintained by the <i>FSA</i> under section 87R of the <i>Act</i>. (2) (in <i>CIS</i>) the register of holders kept under Schedule 3 to the <i>OEIC Regulations</i> or ■ <i>CIS 6.2.1R</i> (Basic requirements) or, in relation to a <i>collective investment scheme</i> that is not an <i>authorised fund</i> , a record of the holders (other than of <i>bearer certificates</i>) of <i>units</i> in it. (3) (in <i>COLL</i>) the register of <i>unitholders</i> kept under Schedule 3 to the <i>OEIC Regulations</i> or <i>COLL 6.4.4R</i> (Register: general requirements and contents), or <i>COLL 8.5.8R</i> (The register of unitholders: <i>AUTs</i>) as appropriate or, in relation to a <i>collective investment scheme</i> that is not an <i>authorised fund</i>, a record of the holders (other than of <i>bearer certificates</i>) of <i>units</i> in it.</p>
<i>registered branch</i>	a branch of a <i>friendly society</i> which is separately registered under the <i>Friendly Societies Act 1974</i> .
<i>registered contact</i>	(as defined in regulation 8(1)(d) of the <i>CTF Regulations</i>) the person who is capable of giving instructions to the <i>CTF provider</i> with respect to the management of the <i>CTF</i> .
<i>registered friendly society</i>	a <i>friendly society</i> registered under section 7(1)(a) of the <i>Friendly Societies Act 1974</i> or any enactment which it replaced, including any registered branches.
<i>registrar</i>	the person who maintains a <i>register</i> .
<i>registration document</i>	(in <i>Part 6 rules</i>) a registration document referred to in <i>PR 2.2.2R</i> .
<i>regular user</i>	(as defined in section 130A(3) of the <i>Act</i> (Market abuse)) a person who is, in relation to a particular market, a reasonable person who regularly deals on that market in <i>investments</i> of the kind in question.

Regulated Activities Order

the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).

regulated activity

(in accordance with section 22 of the *Act* (The classes of activity and categories of investment)) any of the following activities specified in Part II of the *Regulated Activities Order* (Specified Activities):

- (a) *accepting deposits* (article 5);
- (aa) *issuing electronic money* (article 9B);
- (b) *effecting contracts of insurance* (article 10(1));
- (c) *carrying out contracts of insurance* (article 10(2));
- (d) *dealing in investments as principal* (article 14);
- (e) *dealing in investments as agent* (article 21);
- (f) *arranging (bringing about) deals in investments* (article 25(1));
- (g) *making arrangements with a view to transactions in investments* (article 25(2));
- (ga) *arranging (bringing about) regulated mortgage contracts* (article 25A(1));
- (gb) *making arrangements with a view to regulated mortgage contracts* (article 25A(2));
- (h) *managing investments* (article 37);
- (i) *safeguarding and administering investments* (article 40); for the purposes of the *permission regime*, this is sub-divided into:
 - (i) *safeguarding and administration of assets (without arranging)* ;
 - (ii) *arranging safeguarding and administration of assets* ;
- (j) *sending dematerialised instructions* (article 45(1));
- (ha) *assisting in the administration and performance of a contract of insurance* (article 39A);
- (k) *causing dematerialised instructions to be sent* (article 45(2));
- (l) *establishing, operating or winding up a collective investment scheme* (article 51(1)(a)); for the purposes of the *permission regime*, this is sub-divided into:
 - (i) *establishing, operating or winding up a regulated collective investment scheme* ;
 - (ii) *establishing, operating or winding up an unregulated collective investment scheme* ;
- (m) *acting as trustee of an authorised unit trust scheme* (article 51(1)(b));
- (n) *acting as the depositary or sole director of an open-ended investment company* (article 51(1)(c));
- (o) *establishing, operating or winding up a stakeholder pension scheme* (article 52);
- (oa) *providing basic advice on a stakeholder product* (article 52B);

	<p>(p) <i>advising on investments</i> (article 53); for the purposes of the <i>permission regime</i>, this is sub-divided into:</p> <p>(i) <i>advising on investments</i> (except pension transfers and pension opt-outs);</p> <p>(ii) <i>advising on pension transfers and pension opt-outs</i> ;</p> <p>(pa) <i>advising on regulated mortgage contracts</i> (article 53A);</p> <p>(q) <i>advising on syndicate participation at Lloyd's</i> (article 56);</p> <p>(r) <i>managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's</i> (article 57);</p> <p>(s) <i>arranging deals in contracts of insurance written at Lloyd's</i> (article 58);</p> <p>(sa) <i>entering into a regulated mortgage contract</i> (article 61(1));</p> <p>(sb) <i>administering a regulated mortgage contract</i> (article 61(2));</p> <p>(t) <i>entering as provider into a funeral plan contract</i> (article 59);</p> <p>(u) <i>agreeing to carry on a regulated activity</i> (article 64);</p> <p>which is carried on by way of business and relates to a <i>specified investment</i> applicable to that activity or, in the case of (l), (m), (n) and (o), is carried on in relation to property of any kind.</p>
<i>regulated activity debt</i>	<p>an obligation to pay a sum due and payable under an agreement, the making or performance of which constitutes or is part of a <i>regulated activity</i> carried on by an individual who:</p> <p>(a) is, or has been, an <i>authorised person</i> ; or</p> <p>(b) is carrying on, or has carried on, a <i>regulated activity</i> in contravention of the <i>general prohibition</i> .</p>
<i>regulated collective investment scheme</i>	<p>(a) an <i>ICVC</i> ; or</p> <p>(b) an <i>AUT</i> ; or</p> <p>(c) a <i>recognised scheme</i> ;</p> <p>whether or not the <i>units</i> are held within a <i>PEP</i> , <i>ISA</i> , or <i>pension contract</i> .</p>
<i>regulated entity</i>	<p>one of the following:</p> <p>(a) a <i>credit institution</i> ; or</p> <p>(b) a <i>regulated insurance entity</i>; or</p> <p>(c) an <i>investment firm</i> ;</p> <p>whether or not it is incorporated in, or has its head office in, an <i>EEA State</i> . An <i>asset management company</i> is treated as a regulated entity for the purposes described in PRU 8.4.39R (The financial sectors: <i>asset management companies</i>).</p>
<i>regulated information</i>	<p>(in <i>PR</i>) (as defined in the <i>PD Regulation</i>) all information which the issuer, or any person who has applied for the admission of securities to trading on a regulated market without the issuer's consent, is required to disclose under Directive 2001/34/EC or under Article 6 of Directive 2003/6/EC.</p>

regulated institution

any of the following:

- (a) an EEA insurer or UK insurer; or
- (b) an approved credit institution ; or
- (c) a friendly society (not within (a)) which is authorised to carry on insurance business ; or
- (d) a firm whose permission includes dealing in investments as principal with respect to derivatives which are not listed ; or
- (e) an ISD investment firm whose authorisation (as referred to in article 3 of the ISD) authorises it to carry on activities of the kind referred to in (d).

regulated insurance entity

an insurance undertaking within the meaning of Article 4 of the Consolidated Life Directive , Article 6 of the First Non-Life Directive or Article 1(b) of the Insurance Groups Directive.

regulated lifetime mortgage contract

a regulated mortgage contract which is a lifetime mortgage.

regulated market

(1)

(a) (as defined in article 1 of the ISD) a market for the instruments listed in Section B of the Annex to the ISD which:

- (i) appears on the list of such markets drawn up by the market's Home State as required by article 16 of the ISD;
- (ii) functions regularly;
- (iii) is characterised by the fact that regulations issued or approved by the competent authorities define the conditions for the operation of the market, the conditions for access to the market and, where Directive 79/279/EEC is applicable, the conditions governing admission to listing imposed in that Directive and, where that Directive is not applicable, the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market; and
- (iv) requires compliance with all the reporting and transparency requirements laid down by articles 20 and 21 of the ISD;

(see Tables 1 and 2 of SUP 17 Ann 5G for an indicative list of these markets); and

(b) (in SUP 17 and, unless the context otherwise requires, elsewhere in the Handbook) a market notified under article 16 of the ISD , as included in point 30b of Annex IX to the Agreement of the European Economic Area, to the Standing Committee of the EFTA States as defined in that agreement;

(see Tables 3 and 4 of SUP 17 Ann 5G for an indicative list of these markets).

(2) (in PRU)

*regulated
mortgage
activity*

*regulated
mortgage
contract*

:

(a)

a market as defined in (1); and

(b)

a market situated outside the *EEA States* which is characterised by the fact that:

(i)

it meets comparable requirements to those set out in (1)(a)(ii), (iii) and (iv); and

(ii)

the *financial instruments* dealt in are of a quality comparable to those in a regulated market in the *United Kingdom*.

any of the following activities specified in Part II of the *Regulated Activities Order* (Specified Activities):

(a) *arranging (bringing about) regulated mortgage contracts* (article 25A(1));

(b) *making arrangements with a view to regulated mortgage contracts* (article 25A(2));

(c) *advising on regulated mortgage contracts* (article 53A);

(d) *entering into a regulated mortgage contract* (article 61(1));

(e) *administering a regulated mortgage contract* (article 61(2));

(f) *agreeing to carry on a regulated activity in (a) to (e)* (article 64).

(a) (in relation to a contract) (in accordance with article 61(3) of the *Regulated Activities Order*) a contract which, at the time it is entered into, meets the following conditions:

(i) a lender provides credit to an individual or to trustees (the 'borrower'); and

(ii) the obligation of the borrower to repay is secured by a first legal mortgage on land (other than timeshare accommodation) in the *United Kingdom*, at least 40% of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a *person* who is in relation to the borrower or (in the case of credit provided to trustees) a beneficiary of the trust:

(A) that *person's* spouse

or civil partner

; or

(B) a *person* (whether or not of the opposite sex) whose relationship with that *person* has the characteristics of the relationship between husband and wife; or

	(C) that <i>person's</i> parent, brother, sister, child, grandparent or grandchild.
<i>regulated related undertaking</i>	<p>(b) (in relation to a <i>specified investment</i>) the <i>investment</i> , specified in article 88 of the <i>Regulated Activities Order</i> , which is rights under a <i>regulated mortgage contract</i> within (a).</p> <p>a <i>related undertaking</i> that is any of the following:</p> <ul style="list-style-type: none"> (a) a <i>regulated entity</i> ; or (b) an <i>insurance undertaking</i> which is not a <i>regulated insurance entity</i> ; or (c) an <i>asset management company</i> ; or (d) a <i>financial institution</i> which is neither a <i>credit institution</i> nor an <i>investment firm</i> ; or (e) a <i>financial holding company</i> ; or (f) an <i>insurance holding company</i> .
<i>regulatory basis only life firm</i>	a <i>firm</i> carrying on long-term insurance business which is not a <i>realistic basis life firm</i> .
<i>regulatory body</i>	any authority, body or <i>person</i> having, or who has had, responsibility for the supervision or regulation of any <i>regulated activities</i> or other financial services, whether in the <i>United Kingdom</i> or overseas.
<i>regulatory capital resources</i>	<p>(in ■ ELM) (in relation to a <i>full credit institution</i>) those parts of its capital that:</p> <ul style="list-style-type: none"> (a) are treated as capital for the purpose of the laws and regulations about the maintenance of adequate capital that apply to it (including those imposed by or under the <i>regulatory system</i> or by a <i>regulatory body</i>); and (b) fall within the definition of own funds in the <i>Banking Consolidation Directive</i> or that the <i>Banking Consolidation Directive</i> allows EEA States to treat as own funds.
<i>regulatory costs</i>	the periodic fees payable to the FSA by a <i>participant firm</i> in accordance with ■ FEES 4 (Periodic fees) .
<i>regulatory current liabilities</i>	(in relation to a <i>with-profits fund</i>) the regulatory current liabilities of the <i>with-profits fund</i> calculated in accordance with PRU 7.4.30R.
<div>PAGE R9</div> <i>Regulatory Decisions Committee</i>	a committee of the Board of the FSA, described in DEC 4.2 (The Regulatory Decisions Committee).
<i>regulatory excess capital</i>	(in relation to a <i>with-profits fund</i>) has the meaning set out in PRU 7.4.23R.

<i>regulatory function</i>	(as defined in section 291 of the <i>Act</i> (Liability in relation to <i>recognised body's</i> regulatory functions)) any function of a <i>recognised body</i> so far as relating to, or to matters arising out of, the obligations to which the body is subject under or by virtue of the <i>Act</i> .
<i>regulatory information service or RIS</i>	a Regulatory Information Service that is approved by the <i>FSA</i> as meeting the Primary Information Provider criteria and that is on the list of Regulatory Information Services maintained by the <i>FSA</i> .
<i>regulatory objectives</i>	(as described in sections 2(2) and 3 to 6 of the <i>Act</i>): <ul style="list-style-type: none"> (a) market confidence; (b) public awareness; (c) the protection of <i>consumers</i> ; and (d) the reduction of <i>financial crime</i> .
<i>regulatory provisions</i>	<ul style="list-style-type: none"> (a) (in accordance with section 302 of the <i>Act</i> (Interpretation)) (in relation to an investment exchange or <i>clearing house</i>) the rules of or any guidance issued by the investment exchange or <i>clearing house</i>; (b) (in relation to an investment exchange): <ul style="list-style-type: none"> (i) any arrangements which it has made, or proposes to make, for the provision of clearing services in respect of transactions effected on the exchange; and (ii) if it provides, or proposes to provide, clearing services on exchange, the criteria which it applies, or proposes to apply, when determining to whom it will provide those services; (c) (in relation to a <i>clearing house</i>): <ul style="list-style-type: none"> (i) if it makes, or proposes to make, clearing arrangements with an <i>RIE</i> , those arrangements; and (ii) if it provides, or proposes to provide, clearing services for <i>persons other than RIEs</i> , the criteria which it will apply when determining to whom it will provide those services.
<i>regulatory surplus</i>	(in relation to a long-term business fund , or sub-fund) the excess, if any, of the <i>regulatory value of assets</i> for the <i>with-profits fund</i> over the <i>regulatory value of liabilities</i> for that fund.
<i>regulatory surplus value</i>	has the meaning set out in PRU 1.3.36R.
<i>regulatory system</i>	the arrangements for regulating a <i>firm</i> or other <i>person</i> in or under the <i>Act</i> , including the <i>threshold conditions</i> , the <i>Principles</i> and other <i>rules</i> , the <i>Statements of Principle</i> , codes and guidance.
<i>regulatory value of assets</i>	(in relation to a <i>with-profits fund</i>) has the meaning set out in PRU 7.4.24R.

