



Financial Services Authority

The Financial Services  
(Conduct of Business)  
(ISAs) Rules 1999

**Rulebook  
Amendments and Additions  
Release 190**

# Financial Services Authority

## **Amendments and Additions**

### **Release 190**

The Financial Services Authority made by order on 8 January 1999 the Financial Services (Conduct of Business) (ISAs) Rules 1999. These rules come into operation from 31 January 1999.

These rules are made following proposals set out in FSA's Policy Statement on ISAs (October 1998).

### **Filing instructions**

This Release should be filed in Chapter I of Volume 1 of the Rulebook after Release 174

The Financial Services Authority  
15 January 1999

# The Financial Services (Conduct of Business) (ISAs) Rules 1999

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

## **PART 1 PRELIMINARY**

### **1.01 Citation and Commencement**

These rules, the Financial Services (Conduct of Business) (ISAs) Rules 1999 are made on 8 January 1999 and shall come into operation on 31 January 1999.

### **1.02 Purpose**

The purpose of this instrument is to make various amendments to the Financial Services (Conduct of Business) Rules 1990 to take into account the introduction of Individual Savings Accounts.

## **PART 2 AMENDMENTS TO THE 1990 RULES**

**2.01** The Financial Services (Conduct of Business) Rules 1990 are amended as follows:

**2.02** After rule 1.15, insert:

### **“ 1.16 Individual Savings Account Transactions**

- (1) Where a firm acts as an ISA Manager or otherwise engages in business in relation to ISAs it shall comply with
  - a. the Adopted Lautro Rules of PIA applicable to such business as specified in Part I of Appendix A to this Part of these Rules if the firm is a Life Office; or

- b. the Adopted FIMBRA Rules of PIA applicable to such business as specified in Part II of Appendix A to this Part of these Rules if the firm is an independent firm; or
  - c. the IMRO Rules applicable to such business as specified in Part III of Appendix A to this Part of these Rules if the firm is not a Life Office or an independent firm.
- (2) Subject to paragraph (4) below, references to terms used in the relevant Rules (and in any other Rule in or Schedule to the relevant Rules to which those Rules refer) shall have the same meaning for the purposes of this Rule and Rule 7.30 as they have in the relevant Rules, save that references to “Member” shall be taken as references to a firm subject to these Rules, and references to IMRO or PIA, shall be taken as references to the Board.
- (3) In this Rule and in Rule 7.30, references to the Rules applicable to ISA management or the carrying on of other business in relation to ISAs are to the relevant Rules of PIA made on 8 December 1998 and to the applicable Rules of IMRO made on 10 December 1998 in force at the date of this Rule.
- (4) In this Rule and in Rule 7.30:
- “individual savings account” (“ISA”) means an account which is a scheme of investment satisfying the conditions prescribed in the Individual conditions prescribed in the Individual Savings Account Regulations 1998 (S.I. 1998/1870);
- “ISA manager” in relation to an Individual Savings Account means a person who fulfils the conditions of the Individual Savings Account Regulations 1998 and is approved by the Commissioners of Inland Revenue for the purposes of the Regulations as an account manager;
- “CAT standards” means the CAT Standards for ISAs prescribed on 22 December 1998 by HM Treasury’ ”

2.02 After rule 1.16 insert the following new appendix:

**“APPENDIX A (RULE 1.16 and 7.30)**

**INDIVIDUAL SAVINGS ACCOUNTS**

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PART I	ADOPTED LAUTRO RULES
PART L:I	GENERAL PROVISIONS – L.1.2.(1)
PART L:II	General Duties of Members – L.2.12. ISA Managers
PART L:III	SELLING PRACTICES – L.3.14. Disclosure of income from unit trusts, L.3.7A Individual Savings Accounts (schemes only) and Type A Personal Equity Plans
PART L:V	PRODUCT DISCLOSURE AND DISCLOSURE OF COMMISSION – L.5.1(1)(i) General interpretative provisions, L.5.7A Delivery of Key Features – Cash Deposit Component of an ISA, L.5.8.(1) (Life Policies) Key Features and Important Information
PART L:VA	PRODUCT DISCLOSURE AND DISCLOSURE OF COMMISSION (Schemes) – L.5A.3A and L.5A.7(2) Disclosure of Remuneration or Commission
PART L:VI	ADVERTISEMENTS; CHAPTER I GENERAL PROVISIONS – L.6.2 Interpretation, CHAPTER IV – L.6.18A and L.6.19A(4) RULES WHICH APPLY TO ADVERTISEMENTS MAKING OR INVITING OFFERS
SCHEDULE L:4	THE CALCULATION OF PROJECTIONS; PART I – L.3. GENERAL PROVISIONS, PART II – L.1.(5A) Principles applicable for the Calculation of Projections and Surrender Values, PART