<i>regulatory value of liabilities</i>	(in relation to a <i>with-profits fund</i>) has the meaning set out in PRU 7.4.29R.
<i>reinsurance</i>	includes retrocession.
<i>reinsurance contract</i>	(in <i>ICOB</i> , <i>CASS 5</i> and <i>COMP</i>) a <i>contract of insurance</i> covering all or part of a risk to which a <i>person</i> is exposed under a <i>contract of insurance</i> .
<i>reinsurance mediation</i>	(as defined in article 2.4 of the <i>IMD</i>) the activities of introducing, proposing or carrying out other work preparatory to the conclusion of contracts of reinsurance, or of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim. These activities when undertaken by a <i>IMD reinsurance undertaking</i> or an employee of a <i>IMD reinsurance undertaking</i> who is acting under the responsibility of the <i>IMD reinsurance undertaking</i> shall not be considered as <i>reinsurance mediation</i> . The provision of information on an incidental basis in the context of another professional activity provided that the purpose of that activity is not to assist the customer in concluding or performing a reinsurance contract, the management of claims of a <i>IMD reinsurance undertaking</i> on a professional basis, and loss adjusting and expert appraisal of claims shall also not be considered as <i>reinsurance mediation</i> .
<i>reinsurance to close</i>	<p>(a) an agreement under which members of a <i>syndicate</i> in one <i>syndicate year</i> ("the reinsured members") agree with the members of that <i>syndicate</i> in a later <i>syndicate year</i> or the members of another <i>syndicate</i> ("the reinsuring members") that the reinsuring members will discharge, or procure the discharge of, or indemnify the reinsured members against, all known and unknown <i>insurance business</i> liabilities of the reinsured members arising out of the <i>insurance business</i> carried on by the reinsured members in that <i>syndicate year</i>; or</p> <p>(b) a similar reinsurance agreement or arrangement that has been approved by the <i>Council</i> as a reinsurance to close.</p>
<i>reinsurer</i>	an <i>insurance undertaking</i> whose business includes <i>effecting</i> or <i>carrying out</i> contracts of <i>reinsurance</i> ; includes a retrocessionaire.
<i>related designated investment</i>	<p>(in relation to a <i>designated investment</i> (the "first investment")) a <i>designated investment</i> whose value might reasonably be expected to be directly affected by:</p> <p>(a) any fluctuation in the value of the first investment; or</p> <p>(b) any <i>published recommendation</i> that concerns the first investment.</p>
<i>related investment</i>	(as defined in section 130A(3) of the <i>Act</i>) in relation to a <i>qualifying investment</i> , means an investment whose price or value depends on the price or value of the <i>qualifying investment</i> .
<i>related party</i>	(in <i>LR</i>) as defined in LR 11.1.4R.
<i>related party circular</i>	(in <i>LR</i>) a <i>circular</i> relating to a <i>related party transaction</i> .
<i>related party transaction</i>	(in <i>LR</i>) as defined in LR 11.1.5R.

related undertaking

in relation to an *undertaking* ("U"):

- (a) any *subsidiary undertaking* of U; or
- (b) any *undertaking* in which U or any of U's *subsidiary undertakings* holds a participation; or
- (c) any *undertaking* linked to U by a *consolidation Article 12(1) relationship* ; or
- (d) any *undertaking* linked by a *consolidation Article 12(1) relationship* to an *undertaking* in (a), (b) or (c).

relevant business

(in ■ DISP) that part of a *firm's* business which it conducts with private individuals and which is subject to the jurisdiction of the *Financial Ombudsman Service* as provided for in ■ DISP 2.6 (To which activities do the rules apply?), measured by reference to the appropriate tariff-base for each *industry block*.

relevant capital sum

for the purposes of PRU 7.3.43R, the sum under a *contract of insurance* which is:

- (a) unless (b) applies:
 - (i) for whole life assurances, the sum assured;
 - (ii) for *contracts of insurance* where a sum is payable on maturity (including contracts where a sum is also payable on earlier death), the sum payable on maturity;
 - (iii) for deferred annuities, the capitalised value of the annuity at the vesting date (or the cash option if it is greater);
 - (iv) for *capital redemption* contracts, the sum payable at the end of the contract period; and
 - (v) for linked long-term contracts of insurance , notwithstanding (i) to (iv), the lesser of:
 - (A) the amount for the time being payable on death; and
 - (B) the aggregate of the value for the time being of the units allocated to the contract (or, where entitlement is not denoted by means of units, the value for the time being of any other measure of entitlement under the contract equivalent to units) and the total amount of the *premiums* remaining to be paid during such of the term of the contract as is appropriate for *zillmerising* or, if such *premiums* are payable beyond the age of seventy-five, until that age;

but excluding in all cases any vested reversionary bonus; and

- (b) for temporary assurances, the sum assured on the *actuarial valuation date*.

relevant charitable scheme

an *authorised fund* which is:

- (a) a registered charity; or
- (b) a charitable unit trust scheme under regulation 7(2)(d) of the Income Tax (Definition of Unit Trust Scheme) Regulations 1988.

relevant collateral

in relation to a transaction:

- (a) cash;
- (b) letters of credit and guarantees to the extent of their face value, issued by an *approved bank* which is neither a counterparty nor an *associate* of a counterparty;
- (c) gold and silver bullion and coinage;
- (d) marketable investments;
- (e) the performance guarantees issued in support of the securities lending and borrowing programmes of Euroclear and Cedel, in respect only of *exposure* arising from participation in such programmes;

subject in each case to:

- (i) the *firm* having an unconditional right to apply or realise the relevant collateral for the purpose of repaying a counterparty's obligations;
- (ii) marketable investments:
 - (A) being marked to market daily using the valuation principles in ■ IPRU(INV) 3.41(9)R;
 - (B) not being issued by a counterparty nor by an *associate* of a counterparty.

relevant commencement date

(as defined in article 1 of the *Mortgage and General Insurance Complaints Transitional Order*):

- (a) in relation to a complaint which relates to an activity to which, immediately before 14 January 2005, the *GISC facility* applied, the beginning of 14 January 2005;
- (b) in relation to a complaint which relates to an activity to which, immediately before 31 October 2004, the *MCAS scheme* applied, the beginning of 31 October 2004.

relevant competent authorities

(in relation to a *financial conglomerate*) those *competent authorities* which are, or which have been appointed as, relevant *competent authorities* in relation to that *financial conglomerate* under Article 2(17) of the *Financial Groups Directive* (Definitions).

relevant complaint

- (1) (in DISP) a *relevant existing complaint*, a *relevant new complaint* or a *relevant transitional complaint*.
- (2) (in ■ REC) (as defined in section 299(2) of the *Act* (Complaints about *recognised bodies*)) a complaint which the *FSA* considers is relevant to the question of whether a *recognised body* should remain a *recognised body*.

relevant date

(in MCOB 10 (Annual percentage rate)):

- (a) (where a date is specified in or determinable under an agreement at the date of its making as the date on which the debtor is entitled to require provision of anything which is the subject of the agreement) the earliest such date;

	(b) (in any other case) the date of making the agreement.
<i>relevant existing complaint</i>	<p>(in accordance with the Ombudsman Transitional Order) a complaint which:</p> <p>(a) was referred to a <i>former scheme</i> at any time before <i>commencement</i> , by a person who was at that time entitled, under the terms of the <i>former scheme</i> , to refer such a complaint (whether described in that scheme as the making of a complaint, the referral of a dispute, the submission of a claim, or otherwise); and</p> <p>(b) has not, before <i>commencement</i> , been rejected, withdrawn, settled or determined by the former Ombudsman (whether by a substantive decision, or by closure of the case without a substantive decision).</p>
<i>relevant financial services company</i>	(in ■ ELM) an <i>investment firm</i> or <i>credit institution</i> .
<i>relevant firm</i>	(in ■ ML) a <i>firm</i> of the kind described in ■ ML 1.1.2R.
<i>relevant former scheme</i>	<p>(as defined in article 2(2) of the <i>compensation transitionals order</i>):</p> <p>(a) in relation to a <i>pending application</i> , the <i>investment business compensation scheme</i> under which the application was made;</p> <p>(b) in relation to an <i>article 9 default</i> , one of the following that applied to the default before <i>commencement</i> :</p> <p>(i) the Policyholders Protection Scheme established by the Policyholders Protection Act 1975;</p> <p>(ii) the Deposit Protection Scheme established by Part II of the Banking Act 1987;</p> <p>(iii) the Building Societies Investor Protection Scheme established by Part IV of the Building Societies Act 1986;</p> <p>(iv) the Friendly Societies Protection Scheme established in accordance with section 141 of the Financial Services Act 1986.</p>
<i>relevant function</i>	(in relation to a <i>UK recognised body</i>) an <i>exempt activity</i> or a <i>regulatory function</i> .
<i>relevant general insurance contract</i>	<p>(in ■ COMP) any <i>general insurance contract</i> other than:</p> <p>(a) [deleted];</p> <p>(b) [deleted]</p> <p>(c) a contract falling within any of the following classes:</p> <p>(i) <i>aircraft</i>;</p> <p>(ii) <i>ships</i>;</p> <p>(iii) <i>goods in transit</i>;</p> <p>(iv) <i>aircraft liability</i>;</p>

	<p>(v) <i>liability of ships</i>;</p> <p>(vi) <i>credit</i>.</p>
<i>relevant information</i>	<p>(1) (except in ■ REC) (in relation to an <i>investment</i>) information which would be likely to be regarded by a <i>regular user</i> of the market in question as relevant when deciding the terms on which transactions in that <i>investment</i> should be effected.</p> <p>(2) (in ■ REC) (in relation to an <i>investment</i>) information which is relevant to determining the current value of that <i>investment</i>.</p>
<i>relevant insurer</i>	in relation to a <i>community co-insurance operation</i> , an <i>insurer</i> which is concerned in the operation but is not the <i>leading insurer</i> .
<i>relevant investment</i>	<p>(1) (in COB , in relation to <i>investment research</i> , a <i>research recommendation</i> or a <i>public appearance</i>), a <i>designated investment</i> that is the subject of that research , recommendation or appearance,</p> <p>(2) otherwise (in accordance with article 3(1) of the <i>Regulated Activities Order (Interpretation)</i>):</p> <p>(a) a <i>contractually based investment</i>;</p> <p>(b) a <i>pure protection contract</i>;</p> <p>(c) a <i>general insurance contract</i> ;</p> <p>(d) rights to or interests in an <i>investment</i> falling within (a).</p>
<i>relevant issuer</i>	<p>(1)</p> <p>(in relation to a <i>designated investment</i> that is the subject of <i>investment research</i> , a <i>research recommendation</i> or a <i>public appearance</i>) the issuer of that <i>designated investment</i> ; or</p> <p>(2)</p> <p>(in relation to a <i>related designated investment</i> that is the subject of <i>investment research</i> or a <i>public appearance</i>) either the issuer of the <i>related designated investment</i> or the issuer of a <i>designated investment</i> that might reasonably be expected directly to affect the value of the <i>related designated investment</i>.</p>
<i>relevant net premium income</i>	<p>(1) (in relation to business which is not <i>occupational pension fund management business</i>) the premium income in respect of <i>protected contracts of insurance</i> of a <i>firm</i> ;or</p> <p>(2) (in relation to <i>occupational pension fund management business</i>) the remuneration retained by a <i>firm</i> in relation to its carrying on <i>occupational pension fund management business</i></p> <p>in the year preceding that in which the date for submission of the information under ■ FEES 6.5.13 R falls, net of any relevant rebates or refunds.</p>

relevant new complaint

(in accordance with the *Ombudsman Transitional Order*) a complaint referred to the *Financial Ombudsman Service* after commencement which relates to an act or omission occurring before commencement if:

- (a) the act or omission is that of a person who was, immediately before commencement, subject to a former scheme;
- (b) the act or omission occurred in the carrying on by that person of an activity to which that former scheme applied; and
- (c) the complainant is eligible and wishes to have the complaint dealt with under the new scheme;

for the purposes of (c), where the complainant is not eligible in accordance with ■ DISP 2 (Jurisdiction of the Financial Ombudsman Service), an *Ombudsman* may, nonetheless, if he considers it appropriate, treat the complainant as eligible if he would have been entitled to refer an equivalent complaint to the former scheme in question immediately before commencement.

relevant office-holder

a relevant office-holder as defined in section 189 of the Companies Act 1989, which is in summary:

- (a) the official receiver;
- (b) (in relation to a company) any person acting as its liquidator, provisional liquidator, administrator or administrative receiver;
- (c) (in relation to an individual or a debtor within the Bankruptcy (Scotland) Act 1985) a trustee in bankruptcy, interim receiver of property, or permanent or interim trustee in the sequestration of an estate;
- (d) any person acting as administrator of an insolvent estate of a deceased person.

relevant pension scheme

(a) an appropriate scheme for the purposes of section 1(8) of the Social Security Act 1986 or for the purposes of article 3(8) of the Social Security (Northern Ireland) Order 1986; or

(b) an exempt approved scheme under section 592(1) of the Income and Corporation Taxes Act 1988 to which the employer is not a contributor and which provides benefits additional to those provided by:

- (i) another scheme approved under Chapter 1 of Part XIV of that Act to which the employer is a contributor; or
- (ii) a statutory scheme as defined in section 612(1) of that Act; or
- (iii) a relevant statutory scheme as defined in section 611A(1) of that Act; or

(c) a pension scheme approved under Chapter IV of Part XIV of that Act.

relevant person

(in ■ COMP) a person for claims against whom the compensation scheme provides cover, as defined in ■ COMP 6.2.1R.

<i>relevant regulated activities</i>	(in ■ ML) activities of the kind described in ■ ML 1.1.4R.
<i>relevant scheme</i>	a collective investment scheme managed by an EEA UCITS management company.
<i>relevant security</i>	<p>(1) (in ■ MAR 2, when used with reference to the <i>Buy-back and Stabilisation Regulation</i> , (in accordance with Article 2(6) of the <i>Buy-back and Stabilisation Regulation</i>) shares , debentures , government and public securities , warrants and certificates representing certain securities which are admitted to trading on a regulated market or for which a request for admission to trading on a regulated market has been made, and which are the subject of a significant distribution .</p> <p>(2) (otherwise in ■ MAR 2) shares , debentures , government and public securities , warrants and certificates representing certain securities . (3) (in LR) has the same meaning as in section 80 of the Companies Act 1985.</p>
<i>relevant transitional complaint</i>	<p>(in accordance with the <i>Mortgage and General Insurance Complaints Transitional Order</i>) a complaint referred to the <i>Financial Ombudsman Service</i> after the relevant commencement date which relates to an act or omission occurring before that date if:</p> <ul style="list-style-type: none"> (a) the act or omission is that of a person ("R") who, at the time of that act or omission, was subject to a former scheme ; (b) R was an authorised person on or after the relevant commencement date ; (c) the act or omission occurred in the carrying on by R of an activity to which that former scheme applied; and (d) the complainant is eligible and wishes to have the complaint dealt with under the new scheme. <p>(3) (in LR) has the same meaning as in section 80 of the Companies Act 1985.</p>
<i>remedial direction</i>	<p>(in accordance with section 308(8) of the <i>Act</i> (Directions by the Treasury)) a direction requiring the FSA:</p> <ul style="list-style-type: none"> (a) to exercise its powers under section 297(2) of the <i>Act</i> to revoke the recognition order for a recognised body ; or (b) to exercise its powers under section 296 of the <i>Act</i> by giving such directions to the recognised body concerned as may be specified in the direction.
<i>remuneration</i>	any form of remuneration, including benefits of any kind.
<i>renewal</i>	carrying forward a contract, at the point of expiry and as a successive or separate operation of the same nature as the preceding contract, between the same contractual parties.
<i>repayment mortgage</i>	a regulated mortgage contract under which the customer is obliged to make payments of interest and capital which are designed to repay the mortgage over the stated term.

<i>repayment vehicle</i>	the means by which the <i>customer</i> will repay the capital due under the <i>regulated mortgage contract</i> , where all or part of that contract is an <i>interest-only mortgage</i> .
<i>repo</i>	<p>(a) an agreement between a seller and buyer for the sale of <i>securities</i> , under which the seller agrees to repurchase the <i>securities</i> , or equivalent <i>securities</i> , at an agreed date and, usually, at a stated price;</p> <p>(b) an agreement between a buyer and seller for the purchase of <i>securities</i> , under which the buyer agrees to resell the <i>securities</i> , or equivalent <i>securities</i> , at an agreed date and, usually, at a stated price.</p>
<i>reportable large exposure</i>	<p>the same thing as <i>large e-money float exposure</i> with the following adjustments:</p> <p>(a) the figure of 10% in ■ ELM 3.5.7R is replaced by 25%; and</p> <p>(b) ■ ELM 3.5.6R does not apply.</p>
<i>reportable transaction</i>	a transaction defined in SUP 17.5.1R (Transaction reporting: Reportable transaction).
<i>reporting accountant</i>	<p>an accountant appointed:</p> <p>(a) by the FSA ; or</p> <p>(b) by a <i>firm</i> , having been nominated or approved by the FSA under section 166 of the <i>Act</i> (Reports by skilled persons); or</p> <p>(c) by an applicant for <i>Part IV permission</i> ;</p> <p>to report on one or more aspects of the business of a <i>firm</i> or applicant, such as its financial position, including <i>internal controls</i> and reporting returns.</p>
<i>repossess</i>	(in MCOB) take possession of the mortgaged property.
<i>representative</i>	<p>an individual who:</p> <p>(a) is appointed by a <i>firm</i> , or by an <i>appointed representative</i> of a <i>firm</i>, to carry on any of the following activities:</p> <p>(i) <i>advising on investments</i>;</p> <p>(ii) <i>providing basic advice on stakeholder products</i>;</p> <p>(iii) <i>arranging (bringing about) deals in investments</i>;</p> <p>(iv) <i>dealing in investments</i>; or</p> <p>(b) although not appointed to do so, carries on any of the activities in (i) to (iii) on behalf of a <i>firm</i> or its <i>appointed representative</i> .</p>
<i>required function</i>	any of <i>controlled functions</i> 8 to 12 in the <i>table of controlled functions</i> .
<i>requirement</i>	a requirement included in a <i>firm's Part IV permission</i> under section 43 of the <i>Act</i> (Imposition of requirements), section 45(4) of the <i>Act</i> (Variation etc on

	the Authority's own initiative) or section 46 of the <i>Act</i> (Variation of permission on acquisition of control).
<i>requiring or encouraging</i>	taking or refraining from taking any action which requires or encourages another <i>person</i> to engage in <i>behaviour</i> which, if engaged in by the <i>person</i> requiring or encouraging, would amount to <i>market abuse</i> .
<i>requisite details</i>	the details required in the <i>EEA Passport Rights Regulations</i> and set out in SUP 13 Ann 1R (Requisite details: branches) and SUP 13 Ann 1R (Requisite details: cross border services).
<i>research recommendation</i>	<p>research or other information:</p> <ul style="list-style-type: none"> (a) concerning one or several <i>financial instruments</i> admitted to trading on <i>regulated markets</i> , or in relation to which an application for admission to trading has been made, or <i>issuers</i> of such <i>financial instruments</i> ; (b) intended for distribution so that it is, or is likely to become, accessible by a large number of <i>persons</i> , or for the public, but not including: <ul style="list-style-type: none"> (i) an informal short-term investment personal recommendation expressed to <i>clients</i>, which originates from inside the sales or trading department, and which is not likely to become publicly available or available to a large number of persons; or (ii) advice given by a <i>firm</i> to a <i>body corporate</i> in the context of a <i>takeover bid</i> and disclosed only as a result of compliance with a legal or regulatory obligation, including rule 3 of the <i>Takeover Code</i> or its equivalents outside the <i>UK</i>; and (c) which: <ul style="list-style-type: none"> (i) explicitly or implicitly, recommends or suggests an investment strategy; or (ii) directly or indirectly, expresses a particular investment recommendation; or (iii) expresses an opinion as to the present or future value or price of such instruments.
<i>resilience capital requirement</i>	the capital component for <i>long-term insurance business</i> calculated in accordance with the <i>rules</i> in PRU 4.2.9G to PRU 4.2.26R.
<i>responsible person</i>	<p>(as defined in section 3(8) of the Child Trust Funds Act 2004) a <i>person</i> with <i>parental responsibility</i> in relation to a child under 16 who is not:</p> <ul style="list-style-type: none"> (a) a local authority or, in Northern Ireland, an authority within the meaning of the Children (Northern Ireland) Order 1995 (SI 1995/755 (NI 2)); or (b) a <i>person</i> under 16.
<i>restricted credit</i>	a loan for which, as a result of an existing arrangement between a supplier and a <i>firm</i> , the <i>customer's</i> application to the <i>firm</i> is submitted through the supplier and the terms of the loan require that it be paid to the supplier for goods or services supplied to the <i>customer</i> , not including loans secured by a charge over land or loans or payments by <i>plastic card</i> (other than a <i>store card</i>).

<i>restricted-use credit agreement</i>	<p>(in accordance with section 11 of the Consumer Credit Act 1974) an agreement:</p> <ul style="list-style-type: none"> (a) to finance a transaction between the <i>customer</i> and the <i>firm</i>, whether forming part of that agreement or not; (b) to finance a transaction between the <i>customer</i> and a person (the 'supplier') other than the <i>firm</i>; (c) to refinance any existing indebtedness of the <i>customer's</i>, whether to the <i>firm</i> or another <i>person</i>.
<i>retail customer</i>	(in accordance with the meaning of 'consumer' in article 2(d) of the <i>Distance Marketing Directive</i> an individual who is acting for purposes which are outside his trade, business or profession.
<i>retail investment</i>	<ul style="list-style-type: none"> (a) a <i>life policy</i>; or (b) a <i>unit</i>; or (c) a <i>stakeholder pension scheme</i>; or (d) an interest in an <i>investment trust savings scheme</i>; or (e) a <i>structured capital-at-risk product</i>.
<i>retail investment activity</i>	<ul style="list-style-type: none"> (a) <i>advising on investments</i>; (b) <i>arranging (bringing about) deals in investments</i>; or (c) <i>making arrangements with a view to transactions in investments</i>, <p>in relation to <i>retail investments</i>, except when carried on by a <i>firm</i> exclusively with or for <i>intermediate customers</i> or <i>market counterparties</i>.</p>
<i>retail investment firm</i>	a <i>firm</i> that has <i>permission</i> to carry on an activity which is a <i>retail investment activity</i> .
<i>retail securitised derivative</i>	a <i>securitised derivative</i> which is not a specialist securitised derivative; in this definition, a "specialist securitised derivative" is a <i>securitised derivative</i> which, in accordance with the <i>listing rules</i> , is required to be admitted to listing with a clear statement on any disclosure document that the issue is intended for a purchase by only investors who are particularly knowledgeable in investment matters.
<i>retirement annuity</i>	an individual <i>pension policy</i> effected by a self-employed <i>person</i> or a <i>person</i> in non-pensionable employment before 1 July 1998 and which is approved under Chapter III, Part XIV of the Income and Corporation Taxes Act 1988.
<i>retirement fund</i>	the amount which will be available, at the date on which the investor retires, for the provision of benefits.
<i>return</i>	the documents required (taken together) to be deposited under <i>IPRU(INS) rule 9.6(1)</i> .
<i>revenue allocated CTF</i>	a <i>CTF</i> opened in accordance with Regulation 6 of the <i>CTF Regulations</i> .

<i>reverse takeover</i>	(in LR) a transaction classified as a <i>reverse takeover</i> under LR 10.
RIE	<i>recognised investment exchange</i> .
<i>rights issue</i>	(in LR) an offer to existing <i>security</i> holders to subscribe or purchase further <i>securities</i> in proportion to their holdings made by means of the issue of a renounceable letter (or other negotiable document) which may be traded (as "nil paid" rights) for a period before payment for the <i>securities</i> is due.
<i>rights to or interests in investments</i>	<p>the <i>investment</i>, specified in article 89 of the <i>Regulated Activities Order</i> (Rights to or interests in investments), which is in summary: any right to or interest in any other <i>specified investment</i>, but excluding:</p> <ul style="list-style-type: none"> (a) interests under the trusts of an <i>occupational pension scheme</i> ; (b) rights to or interests in a <i>contract of insurance</i> of the kind referred to in paragraph (1)(a) of article 60 of the <i>Regulated Activities Order</i> (Plans covered by insurance or trust arrangements), or interests under a trust of the kind referred to in paragraph 1(b) of article 60 of the <i>Regulated Activities Order</i> (Plans covered by insurance or trust arrangements); (c) any other <i>specified investment</i>.
<i>risk assessment function</i>	<i>controlled function</i> CF14 in the <i>table of controlled functions</i> , described more fully in SUP 10.8.3R.
<i>risk capital margin</i>	the risk capital margin for a <i>with-profits fund</i> calculated in accordance with the rules in PRU 7.4.43R to PRU 7.4.103G.
<i>risk concentration</i>	(in accordance with Article 2(19) of the <i>Financial Groups Directive</i> (Definitions)) all exposures with a loss potential borne by entities within a <i>financial conglomerate</i> , which are large enough to threaten the solvency or the financial position in general of the <i>regulated entities</i> in the <i>financial conglomerate</i> ; such exposures may be caused by counterparty risk, credit risk, investment risk, insurance risk, market risk, other risks, or a combination or interaction of these risks.
<i>risk factors</i>	(in PR) (as defined in the <i>PD Regulation</i>) a list of risks which are specific to the situation of the issuer and/or the securities and which are material for taking investment decisions.
RMAR	(in SUP) a Retail Mediation Activities Return, containing data specified in SUP 16 Ann 18AR and relevant to the <i>firm's</i> type and <i>regulated activities</i> .
ROCH	<i>recognised overseas clearing house</i> .
ROIE	<i>recognised overseas investment exchange</i> .
<i>rolling spot forex contract</i>	<p>either of the following:</p> <ul style="list-style-type: none"> (a) a <i>future</i> , other than a <i>future</i> traded or expressed to be as traded on a <i>recognised investment exchange</i>, where the property which is to be sold under the contract is foreign exchange or sterling; or

	<p>(b) a <i>contract for differences</i> where the profit is to be secured or loss avoided by reference to fluctuations in foreign exchange; and</p> <p>in either case where the contract is entered into for the purpose of speculation.</p>
<p><i>roll-up of interest mortgage</i></p>	<p>a <i>regulated mortgage contract</i> where no payment of interest on the amount borrowed (other than interest charged when all or part of the amount borrowed is repaid voluntarily by the <i>customer</i>), is due or capable of becoming due while the <i>customer</i> continues to occupy the mortgaged property as his main residence and fulfil his obligations under the <i>regulated mortgage contract</i>.</p>
<p><i>rule</i></p>	<p>(in accordance with section 417(1) of the <i>Act</i> (Definitions)) a rule made by the <i>FSA</i> under the <i>Act</i>, including:</p> <p>(a) a <i>Principle</i> ; and</p> <p>(b) an <i>evidential provision</i> .</p>
<p><i>running-account credit</i></p>	<p>(in accordance with section 10(1)(a) of the Consumer Credit Act 1974) a facility under a contract by which the <i>customer</i> is enabled to receive from time to time (whether in his own person, or by another person) from the <i>firm</i> or a third party cash, goods and services (or any of them) to an amount or value such that, taking into account payments made by or to the credit of the customer, the credit limit (if any) is not at any time exceeded.</p>

<i>safe custody investment</i>	a <i>designated investment</i> , which is not the property of the <i>firm</i> , but for which the <i>firm</i> , or any <i>nominee company</i> controlled by the <i>firm</i> or by its <i>associate</i> , is accountable; which has been paid for in full by the <i>client</i> ; and which ceases to be a <i>safe custody investment</i> when the <i>firm</i> has disposed of it in accordance with a valid instruction.
<i>safeguarding and administering investments</i>	<p>the <i>regulated activity</i> , specified in article 40 of the <i>Regulated Activities Order</i> (Safeguarding and administering investments), which is in summary: the safeguarding of assets belonging to another and the administration of those assets, or arranging for one or more other <i>persons</i> to carry on that activity, where:</p> <p>(a) the assets consist of or include any <i>security</i> or <i>contractually based investment</i> (that is, any <i>designated investment</i>, <i>funeral plan contract</i> or right to or interest in a <i>funeral plan contract</i>); or</p> <p>(b) the arrangements for their safeguarding and administration are such that the assets may consist of or include <i>designated investments</i> , and either the assets have at any time since 1 June 1997 done so, or the arrangements have at any time (whether before or after that date) been held out as ones under which <i>designated investments</i> would be safeguarded and administered.</p>
<i>safeguarding and administration of assets (without arranging)</i>	<p>that part of <i>safeguarding and administering investments</i> which consists of both:</p> <p>(a) the safeguarding of assets belonging to another; and</p> <p>(b) the administration of those assets.</p>
<i>sale</i>	(in ■ COLL and ■ CIS) (in relation to <i>units</i> in an <i>authorised fund</i>) the sale of <i>units</i> by the <i>authorised fund manager</i> as <i>principal</i> .
<i>SARs</i>	the Rules Governing Substantial Acquisitions of Shares issued on the authority of the <i>Takeover Panel</i> .
<i>schedule</i>	(in <i>Part 6 rules</i>) (as defined in the <i>PD Regulation</i>) a list of minimum information requirements adapted to the particular nature of the different types of <i>issuers</i> and/or the different <i>securities</i> involved.
<i>scheme</i>	<p>(1) (except in ■ COB, CASS and SUP) a <i>collective investment scheme</i>.</p> <p>(2) (in ■ COB, CASS and SUP)</p> <p>(a) a <i>regulated collective investment scheme</i> ;</p> <p>(b) an <i>investment trust</i> where the relevant <i>shares</i> have been or are to be acquired through an <i>investment trust savings scheme</i> ;</p> <p>(c) an <i>investment trust</i> where the relevant <i>shares</i> are to be held within an <i>ISA</i> or <i>PEP</i> which promotes one or more specific <i>investment trusts</i>;</p> <p>(d) (in ■ COB 10) in addition to (a), (b) and (c), an <i>unregulated collective investment scheme</i>.</p>
<i>scheme holding</i>	<p>a holding of:</p> <p>(a) <i>units</i> in a <i>collective investment scheme</i> ; or</p>

	(b) <i>shares in an investment trust savings scheme</i> .
<i>scheme management activity</i>	the management by an <i>operator</i> of the property held for or within the <i>scheme</i> of which it is the <i>operator</i> , excluding the receiving and holding of <i>client money</i> and <i>safeguarding and administering investments</i> .
<i>scheme of arrangement</i>	(in ■ COLL and CIS) an FSA relating to an authorised fund ("transferor fund") or to a sub-fund of a <i>scheme</i> that is an <i>umbrella</i> ("transferor sub-fund") under which: <ul style="list-style-type: none"> (a) either: <ul style="list-style-type: none"> (i) all or part of the property of the transferor fund, or all or part of the property attributed to the transferor sub-fund, is to become the property of one or more <i>regulated collective investment schemes</i> ("transferee schemes"); or (ii) all or part of the property attributed to the transferor sub-fund is to become part of the property attributed to one or more other <i>sub-funds</i> of the same <i>umbrella scheme</i> ("transferee sub-funds"); and (b) holders of <i>units</i> in the transferor fund or transferor sub-fund, the property of which is being transferred or reattributed under (a), are to receive, in exchange for their respective interests in that property, either: <ul style="list-style-type: none"> (i) <i>units</i> in the transferee scheme or one or more of the transferee schemes, to which the property is transferred; or (ii) <i>units</i> in the transferee sub-fund or one or more of the transferee sub-funds, to which the property is reattributed.
<i>scheme of operations</i>	a scheme which: <ul style="list-style-type: none"> (a) describes the nature of the risks which the <i>insurer</i> is underwriting, or intends to underwrite, and the guiding principles which it intends to follow in reinsuring or covering those risks; and (b) contains the information required under SUP App 2.12.1R (Content of a scheme of operations).
<i>scheme particulars</i>	a <i>document</i> containing information about a <i>regulated collective investment scheme</i> .
<i>scheme property</i>	<ul style="list-style-type: none"> (a) (in relation to an ICVC) the property subject to the <i>collective investment scheme</i> constituted by it; (b) (in relation to an AUT) the <i>capital property</i> and the <i>income property</i>.
<i>scheme report</i>	(in SUP 18) the report on the terms of an <i>insurance business transfer scheme</i> required by section 109 of the <i>Act</i> (Scheme reports).

<i>scientific research based company</i>	(in LR) a <i>company</i> primarily involved in the laboratory research and development of chemical or biological products or processes or any other similar innovative science based company.
<i>SDRT provision</i>	a <i>charge</i> of such amount or at such rate as is determined by the <i>authorised fund manager</i> to be made as a provision for stamp duty reserve tax for which the ICVC may become liable under the Stamp Duty and Stamp Duty Reserve Tax (Open-Ended Investment Companies)(Amendment No.2) Regulations 2000 or the <i>trustee</i> may become liable under Schedule 19 to the Finance Act 1999 in respect of a surrender of <i>units</i> to the <i>authorised fund manager</i> .
<i>Second Life Directive</i>	the Council Directive of 8 November 1990 on the coordination of laws, etc and laying down provisions relating to facilitate the effective exercise of freedom to provide services and amending Directive 79/267/EEC (No 90/619/EEC).
<i>Second Non-Life Directive</i>	the Council Directive of 22 June 1988 on the coordination of laws, etc and laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 73/239/EEC (No 88/357/EEC).
<i>secondary listed issuer</i>	(in LR) an <i>issuer</i> with a <i>secondary listing</i> of its <i>equity securities</i> .
<i>secondary listing</i>	(in LR) a <i>listing</i> by the FSA of <i>equity securities</i> of an <i>overseas company</i> which is not a <i>primary listing</i> .
<i>secondary material</i>	(as more fully described in section 394 of the <i>Act</i> (Access to Authority material)) material, other than that which the FSA relied on in reaching its decision, which: <ul style="list-style-type: none"> (a) the FSA considered in reaching its decision; or (b) the FSA obtained in connection with, that is, in the investigation of, the matter in question.
<i>secondary pooling event</i>	<ul style="list-style-type: none"> (1) (in CASS 4) an event that occurs in the circumstances described in CASS 4.4.14R (Failure of a bank, intermediate broker, settlement agent or OTC counterparty: secondary pooling events). (2) (in CASS 5) an event that occurs in the circumstances described in CASS 5.6.14R (Failure of a bank, other broker or settlement agent: secondary pooling events).
<i>section 43 capital requirements</i>	the financial supervision requirements of the FSA for the purposes of the listing arrangements made under section 43 of the Financial Services Act 1986.
<i>sectoral rules</i>	(in relation to a <i>financial sector</i>) rules and requirements relating to the prudential supervision of <i>regulated entities</i> applicable to <i>regulated entities</i> in that <i>financial sector</i> as follows: <ul style="list-style-type: none"> (a) (for the purposes of PRU 8.4.12R (Definition of financial conglomerate: Solvency requirement)) <i>EEA prudential sectoral legislation</i> for that <i>financial sector</i> together with as appropriate the rules and requirements in (c); or (b) (for the purpose of calculating <i>solo capital resources</i> and a <i>solo capital resources requirement</i>):

(i) (to the extent provided for in paragraph 6.5 of PRU 8 Ann 1R) rules and requirements that are referred to in paragraph 6.6 of PRU 8 Ann 1R (Solo capital resources requirement: Non-EEA firms subject to equivalent regimes); and

(ii) the rules and requirements in (c); or

(c) (for all other purposes) rules and requirements:

(i) of the FSA; or

(ii) of or administered by another *competent authority*;

and so that:

(d) (in relation to prudential rules about consolidated supervision for any *financial sector*) those requirements include ones relating to the form and extent of consolidation;

(e) (in relation to any *financial sector*) those requirements include ones relating to the eligibility of different types of capital;

(f) (in relation to any *financial sector*) those requirements include both ones applying on a solo basis and ones applying on a consolidated basis;

(g) (in relation to the *insurance sector*) references in this definition to consolidated supervision are to supplementary supervision, similar expressions being interpreted accordingly;

(h) references to the FSA's *sectoral rules* are to *sectoral rules* in the form of *rules*

; and

(i) (for the purpose of calculating *solo capital resources* and a *solo capital resources requirement*) the following *undertakings* are not subject to *sectoral rules* for the purposes of paragraphs 6.2, 6.3, 6.5 or 6.6 of PRU 8 Ann 1R as the case may be and instead fall under paragraph 6.7 of PRU 8 Ann 1R (Solo capital resources requirement: other members):

(i) a *regulated entity* that is incorporated in, and has its head office in, one of the states or territories referred to in paragraph 6.5 of Part 6 of PRU 8 Ann 1R (Solo capital resources requirement: non-EEA firms subject to equivalent regimes), a *UK domestic firm* or an *EEA regulated entity* if it has an exemption from the *sectoral rules* referred to in paragraphs 6.2, 6.3 or 6.6 of PRU 8 Ann 1R as the case may be; and

(ii) a *regulated entity* that is incorporated in, and has its head office in, one of the states or territories referred to in paragraph 6.5 of Part 6 of PRU 8 Ann 1R if it is not subject to requirements that are equivalent to *EEA prudential sectoral legislation* applicable to its *financial sector*.

secured debt

(in PRU) a debt fully secured on:

(a) assets whose value at least equals the amount of debt; or

(b) a letter of credit or guarantee from an *approved counterparty*.

secured lending	lending where the <i>mortgage lender</i> takes security on land for the loan provided to the <i>customer</i> .
securities and futures firm	<p>a <i>firm</i> whose permitted activities include designated investment business, which is not an authorised professional firm, bank, ELMI, building society, credit union, friendly society, ICVC, insurer, media firm, service company, incoming EEA firm (without a top-up permission), incoming Treaty firm (without a top-up permission), UCITS management company or UCITS qualifier (without a top-up permission), whose permission does not include a requirement that it comply with ■ IPRU(INV) 5 (Investment management firms) or 13 (Personal investment firms), and which is within (a), (b), (c), (d), (e) or (f):</p> <ul style="list-style-type: none"> (a) a <i>firm</i> (other than one falling within (d)): <ul style="list-style-type: none"> (i) which was a member of SFA immediately before <i>commencement</i>; and (ii) which was not, immediately before <i>commencement</i>, subject to the financial supervision requirements of the FSA (under section 43 of the Financial Services Act 1986), or PIA or IMRO (under lead regulation arrangements); (b) a <i>firm</i> whose permission includes a requirement that it comply with ■ IPRU(INV) 3 or 10 (Securities and futures firms); (c) a <i>firm</i>: <ul style="list-style-type: none"> (i) which was given a Part IV permission after <i>commencement</i>, or which was authorised under section 25 of the Financial Services Act 1986 immediately before <i>commencement</i> and not a member of IMRO, PIA or SFA; and (ii) for whom the most substantial part of its gross income, including commissions, from the regulated activities included in its Part IV permission is derived from one or more of the following activities (based, for a <i>firm</i> given a Part IV permission after <i>commencement</i>, on the business plan submitted as part of the <i>firm's</i> application for permission or, for a <i>firm</i> authorised under section 25 of the Financial Services Act 1986, on the <i>firm's</i> financial year preceding its authorisation under the Act): <ul style="list-style-type: none"> (A) an activity carried on as a member of an exchange; (B) making a market in securities or derivatives; (C) corporate finance business; (D) dealing, or arranging (bringing about) deals in investments, in securities or derivatives; (E) the provision of clearing services as a clearing firm; (F) managing investments, where those investments are primarily derivatives; (G) activities relating to spread bets; (d) a <i>firm</i> that is: <ul style="list-style-type: none"> (i) an <i>ex-section 43 firm</i> which was not authorised under the Financial Services Act 1986 immediately before <i>commencement</i>; or (ii) an <i>ex-section 43 lead regulated firm</i>;

	<p>(e) an <i>energy market participant</i>;</p> <p>(f) an <i>oil market participant</i>.</p>
<i>securities issued in a continuous and repeated manner</i>	(in PR) (as defined in Article 2.1(l) of the <i>prospectus directive</i>) issues on tap or at least two separate issues of securities of a similar type and/or class over a period of 12 months.
<i>securities note</i>	(in Part 6 rules) a securities note referred to in PR 2.2.2R.
<i>securities scheme</i>	an authorised fund dedicated to transferable securities, excluding an authorised fund which is a feeder fund, a fund of funds scheme or a warrant scheme.
<i>securitisation</i>	a process by which assets are sold to a bankruptcy-remote special purpose vehicle in return for immediate cash payment and that vehicle raises the immediate cash payment through the issue of debt securities in the form of tradable notes or commercial paper.
<i>securitised derivative</i>	an option or contract for differences which, in either case, is listed under LR 19 of the listing rules (including such an option or contract for differences which is also a debenture). (see also ■ COB 5.4.3A G for the treatment of a securitised derivative.)
<i>security</i>	<p>(1) (except in LR and ENF 21 (in accordance with article 3(1) of the <i>Regulated Activities Order (Interpretation)</i>) any of the following investments specified in that Order:</p> <ul style="list-style-type: none"> (a) <i>share</i> (article 76); (b) <i>debenture</i> (article 77); (c) <i>government and public security</i> (article 78); (d) <i>warrant</i> (article 79); (e) <i>certificate representing certain securities</i> (article 80); (f) <i>unit</i> (article 81); (g) <i>stakeholder pension scheme</i> (article 82); (h) <i>rights to or interests in investments</i> in (a) to (g) (article 89). <p>(2) (in LR and ENF 21) (in accordance with section 102A of the <i>Act</i>) anything which has been, or may be admitted to the <i>official list</i>.</p>
<i>segregated client</i>	a client whose money must be segregated by the firm under ■ COB 9.3.37R (Segregation).
<i>sell</i>	(in accordance with article 3(1) of the <i>Regulated Activities Order (Interpretation)</i>) (in relation to any investment) sell in any way, including disposing of the investment for valuable consideration; in this definition, "disposing" includes:

	<p>(a) (in relation to an <i>investment</i> consisting of rights under a contract):</p> <ul style="list-style-type: none"> (i) surrendering, assigning or converting those rights; or (ii) assuming the corresponding liabilities under the contract; <p>(b) (in relation to an <i>investment</i> consisting of rights under other arrangements) assuming the corresponding liabilities under the arrangements; and</p> <p>(c) (except in ■ CIS) (in relation to any other <i>investment</i>) issuing or creating the <i>investment</i> or granting the rights or interests of which it consists.</p>
<p><i>sending dematerialised instructions</i></p>	<p>the <i>regulated activity</i>, specified in article 45(1) of the <i>Regulated Activities Order</i>, of sending, on behalf of another <i>person</i>, dematerialised instructions relating to a <i>security</i>, where those instructions are sent by means of a relevant system in respect of which an operator is approved under the 2001 Regulations; in this definition:</p> <p>(a) "the 2001 Regulations" means the Uncertificated Securities Regulations 2001 (SI 2001/3755);</p> <p>;</p> <p>(b) "dematerialised instruction" and "operator" have the meaning given by regulation 3 of the 2001 Regulations.</p>
<p><i>senior manager</i></p>	<p>an individual other than a <i>director</i>:</p> <p>(a) who is employed by:</p> <ul style="list-style-type: none"> (i) a <i>firm</i>; or (ii) a <i>body corporate</i> within a <i>group</i> of which the <i>firm</i> is a member; <p>(b) to whom the <i>governing body</i> of the <i>firm</i>, or a member of the <i>governing body</i> of the <i>firm</i>, has given responsibility, either alone or jointly with others, for management and supervision;</p> <p>(c) who, if the individual is employed by the <i>firm</i>, reports directly to:</p> <ul style="list-style-type: none"> (i) the <i>governing body</i>; or (ii) a member of the <i>governing body</i>; or (iii) the <i>chief executive</i>; or (iv) the head of a significant business unit; and <p>(d) who, if the individual is employed by a <i>body corporate</i> within the <i>group</i>, reports directly to a <i>person</i> who is the equivalent of a <i>body</i> or <i>person</i> referred to in (c).</p>

<i>senior staff committee</i>	(in DEC) a committee consisting of senior FSA staff members that is empowered to make statutory notice decisions and statutory notice associated decisions by executive procedures.
<i>series of transactions</i>	a series of transactions <i>executed</i> with a view to achieving one investment decision or objective.
SERV	the Handbook Guide for service companies.
<i>service company</i>	<p>a firm whose only permitted activities are making arrangements with a view to transactions in investments, and agreeing to carry on that regulated activity, and whose Part IV permission:</p> <ul style="list-style-type: none"> (a) incorporates a limitation substantially to the effect that the firm carry on regulated activities only with market counterparties or intermediate customers; and (b) includes requirements substantially to the effect that the firm must not: <ul style="list-style-type: none"> (a) incorporates a limitation substantially to the effect that the firm carry on regulated activities only with market counterparties or intermediate customers; and (b) includes requirements substantially to the effect that the firm must not: <ul style="list-style-type: none"> (i) guarantee, or otherwise accept responsibility for, the performance, by a participant in arrangements made by the firm in carrying on regulated activities, of obligations undertaken by that participant in connection with those arrangements; or (ii) approve any financial promotion on behalf of any other person or any specified class of persons; or (iii) in carrying on its regulated activities, provide services otherwise than in accordance with documents (of a kind specified in the requirement) provided by the firm to the FSA.
<i>service conditions</i>	<p>(in accordance with paragraph 14 of Schedule 3 to the Act (EEA Passport Rights)) the conditions that:</p> <ul style="list-style-type: none"> (a) the firm has given its Home State regulator notice of its intent to provide services in the United Kingdom; (b) if the firm falls within paragraph (a), (d), (e) or (f) in the definition of "EEA firm", the FSA has received notice from the firm's Home State regulator containing such information as may be prescribed;

	<p>(c) if the <i>firm</i> falls within paragraph (d) of that definition, its <i>Home State regulator</i> has informed it that the regulator's notice has been sent to the <i>FSA</i>; and</p> <p>(d) if the <i>firm</i> falls within paragraph (e) of that definition, one <i>month</i> has elapsed beginning with the date on which the <i>firm's Home State regulator</i> informed the <i>firm</i> that it had sent the regulator's notice to the <i>FSA</i>.</p>
SETS	the Stock Exchange Electronic Trading Service.
settlement agent	a <i>person</i> with or through whom the <i>firm</i> effects settlement of <i>UK -settled</i> or <i>foreign-settled</i> transactions.
settlement decision makers	(in <i>DEC</i>) two members of the <i>FSA's</i> executive of at least director of division level with responsibility for deciding whether to give <i>statutory notices</i> in the circumstances described in DEC Appendix 1.2.2A G.
settlement decision procedure	(in <i>DEC</i>) the procedure for the making of <i>statutory notice decisions</i> in the circumstances described in DEC Appendix 1.2.2A G.
settlement discount scheme	(in <i>ENF</i>) the scheme described in ■ ENF 13.7 by which the financial penalty that might otherwise be payable in respect of a <i>person's</i> misconduct or contravention may be reduced to reflect the timing of any settlement agreement.
settlement price	(in <i>LR</i>) (in relation to <i>securitised derivatives</i>), the reference price or prices of the <i>underlying instrument</i> or instruments stipulated by the <i>issuer</i> for the purposes of calculating its obligations to the holder.
Seventh Company Law Directive	the Council Directive of 13 June 1983 on consolidated accounts (No 83/349/EEC).
SFA	the Securities and Futures Authority Limited.
SFA Complaints Bureau	the first stage of the <i>SFA scheme</i> , which aimed to resolve complaints by conciliation.
SFA Consumer Arbitration Scheme	the second stage of the <i>SFA scheme</i> , which determined complaints by means of arbitration.
SFA scheme	the <i>former scheme</i> (including the <i>SFA Complaints Bureau</i> and the <i>SFA Consumer Arbitration Scheme</i>) set up by the <i>SFA</i> to handle complaints against members of the <i>SFA</i> under the Financial Services Act 1986.
shadow director	(in <i>LR</i>) as in sub-paragraph (b) of the definition of director in section 417(1) of the <i>Act</i> .

<i>share</i>	<p>(1) (except in ■ CIS , LR and DR) the <i>investment</i> , specified in article 76 of the <i>Regulated Activities Order</i> (Shares etc), which is in summary: a share or stock in the share capital of:</p> <ul style="list-style-type: none"> (a) any <i>body corporate</i> (wherever incorporated); (b) any unincorporated body constituted under the law of a country or territory outside the <i>United Kingdom</i> . <p>(2) (in ■ CIS):</p> <ul style="list-style-type: none"> (a) (in relation to an ICVC) a <i>share</i> in the ICVC (including both <i>smaller denomination shares</i> and <i>larger denomination shares</i>); (b) (otherwise) an <i>investment</i> within (1). <p>(3) (in DR and LR , and in FEES where relevant to DR or LR,) (in accordance with section 744 of the Companies Act 1985) a share in the share capital of a <i>company</i>, and includes:</p> <ul style="list-style-type: none"> (a) stock (except where a distinction between shares and stock is express or implied); and (b) <i>preference shares</i>.
<i>shared appreciation mortgage</i>	a <i>regulated mortgage contract</i> , a condition of which is that the <i>mortgage lender</i> will receive a share in any increase in value in the mortgaged property when the <i>customer</i> either sells the property or terminates the contract including a contract where, if there is a reduction in value, the <i>customer</i> is required to pay the <i>mortgage lender</i> all or part of the shortfall.
<i>shareholder</i>	<p>(in relation to an ICVC, and subject to ■ CIS 11.2.2R (Special meaning of shareholder)):</p> <ul style="list-style-type: none"> (a) (in relation to a <i>share</i> that is represented by a <i>bearer certificate</i>) the <i>person</i> who holds the certificate; (b) (in relation to a <i>share</i> that is not represented by a <i>bearer certificate</i>) the <i>person</i> whose name is entered on the <i>register</i> in relation to that <i>share</i> .
<i>ships</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 6 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), upon vessels used on the sea or on inland water, or upon the machinery, tackle, furniture or equipment of such vessels.
<i>shortfall</i>	(1) (in relation to cancellation of an <i>investment agreement</i>) the amount a <i>firm</i> is entitled to charge a <i>customer</i> for the market loss in accordance with ■ COB 6.7.54R to ■ COB 6.7.58R (Shortfall; Exceptions to shortfall).

	(2) (in relation to <i>client money</i>) the amount by which the <i>client money</i> in a <i>client bank account</i> is insufficient to satisfy the claims of <i>clients</i> in respect of that <i>money</i> , or not immediately available to satisfy such claims.
<i>sickness</i>	(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i> , specified in paragraph 2 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of loss to the <i>persons</i> insured attributable to sickness or infirmity, but excluding contracts within paragraph IV of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Permanent health).
<i>sickness or distressed circumstances contract</i>	any contract in accordance with which benefits are provided for the relief or maintenance of any <i>person</i> during sickness or when in distressed circumstances.
SIFA	the Handbook Guide: "Using the FSA Handbook: an Overview for small IFA firms"
<i>significant distribution</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) an initial or secondary <i>offer of relevant securities</i> , publicly announced and distinct from ordinary trading both in terms of the amount in value of the <i>securities</i> offered and the selling methods employed.
<i>significant influence function</i>	any of the <i>controlled functions</i> 1 to 20 in the <i>table of controlled functions</i> .
<i>significant management (designated investment business) function</i>	<i>controlled function</i> CF16 in the <i>table of controlled functions</i> , described more fully in SUP 10.9.10R.
<i>significant management (financial resources) function</i>	<i>controlled function</i> CF19 in the <i>table of controlled functions</i> , described more fully in SUP 10.9.16R.
<i>significant management (insurance underwriting) function</i>	<i>controlled function</i> CF18 in the <i>table of controlled functions</i> , described more fully in SUP 10.9.14R.
<i>significant management (other business operations) function</i>	<i>controlled function</i> CF17 in the <i>table of controlled functions</i> , described more fully in SUP 10.9.12R.

<i>significant management (settlements) function</i>	<i>controlled function CF20 in the table of controlled functions</i> , described more fully in SUP 10.9.18R.
<i>significant management function</i>	any of the <i>controlled functions</i> 16 to 20 in the <i>table of controlled functions</i> .
<i>simplified prospectus</i>	(in relation to a <i>simplified prospectus scheme</i>) a marketing document containing information about the <i>scheme</i> and complying with the requirements in COB 6.2.26R (Production and publication of simplified prospectus) and COB 6.2.37R (Table: Contents of the simplified prospectus).
<i>simplified prospectus scheme</i>	means: <ul style="list-style-type: none"> (a) a <i>UCITS scheme</i> that is not a recognised scheme under section 264 of the Act (Schemes constituted in other EEA States); or (b) a <i>key features scheme</i> for which an election that is permitted by COB 6.2.22R(2) (Key features schemes) has been made.
<i>Single Market Directives</i>	(as defined in paragraph 1 of Schedule 3 to the Act (<i>EEA Passport Rights</i>)): <ul style="list-style-type: none"> (a) the <i>Banking Consolidation Directive</i>; (b) the <i>Insurance Directives</i>; (c) the <i>Investment Services Directive</i>; (d) the <i>Insurance Mediation Directive</i>; and (e) (from 13 February 2004) the <i>UCITS Directive</i>.
<i>single-priced AUT</i>	an AUT for the <i>units</i> of which there is only one <i>price</i> applicable by reference to a <i>valuation point</i> .
<i>skilled person</i>	a <i>person</i> appointed to make a report required by section 166 of the Act (Reports by skilled <i>persons</i>) for provision to the FSA and who must be a <i>person</i> : <ul style="list-style-type: none"> (a) nominated or approved by the FSA ; and (b) appearing to the FSA to have the skills necessary to make a report on the matter concerned.
<i>small and medium-sized enterprise</i>	(in PR) (as defined in Article 2.1(f) of the <i>prospectus directive</i>) companies, which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: an average number of employees during the financial year of less than 250, a total balance sheet not exceeding €43,000,000 and an annual net turnover not exceeding €50,000,000.

<i>small business</i>	(in ■ COMP) a <i>partnership , body corporate, unincorporated association or mutual association with an annual turnover of less than £1 million (or its equivalent in any other currency at the relevant time).</i>
<i>small e-money issuer</i>	(as defined by article 9C(10 of the <i>Regulated Activities Order</i> (Persons certified as small issuers etc)) a <i>person</i> to whom a certificate has been given by the FSA under that article (and whose certificate has not been revoked).
<i>small e-money issuer certificate</i>	a certificate given by the FSA under article 9C of the <i>Regulated Activities Order</i> (Persons certified as small issuers etc).
<i>smallest financial sector</i>	(in relation to a <i>financial sector in a consolidation group or a financial conglomerate and in accordance with PRU 8.4 (Cross sector groups)</i>) the <i>financial sector with the smallest average referred to in the box titled Threshold Test 2 in the financial conglomerate definition decision tree (10% ratio of balance sheet size and solvency requirements), the banking sector and investment services sector being treated as one financial sector in the circumstances set out in PRU 8.4.</i>
<i>small friendly society function</i>	<i>controlled function CF6 in the table of controlled functions, described more fully in SUP 10.6.26R.</i>
<i>small personal investment firm</i>	a <i>personal investment firm</i> : <ul style="list-style-type: none"> (a) which is not an <i>ISD investment firm</i>; (b) which is not a <i>network</i>; and (c) which has fewer than 26 <i>representatives</i>.
<i>small self-administered scheme</i>	an <i>occupational pension scheme</i> of a kind described in article 4(4) and 4(5) of the Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001 (SI 2001/1177).
<i>smaller denomination share</i>	a <i>share</i> to which are attached rights in a smaller denomination as provided by regulation 45 of the <i>OEIC regulations</i> .
<i>smoothed linked long term stakeholder product</i>	the <i>stakeholder product</i> specified by regulations 6, 7 and 8 (smoothed linked long term contracts) of the <i>Stakeholder Regulations</i> ;
<i>specialist investor</i>	(in LR) an investor who is particularly knowledgeable in investment matters.
<i>social housing firm</i>	(in PRU 9.3 (Capital resources for insurance and mortgage mediation activity and mortgage lending and administration)) a wholly-owned <i>subsidiary</i> of: <ul style="list-style-type: none"> (a) a local authority; or (b) a registered social landlord;

<i>social insurance</i>	which carries on non-profit <i>regulated activities</i> in connection with housing. (in relation to a class of contract of insurance) the class of contract of insurance, specified in paragraph IX of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance), of a kind referred to in article 1(3) of the <i>First Life Directive</i> ("operations relating to the length of human life which are prescribed by or provided for in <i>social insurance</i> legislation, when they are effected or managed at their own risk by assurance undertakings in accordance with the laws of an <i>EEA State</i> ").
<i>Society</i>	the society incorporated by Lloyd's Act 1871 by the name of Lloyd's.
<i>Society GICR</i>	(in <i>LLD</i>) the <i>general insurance capital requirement</i> calculated by the <i>Society</i> as if it were an <i>insurer</i> under <i>LLD</i> 19.2.13R.
<i>Society's basic market activity</i>	(in accordance with section 315(2)(a) of the <i>Act</i> (The <i>Society</i> : authorisation and permission)) <i>arranging deals in contracts of insurance written at Lloyd's</i> .
<i>Society's regulatory functions</i>	the <i>Society's</i> powers, duties or functions in relation to <i>members</i> or <i>underwriting agents</i> which are or may be exercised for the purposes of supervising or regulating the market at Lloyd's.
<i>Society's secondary market activity</i>	(in accordance with section 315(2)(b) of the <i>Act</i> (The <i>Society</i> : authorisation and permission)) <i>arranging deals in participation in Lloyd's syndicates</i> .
<i>soft commission agreement</i>	an agreement in any form under which a <i>firm</i> receives goods or services in return for <i>designated investment business</i> put through or in the way of another person.
<i>sole trader</i>	an individual who is a <i>firm</i> .
<i>sole trader function</i>	<i>controlled function</i> CF7 in the table of <i>controlled functions</i> , described more fully in SUP 10.6.30R.
<i>solicited real time financial promotion</i>	(in accordance with article 8 of the <i>Financial Promotion Order</i>) (as more fully described in ■ COB 3.10.1R (Meaning of "solicited" and "unsolicited" real time financial promotion) and AUTH App 1.10 (Types of financial promotion))) a <i>real time financial promotion</i> which is solicited, that is, it is made in the course of a personal visit, telephone call or other interactive dialogue if that call, visit or dialogue: (a) was initiated by the recipient of the <i>financial promotion</i> ; or (b) takes place in response to an express request from the recipient of the <i>financial promotion</i> .
<i>solicited real time qualifying credit promotion</i>	(in accordance with article 8 of the <i>Financial Promotion Order</i>) (as more fully described in MCOB 3.7.1R (Meaning of 'solicited' and 'unsolicited' real time qualifying credit promotion)) a <i>real time qualifying credit promotion</i> which is solicited.

<i>solo capital resources</i>	(for the purposes of PRU 8 (Group risk) and in relation to a member of a <i>financial conglomerate in the overall financial sector</i>) capital resources that are or would be eligible as capital under the <i>sectoral rules</i> that apply for the purpose of calculating its <i>solo capital resources requirement</i> . Paragraph 6.9 of PRU 8 Ann 1R applies for the purpose of this definition in the same way as it does for the definition of <i>solo capital resources requirement</i> .
<i>solo capital resources requirement</i>	(for the purpose of PRU 8 (Group risk)) a capital resources requirement calculated on a solo basis as defined in paragraphs 6.2-6.9 of PRU 8 Ann 1R (Solo capital resources requirement).
<i>solvency deficit</i>	(in PRU 8 Ann 1R (Capital adequacy calculations with respect to financial conglomerates) and in respect of a member of the <i>overall financial sector</i>) the amount (if any) by which its <i>solo capital resources</i> fall short of its <i>solo capital resources requirement</i> .
<i>Solvency I Directive</i>	the Directive of the European Parliament and of the Council of 5 March 2002 amending Council Directive 79/267/EEC as regards the solvency margin requirements for life assurance undertakings (No. 2002/12/EC).
<i>special purpose vehicle</i>	<p>(1) (in PR) (as defined in the <i>PD Regulation</i>) an <i>issuer</i> whose objects and purposes are primarily the issue of <i>securities</i>.</p> <p>(2) (except in PR) a <i>body corporate</i>, explicitly established for the purpose of securitising assets, whose sole purpose (either generally or when acting in a particular capacity) is to carry out one or more of the following functions:</p> <p>(a) issuing <i>designated investments</i>, other than <i>life policies</i>;</p> <p>(b) redeeming or terminating or repurchasing (whether with a view to re-issue or to cancellation) an issue (in whole or part) of <i>designated investments</i>, other than <i>life policies</i>;</p> <p>(c) entering into transactions or terminating transactions involving <i>designated investments</i> in connection with the <i>issue</i>, redemption, termination or re-purchase of <i>designated investments</i>, other than <i>life policies</i>;</p>
<i>specialist securities</i>	(in LR and FEES) <i>securities</i> which, because of their nature, are normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.
<i>specialist securitised derivative</i>	(in LR) a <i>securitised derivative</i> which because of its nature is normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.
<i>specific costs</i>	<i>management expenses</i> other than <i>base costs</i> and <i>establishment costs</i> .
<i>specific costs levy</i>	a levy, forming part of the <i>management expenses levy</i> , to meet the <i>specific costs</i> in the financial year of the <i>compensation scheme</i> to which the levy relates, each participant firm's share being calculated in accordance with ■ FEES 6.4.7 R .
<i>specific non-real time</i>	a <i>non-real time financial promotion</i> which identifies and promotes a particular <i>investment</i> or <i>service</i> .

*financial
promotion*

*specified
investment*

any of the following investments specified in Part III of the *Regulated Activities Order (Specified Investments)*:

- (a) *deposit* (article 74);
- (aa) *electronic money* (article 74A);
- (b) *contract of insurance* (article 75); for the purposes of the *permission regime*, this is sub-divided into:
 - (i) *general insurance contract*;
 - (ii) *long-term insurance contract*;
 and then further sub-divided into *classes of contract of insurance*;
- (c) *share* (article 76);
- (d) *debenture* (article 77);
- (e) *government and public security* (article 78);
- (f) *warrant* (article 79);
- (g) *certificate representing certain securities* (article 80);
- (h) *unit* (article 81);
- (i) *stakeholder pension scheme* (article 82);
- (j) *option* (article 83); for the purposes of the *permission regime*, this is sub-divided into:
 - (i) *option (excluding a commodity option and an option on a commodity future)*;
 - (ii) *commodity option and an option on a commodity future*;
- (k) *future* (article 84); for the purposes of the *permission regime*, this is sub-divided into:
 - (i) *future (excluding a commodity future and a rolling spot forex contract)*;
 - (ii) *commodity future*;
 - (iii) *rolling spot forex contract*;
- (l) *contract for differences* (article 85); for the purposes of the *permission regime*, this is sub-divided into:
 - (i) *contract for differences (excluding a spread bet and a rolling spot forex contract)*;
 - (ii) *spread bet*;
 - (iii) *rolling spot forex contract*;
- (m) *underwriting capacity of a Lloyd's syndicate* (article 86(1));
- (n) *membership of a Lloyd's syndicate* (article 86(2));
- (o) *funeral plan contract* (article 87);

	<p>(oa) <i>regulated mortgage contract</i> (article 61(3);</p> <p>(p) <i>rights to or interests in investments</i> (article 89).</p>
<i>specific risk</i>	unique risk that is due to the individual nature of an asset and can potentially be diversified.
<i>sponsor</i>	(in LR) a person approved, under section 88 of the Act by the FSA, as a sponsor.
<i>spread bet</i>	a contract for differences that is a gaming contract, whether or not section 412 of the Act (Gaming contracts) applies to the contract; in this definition, "gaming" has the meaning given in the Gaming Act 1968, which is in summary: the playing of a game of chance for winnings in money or money's worth, whether any person playing the game is at risk of losing any money or money's worth or not.
<i>spread risk</i>	the risk that a spread (that is, the difference in price or yield) between two variables will change.
SSAS	small self-administered scheme.
<i>stabilisation</i>	(in MAR 2) (as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) any purchase or offer to purchase <i>relevant securities</i> , or any transaction in <i>associated instruments</i> equivalent thereto, by <i>investment firms</i> or <i>credit institutions</i> , which is undertaken in the context of a <i>significant distribution</i> of such <i>relevant securities</i> exclusively for supporting the market price of these <i>relevant securities</i> for a predetermined period of time, due to a selling pressure in such securities.
<i>stakeholder CTF</i>	a CTF that has the characteristics, and complies with the conditions, set out in paragraph 2 of the Schedule to the <i>CTF Regulations</i> .
<i>stakeholder pension scheme</i>	<p>(a) (in relation to a <i>specified investment</i>) the investment specified in article 82 of the <i>Regulated Activities Order</i> (Rights under a stakeholder pension scheme) which is rights under a stakeholder pension scheme in (b);</p> <p>(b) (in relation to a scheme) a scheme established in accordance with Part I of the Welfare Reform and Pensions Act 1999 and the Stakeholder Pension Schemes Regulations 2000.</p>
<i>stakeholder product</i>	<p>(as defined in article 52B(3) of the <i>Regulated Activities Order</i>):</p> <p>(a) a stakeholder CTF; or</p> <p>(b) a stakeholder pension scheme; or</p> <p>(c) an investment of a kind specified in the <i>Stakeholder Regulations</i>.</p>
<i>Stakeholder Regulations</i>	the Financial Services and Markets Act 2000 (Stakeholder Products) Regulations 2004 (SI 2004/2738).
<i>standard terms</i>	(in ■ DISP) the contractual terms made under paragraph 18 of Schedule 17 to the Act (The Ombudsman Scheme), under which VJ participants participate in the <i>Voluntary Jurisdiction</i> .
<i>standing data</i>	the information relating to a firm held by the FSA on the matters set out in SUP 16 Annex 16AR.

<i>standing independent valuer</i>	the person appointed as such under ■ COLL 5.6.20R (Standing independent valuer and valuation) and ■ COLL 8.4.13R(1) (Standing independent valuer and valuation) or, as the case may be, CIS 12.3.1R (<i>Standing independent valuer</i>).
<i>state finance organisation</i>	<p>a legal person other than a <i>company</i>:</p> <ul style="list-style-type: none"> (a) which is a national of an <i>EEA state</i>; (b) which is set up by or pursuant to a special law; (c) whose activities are governed by that law and consist solely of raising funds under state control through the issue of <i>debt securities</i>; (d) which is financed by means of the resources they have raised and resources provided by the <i>EEA state</i>; and (e) the <i>debt securities</i> issued by it are considered by the law of the relevant <i>EEA state</i> as securities issued or guaranteed by that state.
<i>state monopoly</i>	<p>a <i>company</i> or other legal person which is a national of an <i>EEA state</i> and which:</p> <ul style="list-style-type: none"> (a) in carrying on its business benefits from a monopoly right granted by an <i>EEA state</i>; and (b) is set up by or pursuant to a special law or whose borrowings are unconditionally and irrevocably guaranteed by an <i>EEA state</i> or one of the federated states of an <i>EEA state</i>.
<i>State of the commitment</i>	<p>(in accordance with paragraph 6(1) of Schedule 12 to the <i>Act</i> (Transfer schemes: certificates)) (in relation to a commitment entered into at any date):</p> <ul style="list-style-type: none"> (a) if the <i>policyholder</i> is an individual, the State in which he had his habitual residence at that date; (b) if the <i>policyholder</i> is not an individual, the State in which the establishment of the <i>policyholder</i> to which the commitment relates was established at that date; <p>in this definition, "commitment" means (in accordance with article 2 of the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001 (SI 2001/3625 any contract of insurance of a kind referred to in article 1 of the <i>First Life Directive</i>.</p>
<i>State of the risk</i>	<p>(in accordance with paragraph 6(3) of Schedule 12 to the <i>Act</i> (Transfer schemes: certificates)) (in relation to the <i>EEA State</i> in which a risk is situated):</p> <ul style="list-style-type: none"> (a) if the insurance relates to a building or to a building and its contents (so far as the contents are covered by the same policy), the <i>EEA State</i> in which the building is situated; (b) if the insurance relates to a vehicle of any type, the <i>EEA State</i> of registration; (c) in the case of <i>policies</i> of a duration of four months or less covering travel or holiday risks (whatever the class concerned), the <i>EEA State</i> in which the <i>policyholder</i> took out the <i>policy</i>; (d) in a case not covered by (a) to (c):

	<p>(i) if the <i>policyholder</i> is an individual, the <i>EEA State</i> in which he has his habitual residence at the date when the contract is entered into; and</p> <p>(ii) otherwise, the <i>EEA State</i> in which the establishment of the <i>policyholder</i> to which the <i>policy</i> relates is situated at that date.</p>
Statement of Principle	one of the Statements of Principle issued by the FSA under section 64(1) of the Act (Conduct: Statements and codes) with respect to the conduct of <i>approved persons</i> and set out in APER.
statutory notice	a <i>warning notice</i> , <i>decision notice</i> or <i>supervisory notice</i> .
statutory notice decision	a decision by the FSA on whether or not to give a <i>statutory notice</i> .
statutory notice associated decision	<p>a decision which is made by the FSA and which is associated with a decision to give a <i>statutory notice</i>, including a decision:</p> <ul style="list-style-type: none"> (a) to determine or extend the period for making representations; (b) to determine whether a copy of the <i>statutory notice</i> needs to be given to any third party and the period for him to make representations; (c) to refuse access to FSA material; (d) as to the information which it is appropriate to publish about the matter to which a <i>final notice</i> or an effective <i>supervisory notice</i> relates.
step-up	(1) (in relation to a <i>tier one instrument</i>) has the meaning set out in PRU 2.2.74R; and (2) (in relation to a <i>tier two instrument</i>) has the meaning set out in PRU 2.2.118R.
stochastic projection	a <i>projection</i> showing a summary of results from repeated simulations using an investment model, where the model uses key financial parameters which are subject to random variations and are projected into the future.
stock lending	the disposal of a <i>designated investment</i> subject to an obligation or right to reacquire the same or a similar <i>designated investment</i> from the same counterparty.
stock lending activity	the activity of undertaking a <i>stock lending</i> transaction.
stocks and shares component	a <i>qualifying investment</i> as prescribed in paragraph 7 of the ISA Regulations.
store card	a card restricted to paying for goods or services from a particular supplier or group of suppliers and where the price of the goods or services is paid directly to the supplier or group of suppliers by the customer or the <i>firm</i> , but excluding a <i>plastic card</i> used to pay for goods or services through a network such as Visa or MasterCard.

structured capital-at-risk product

a product, other than a *derivative*, which provides an agreed level of income or growth over a specified investment period and displays the following characteristics:

- (a) the *customer* is exposed to a range of outcomes in respect of the return of initial capital invested;
- (b) the return of initial capital invested at the end of the investment period is linked by a pre-set formula to the performance of an index, a combination of indices, a 'basket' of selected stocks (typically from an index or indices), or other factor or combination of factors; and
- (c) if the performance in (b) is within specified limits, repayment of initial capital invested occurs but if not, the *customer* could lose some or all of the initial capital invested.

structured deposit

a *deposit* paid on terms under which any interest or premium will be paid, or is at risk, according to a formula which involves the performance of:

- (a) an index (or combination of indices)(other than money market indices);
- (b) a stock (or combination of stocks); or (c) a commodity (or combination of commodities).

sub-fund

- (a) (in relation to an *umbrella scheme*) a separate part of the *scheme* property of that *scheme* that is pooled separately;
- (b) (in relation to a *collective investment scheme* that is not an *authorised fund*) any part of that *scheme* that is equivalent to a *sub-fund* of an *umbrella scheme*.

sub-group

(in relation to a *person*):

- (a) that *person*; and
- (b) any *person* that is either:
 - (i) a *subsidiary undertaking* of that *person*; or
 - (ii) an *undertaking* in which that *person* or a *subsidiary undertaking* of that *person* holds a *participation*.

sub-scheme

one of the sub-schemes to which the FSCS allocates liabilities for *compensation costs*, as described in ■ FEES 6.5.7 R .

subsidiary

(as defined in section 736 of the Companies Act 1985 ("Subsidiary", "holding company" and "wholly-owned subsidiary")) (in relation to another *body corporate* ("H")) a *body corporate* of which H is a *holding company*.

subsidiary undertaking

- (1) (except for the purposes of determining whether a *person* has *close links* with another *person*) an *undertaking* of which another *undertaking* is its *parent undertaking*.
- (2) (for the purposes of determining whether a *person* has *close links* with another *person*) (in accordance with section 343(8) of the Act (Information given by auditor or actuary to the FSA) and paragraph 3(3) of Schedule 6 to the Act (Threshold conditions)):
 - (a) an *undertaking* in (1);

	<p>(b) an <i>undertaking</i> ("S") if:</p> <ul style="list-style-type: none"> (i) another <i>undertaking</i> (its parent) is a member of S; (ii) a majority of S's board of directors who have held office during the financial year and during the preceding financial year have been appointed solely as a result of the exercise of the parent's voting rights; and (iii) no one else is the parent undertaking of S under any of (a) (i) to (iii) or b(i) or (ii) in the definition of <i>parent undertaking</i>. <p>(3) (in <i>LR</i>) as defined in section 258 of the Companies Act 1985.</p>
<i>substantial shareholder</i>	(in <i>LR</i>) any person (excluding a bare trustee) who is entitled to exercise or to control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the <i>company</i> (or any other <i>company</i> which is its <i>subsidiary undertaking</i> or <i>parent undertaking</i> or is a fellow <i>subsidiary undertaking</i> of its <i>parent undertaking</i>).
<i>sufficiency liquid</i>	(in ■ ELM) (in relation to an <i>investment</i>) complying with the requirements about liquidity in ■ ELM 3.3.11R (Test for liquidity).
<i>suitability letter</i>	a letter that must be provided to a <i>customer</i> under ■ COB 5.3.14R (Requirement for a suitability letter) and that contains the information required by ■ COB 5.3.16R.
<i>summary</i>	(in relation to a <i>prospectus</i>) the summary included in the <i>prospectus</i> .
<i>SUP</i>	the Supervision manual.
<i>supplementary listing particulars</i>	(in <i>LR</i>) (in accordance with section 81(1) of the <i>Act</i>), supplementary listing particulars containing details of the change or new matter.
<i>supervisory notice</i>	(as defined in section 395(13) of the <i>Act</i> (The Authority's procedures)) a notice given by the FSA in accordance with section 53(4), (7) or (8)(b); 78(2) or (5); 197(3), (6) or (7)(b); 259(3), (8) or (9)(b); 268(3), (7)(a) or (9)(a) (as a result of subsection (8)(b)); 282(3), (6) or (7)(b); or 321(2) or (5).
<i>supplementary levy</i>	(in <i>FEES</i>) a levy, additional to the <i>general levy</i> , for the purposes of recovering the <i>establishment costs</i> .
<i>supplementary prospectus</i>	(in <i>Part 6 rules</i>) a supplementary prospectus containing details of a new factor, mistake or inaccuracy.
<i>suretyship</i>	<p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph 15 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), namely:</p> <ul style="list-style-type: none"> (a) a <i>contract of insurance</i> against the risks of loss to the <i>person insured</i> arising from their having to perform contracts of guarantee entered into by them;

	<p>(b) fidelity bonds, performance bonds, administration bonds, bail bonds or customs bonds or similar contracts of guarantee where these are:</p> <ul style="list-style-type: none"> (i) effected or carried out by a <i>person</i> not carrying on a banking business; (ii) not effected merely incidentally to some other business carried on by the <i>person</i> effecting them; and (iii) effected in return for the payment of one or more premiums.
<i>surrender value</i>	<p>(a) where the contract is a contract of life assurance or a contract for an annuity, the amount (including a nil amount) payable by the <i>firm</i> or other body issuing the contract on surrender of the <i>policy</i>;</p> <p>(b) where the contract is a <i>pension contract</i>, the amount payable on the transfer of the investor's accrued rights under that contract to another <i>pension contract</i>;</p> <p>(c) where the contract is a <i>Holloway sickness policy</i>, the amount payable by the <i>firm</i> on surrender on or before the <i>projection date</i> for the <i>policy</i>;</p> <p>(d) where the contract is for any other matter, the amount payable by the <i>firm</i> on the surrender of the <i>policy</i>.</p>
<i>Swiss general insurance company</i>	<p>(in accordance with article 1(2) of the Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (SI 201/2507)) a <i>person</i>:</p> <ul style="list-style-type: none"> (a) whose head office is in Switzerland; (b) who is authorised by the supervisory authority in Switzerland as mentioned in article 7.1 of the <i>Swiss Treaty Agreement</i>; and (c) who is seeking to carry on, or is carrying on, from a branch in the <i>United Kingdom</i>, a <i>regulated activity</i> consisting of the <i>effecting</i> or <i>carrying out</i> of <i>contracts of insurance</i> of a kind which is subject to that agreement.
<i>Swiss general insurer</i>	a <i>Swiss general insurance company</i> which has <i>permission</i> to effect or carry out <i>contracts of insurance</i> of a kind which is subject to the <i>Swiss Treaty Agreement</i> .
<i>Swiss Treaty Agreement</i>	the agreement of 10 October 1989 between the European Economic Community and the Swiss Confederation on direct insurance other than life insurance, approved on behalf of the European Economic Community by the Council Decision of 20 June 1999 (No 91/370/EEC).
<i>syndicate</i>	one or more <i>persons</i> , to whom a particular syndicate number has been assigned by or under the authority of the <i>Council</i> , <i>carrying out</i> or <i>effecting contracts of insurance</i> written at Lloyd's.
<i>syndicate actuary</i>	an <i>actuary</i> appointed to a <i>syndicate</i> as required by SUP 4.6.9R(1) .
<i>syndicate assets</i>	(in <i>LLD</i>) assets managed by or at the direction of a <i>managing agent</i> in respect of <i>insurance business</i> carried on through a <i>syndicate</i> and overseas business regulatory deposits funded from those assets.

<i>syndicate ICA</i>	(in LLD) the capital assessment performed by a <i>managing agent</i> under PRU 1.2.26R, LLD 18.2.1R(1), PRU 2.3 and LLD 19.4.1R(1) in respect of each <i>syndicate</i> managed by it.
<i>syndicate year</i>	a year of account of a <i>syndicate</i> .
<i>synthetic cash</i>	a position in a <i>derivative</i> that offsets an exposure in property to the point where that exposure has effectively been neutralised, and the effect of the combined holding of both property and the position in the <i>derivative</i> is the same as if the <i>authorised fund</i> had received or stood to receive the value of the property in cash.
<i>synthetic future</i>	<p>(a) a synthetic bought future, that is, a bought call <i>option</i> coupled with a written put <i>option</i>; or</p> <p>(b) a synthetic sold future, that is, a bought put <i>option</i> coupled with a written call <i>option</i>;</p> <p>provided that in either case the two <i>options</i>:</p> <p>(i) are bought and written, whether simultaneously or not, on a single <i>eligible derivatives</i> market;</p> <p>(ii) relate to the same underlying <i>security</i> or other asset;</p> <p>(iii) give the purchasers of the <i>options</i> the same rights of exercise (whether at the same price or not); and</p> <p>(iv) will expire together, if not exercised.</p>
SYSC	the part of the <i>Handbook</i> in High Level Standards which has the title Senior Management Arrangements, Systems and Controls.
<i>systems and controls function</i>	any of <i>controlled functions</i> 13 to 15 in the <i>table of controlled functions</i> .

<i>table of controlled functions</i>	the table of controlled functions in SUP 10.4.5R.
<i>takeover bid</i>	an offer, as the term is used in the <i>Takeover Code</i> , or any other similar conduct governed by that code.
<i>Takeover Code</i>	the City Code on Takeovers and Mergers issued by the <i>Takeover Panel</i> .
<i>takeover or related operation</i>	<p>(a) any transaction falling within paragraph 4(b) (Companies and Transactions to which the Code applies) of the introduction to the <i>Takeover Code</i> and, for this purpose, an offer for non-voting, non-equity share capital is to be regarded as falling within the <i>Takeover Code</i> even if not required by rule 15 of that Code;</p> <p>(b) any transaction subject to the SARs;</p> <p>(c) any transaction which would have fallen within (a) were it not for the fact that the company which is the subject of the transaction does not satisfy the tests set out in paragraph 4(a) (Companies and Transactions to which the Code applies) of the introduction to the <i>Takeover Code</i>;</p> <p>(d) any transaction which would have been subject to the SARs but where the shares the subject of the transaction are in a company which does not satisfy the test of residency set out in the second and third paragraphs of Section 2 (Scope) of the Introduction to the SARs;</p> <p>(e) any offer, transaction or arrangement relating to the purchase of <i>securities</i> with a view to establishing or increasing a strategic holding of a <i>person</i>, or of a <i>person</i> together with his <i>associates</i>, in the <i>securities</i> concerned;</p> <p>(f) any transaction or arrangement entered into in contemplation or furtherance of any offer, transaction or arrangement falling within (a) to (e); and</p> <p>(g) any transaction or arrangement entered into by way of defence or protection against any offer, transaction or arrangement falling within (a) to (f) which has taken place or which is contemplated.</p>
<i>Takeover Panel</i>	the Panel on Takeovers and Mergers.
<i>target</i>	(in LR) the subject of a <i>class 1 transaction</i> .
<i>tariff of charges</i>	a list of all the charges (including amounts) that are payable on a <i>regulated mortgage contract</i> , including the reason for, and amount of, each charge.
<i>tax exempt policy</i>	any contract of assurance, offered or issued by a <i>friendly society</i> , which is tax exempt life or endowment business as defined in section 466 (2) of the Income and Corporation Taxes Act 1988.
TC	the Training and Competence sourcebook.
<i>technical provision</i>	(in PRU) a technical provision established:

	<p>(a) for <i>general insurance business</i>, in accordance with PRU 7.2.12R; and</p> <p>(b) for <i>long-term insurance business</i>, in accordance with PRU 7.2.16R.</p>
<i>tender offer</i>	<p>(in LR) an offer by a <i>company</i> to purchase all or some of a <i>class</i> of its <i>listed equity securities</i> or <i>preference shares</i> at a maximum or fixed price (that may be established by means of a formula) that is:</p> <p>(a) communicated to all holders of that <i>class</i> by means of a <i>circular</i> or advertisement in two national newspapers;</p> <p>(b) open to all holders of that <i>class</i> on the same terms for at least seven days; and</p> <p>(c) open for acceptance by all holders of that <i>class</i> pro rata to their existing holdings.</p>
<i>terminating event</i>	(as defined in article 2(1) of the <i>compensation transitionals order</i>) in relation to applications made under an <i>investment business compensation scheme</i> , the withdrawal, discontinuance or rejection of the application, or its determination by a final payment of compensation to the applicant.
<i>terms of business</i>	a statement in a <i>durable medium</i> of the terms and conditions on which a <i>firm</i> will conduct <i>designated investment business</i> with or for a <i>client</i> or <i>retail customer</i> .
<i>third-country banking and investment group</i>	<p>a <i>banking and investment group</i> that meets the following conditions:</p> <p>(a) it is headed by:</p> <p>(i) a <i>credit institution</i>; or</p> <p>(ii) an <i>asset management company</i>; or</p> <p>(iii) an <i>investment firm</i>; or</p> <p>(iv) a <i>financial holding company</i>;</p> <p>that has its head office outside the EEA; and</p> <p>(b) it is not part of a wider EEA <i>banking and investment group</i>.</p>
<i>third-country competent authority</i>	the authority of a country or territory which is not an EEA State that is empowered by law or regulation to supervise (whether on an individual or group-wide basis) <i>regulated entities</i> .
<i>third-country financial conglomerate</i>	a <i>financial conglomerate</i> that is of a type that falls under Article 5(3) of the <i>Financial Groups Directive</i> , which in summary is a <i>financial conglomerate</i> headed by a <i>regulated entity</i> or a <i>mixed financial holding company</i> that has its head office outside the EEA.
<i>third-country group</i>	a <i>third-country financial conglomerate</i> or a <i>third-country banking and investment group</i> .

<i>Third Life Directive</i>	the Council Directive of 10 November 1992 on the coordination of laws, etc, and amending Directives 79/267/EEC and 90/619/EEC (No 92/96/EEC).
<i>Third Non-Life Directive</i>	the Council Directive of 18 June 1992 on the coordination of laws, etc, and amending Directives 73/239/EEC and 88/357/EEC (No 92/49/EEC).
<i>third party processor</i>	<p>(1) A firm ("Firm A") which carries on <i>regulated mortgage activities</i> or <i>insurance mediation activities</i> in relation to <i>non-investment insurance contracts</i>, or both, for another firm (or an <i>appointed representative</i>) ("Firm B") under a properly documented <i>outsourcing</i> agreement, the terms of which provide that when Firm A carries on any of these activities ("the outsourced activities") for Firm B:</p> <ul style="list-style-type: none"> (a) Firm A acts only on the instructions of Firm B; (b) in any communication with a <i>customer</i>, Firm A represents itself as Firm B; (c) Firm A undertakes to co-operate fully with Firm B in relation to any complaints arising from Firm A's performance of the outsourced activities, even if the complaint is made after Firm A has ceased to carry on the outsourced activities for Firm B; and (d) Firm B accepts full responsibility for the acts and omissions of Firm A when carrying on the outsourced activities and must pay any redress due to the <i>customer</i>; <p>or an <i>appointed representative</i> ("Firm A") which carries on such activities for its <i>principal</i> ("Firm B") under such an agreement.</p> <p>(2) A firm ("Firm C") which carries on <i>regulated mortgage activities</i> or <i>insurance mediation activities</i> in relation to <i>non-investment insurance contracts</i>, or both, for a <i>third party processor</i> within (1) ("Firm A"), where:</p> <ul style="list-style-type: none"> (a) the <i>outsourcing</i> agreement between Firm A and the firm for which Firm A is carrying on outsourced activities ("Firm B") authorises Firm A to outsource some or all of those activities to third parties which are <i>firms</i>, and identifies Firm C by name as one of those third parties; (b) under the <i>outsourcing</i> agreement between Firm A and Firm B, Firm B accepts full responsibility for the acts and omissions of Firm C when carrying on the activities which are outsourced to it by Firm A; and (c) there is a properly documented <i>outsourcing</i> agreement between Firm C and Firm A the terms of which provide that when Firm C carries on any of the outsourced activities: <ul style="list-style-type: none"> (i) Firm C acts only on the instructions of Firm A; (ii) in any communication with a customer, Firm C represents itself as Firm B; and

	(iii) Firm C undertakes to co-operate fully with Firm A and Firm B in relation to any complaints arising from Firm C's performance of the outsourced activities, even if the complaint is made after Firm C has ceased to carry on the outsourced activities for Firm A.
<i>threshold condition</i>	(in relation to a <i>regulated activity</i>) any of the conditions set out in or under Schedule 6 to the Act (Threshold conditions), including the additional conditions in the Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (SI 2001/2507) (see COND).
<i>tied product</i>	a product, other than <i>linked borrowing</i> or a <i>linked deposit</i> , that a customer is obliged to purchase through a mortgage lender as a condition of taking out a regulated mortgage contract with that mortgage lender.
<i>tier one capital</i>	(1) (in ELM) the tier one capital of an ELMI calculated in accordance with ELM 2.4 (Calculation of initial capital and own funds). (2) (in PRU) an item of capital that is specified in stages A, B or C of the table in PRU 2.2.14R.
<i>tier one capital resources</i>	the sum calculated at stage F of the calculation in PRU 2.2.14R.
<i>tier one instrument</i>	an item of capital that falls into PRU 2.2.27R and is eligible to form part of a firm's tier one capital resources.
<i>tier two capital</i>	(1) (in ELM) the tier two capital of an ELMI calculated in accordance with ELM 2.4 (Calculation of initial capital and own funds). (2) (in PRU) an item of capital that is specified in stages G or H of the table in PRU 2.2.14R.
<i>tier two capital resources</i>	the sum calculated at stage I of the calculation in PRU 2.2.14R.
<i>tier two instrument</i>	an item of capital that meets the conditions in PRU 2.2.101R or PRU 2.2.108R and is eligible to form part of a firm's tier two capital resources.
<i>time-scheduled buy-back programme</i>	(as defined in Article 2 of the Buy-back and Stabilisation Regulation) a buy-back programme where the dates and quantities of securities to be traded during the time period of the programme are set out at the time of the public disclosure of the buy-back programme.
<i>tontines</i>	(in relation to a class of contract of insurance) tontines as specified in paragraph V of Part II of Schedule 1 to the Regulated Activities Order (Contracts of long-term insurance).
<i>top-up cover</i>	cover provided by the compensation scheme for claims against an incoming EEA firm (which is a credit institution, an IMD insurance intermediary, an IMD reinsurance intermediary or an ISD investment firm or a UCITS management company) in relation to the firm's passported activities and in addition to, or due to the absence of, the cover provided by the firm's Home State compensation scheme (see COMP 14 (Participation by EEA firms)).

<i>top-up permission</i>	a <i>Part IV permission</i> given to an incoming EEA firm, an incoming Treaty firm or a UCITS qualifier.
<i>total amount payable</i>	the <i>total charge</i> for <i>credit</i> plus the total amount of credit advanced.
<i>total charge for credit</i>	the total of the charges (determined as at the date of making the contract) specified in MCOB 10.4.2R as applying in relation to the <i>secured lending</i> but excluding the charges specified in MCOB 10.4.4R.
<i>total group tier one capital</i>	the sum calculated at stage A of the calculation in PRU 8.3.43R.
<i>total group tier two capital</i>	the sum calculated at stage B of the calculation in PRU 8.3.43R.
<i>tradable renewable energy credit</i>	<p>an allowance, licence, permit, right, note, unit, credit, asset, certificate or instrument (the "credit") where:</p> <ul style="list-style-type: none"> (a) the credit confers or may result in a benefit or advantage to its holder or someone else; and (b) the credit, or the benefit or advantage in (a), is linked to the supply, distribution or consumption of energy derived from renewable sources by the holder of the credit or someone else.
<i>traded life policy</i>	a <i>life policy</i> which is to be or has been assigned for value by the <i>policyholder</i> to another <i>person</i> .
<i>traded on</i>	(in relation to an <i>ATS</i>) traded by means of the system including under the rules of, or by means of the protocols or operating procedures of, the system.
<i>trading information</i>	<p>information of the following kinds:</p> <ul style="list-style-type: none"> (1) that <i>investments</i> of a particular kind have been or are to be acquired or disposed of, or that their acquisition or disposal is under consideration or the subject of negotiation; or (2) that <i>investments</i> of a particular kind have not been or are not to be acquired or disposed of; or (3) the quantity of <i>investments</i> acquired or disposed of or to be acquired or disposed of or whose acquisition or disposal is under consideration or the subject of negotiation; or (4) the price (or range of prices) at which <i>investments</i> have been or are to be acquired or disposed of or the price (or range of prices) at which <i>investments</i> whose acquisition or disposal is under consideration or the subject of negotiation may be acquired or disposed of; or (5) the identity of the <i>persons</i> involved or likely to be involved in any capacity in an acquisition or disposal.
<i>transaction</i>	(in ■ ML) any transaction, including the giving of advice and any other business or service undertaken in the course of carrying on a <i>regulated activity</i> .

<i>transaction report</i>	a report of a <i>reportable transaction</i> which meets the requirements of SUP 17.6.2R (Transaction report: Content).
<i>transaction-specific advice</i>	<p><i>advice on investments</i>:</p> <p>(a) given in connection with dealing or arranging activities carried on by the <i>firm</i> that fall within ■ MAR 3.1.2(2)R(a), (b) or (c); or</p> <p>(b) with a view to carrying on any such activities;</p> <p>with or for the <i>market counterparty</i> to whom the advice is given.</p>
<i>transfer value analysis</i>	an analysis performed to make a comparison between the benefits which are likely (on reasonable assumptions) to be paid under an <i>occupational pension scheme</i> and the benefits afforded by a <i>personal pension contract</i> or a <i>pension buy-out contract</i> .
<i>transferable security</i>	(1) (in PR and LR) (as defined in section 102A of the Act) anything which is a transferable security for the purposes of the <i>investment services directive</i> , other than money-market instruments for the purposes of that directive which have a maturity of less than 12 months. (2) (in COLL and CIS) an <i>investment</i> within COLL 5.2.7R (transferable securities), CIS 5.2.9R (<i>Transferable securities</i>) or, as the case may be, CIS 5A.2.9R (<i>Transferable securities</i>) in relation to <i>schemes</i> falling under ■ COLL 5, ■ CIS 5 or ■ CIS 5A respectively.
<i>transitional complaints scheme</i>	the arrangements made by the FSA for the investigation of complaints against the FSA and each of PIA, IMRO and SFA arising in connection with the carrying out of their functions under the Financial Services Act 1986 and the Banking Act 1987.
<i>treasury shares</i>	qualifying shares to which sections 162A to 162G of the Companies Act 1985 apply.
<i>Treaty</i>	the Treaty establishing the European Community.
<i>Treaty activity</i>	(as defined in section 417(1) of the Act (Definitions)) an activity carried on under a <i>permission</i> obtained in accordance with Schedule 4 to the Act (Treaty Rights).
<i>Treaty firm</i>	<p>(as defined in paragraph 1 of Schedule 4 to the Act (Treaty Rights)) a <i>person</i>:</p> <p>(a) whose head office is situated in an <i>EEA State</i> (its "<i>Home State</i>") other than the <i>United Kingdom</i>; and</p> <p>(b) which is recognised under the law of that State as its national.</p>
<i>Treaty right</i>	the entitlement of a <i>Treaty firm</i> to qualify for <i>authorisation</i> under Schedule 4 to the Act (Treaty Rights).
<i>Tribunal</i>	the <i>Financial Services and Markets Tribunal</i> .
<i>trust deed</i>	(1) (in LR) a trust deed or equivalent document securing or constituting <i>debt securities</i> . (2) (in COLL and CIS) the deed referred to in ■ COLL 3.2.3R (The trust deed for AUTs or, as the case may be, CIS 2.2.5R (The <i>trust deed</i> for AUTs), together with any deed expressed to be supplemental to it, made between the manager and the trustee (or, in the case of a recognised scheme that is a unit trust scheme, the instrument constituting the scheme as amended from time to time).

<i>trust scheme rules</i>	<p>rules in ■ COLL and CIS made by the FSA under section 247(1) of the Act (<i>Trust scheme rules</i>) in relation to:</p> <ul style="list-style-type: none"> (a) the constitution, management and operation of <i>AUTs</i>; (b) the powers, duties, rights and liabilities of the <i>manager</i> and <i>trustee</i> of any such <i>scheme</i>; (c) the rights and duties of the <i>participants</i> in any such <i>scheme</i>; and (d) the winding up of any such <i>scheme</i>.
<i>trustee</i>	(in accordance with section 237(2) of the Act (Other definitions)) (in relation to a <i>unit trust scheme</i>) the <i>person</i> holding the property in question on trust for the <i>participants</i> .
<i>trustee firm</i>	<p>a <i>firm</i> which is not an <i>OPS firm</i> and which is acting as a:</p> <ul style="list-style-type: none"> (a) trustee; or (b) personal representative.
<i>Type P projection</i>	(in relation to a <i>pension scheme</i> or a <i>stakeholder pension scheme</i>) a <i>projection</i> in real value terms based on prices where the period to the <i>projection date</i> is one year or more.
<i>Type Q projection</i>	(in relation to <i>pension scheme</i> or a <i>stakeholder pension scheme</i>) a <i>projection</i> in real value terms based on earnings where the period to the <i>projection date</i> is one year or more.

<i>valuation point</i>	(in ■ COLL and CIS) a <i>valuation point</i> fixed by the authorised fund manager for the purpose of ■ COLL 6.3.4R (Valuation points), ■ COLL 8.5.9R (Valuation, pricing and dealings), CIS 4.8.5R (Regular <i>valuation points</i>), CIS 4.8.6R (Additional <i>valuation points</i>) or CIS 15.8.3(1) or (2)R (Frequency of valuation).
<i>vendor consideration placing</i>	(in LR) a marketing, by or on behalf of vendors, of <i>securities</i> that have been allotted as consideration for an acquisition.
<i>venture capital business</i>	<p>the business of carrying on any of:</p> <ul style="list-style-type: none"> (a) investing in, advising on investments which are, managing investments which are, arranging (bringing about) transactions in, or making arrangements with a view to transactions in, venture capital investments; (b) advising on investments or managing investments in relation to portfolios, or establishing, operating or winding up collective investment schemes, where the portfolios or collective investment schemes (apart from funds awaiting investment) invest only in venture capital investments; (c) any custody activities provided in connection with the activities in (a) and (b); (d) any related ancillary activities.
<i>venture capital contact</i>	<p>(when a firm carries on designated investment business with or for a person in the course of or as a result of carrying on venture capital business) that person in connection with that designated investment business if:</p> <ul style="list-style-type: none"> (a) the firm does not behave in a way towards that person which might reasonably be expected to lead that person to believe that he is being treated as a client; and (b) the firm clearly indicates to that person that the firm: <ul style="list-style-type: none"> (i) is not acting for him; and (ii) will not be responsible to him for providing protections afforded to clients of the firm or be advising him on the relevant transaction.
<i>venture capital firm</i>	a firm whose permission includes a requirement that it must not conduct designated investment business other than venture capital business.
<i>venture capital investment</i>	<p>a designated investment which, at the time the investment is made, is:</p> <ul style="list-style-type: none"> (a) in a new or developing company or venture; or (b) in a management buy-out or buy-in; or (c) made as a means of financing the investee company or venture and accompanied by a right of consultation, or rights to information, or board representation, or management rights; or (d) acquired with a view to, or in order to, facilitate a transaction falling within (a) to (c).

<i>venture capital trust</i>	(in LR) a <i>company</i> which is, or which is seeking to become, approved as a venture capital trust under section 842AA of the Income and Corporation Taxes Act 1988.
<i>version 1 credit union</i>	a <i>credit union</i> whose <i>Part IV permission</i> includes a <i>requirement</i> (whether for all or for particular purposes) that it must not lend more than £15,000, or such lesser amount as may be specified, in excess of a member's shareholding; in this definition a "member's shareholding" means any shares held by a member of the <i>credit union</i> in accordance with sections 5 and 7 of the Credit Unions Act 1979.
<i>version 2 credit union</i>	a <i>credit union</i> which is not a <i>version 1 credit union</i> .
<i>VJ participant</i>	a <i>person</i> subject to the <i>Voluntary Jurisdiction</i> by contract.
<i>volatility risk</i>	the potential loss due to fluctuations in implied <i>option</i> volatilities.
<i>Voluntary Jurisdiction</i>	the jurisdiction of the <i>Financial Ombudsman Service</i> in which <i>persons</i> (whether <i>authorised</i> or <i>unauthorised</i>) participate by contract.
<i>voting power</i>	(in relation to an <i>undertaking</i>) (in accordance with section 422(7) of the <i>Act</i> (Controller)) voting power exercisable at a general meeting of the <i>undertaking</i> or, if the <i>undertaking</i> does not have general meetings at which matters are decided by the exercise of voting rights, the right under the constitution of the <i>undertaking</i> to direct the overall policy of the <i>undertaking</i> or to alter the terms of its constitution.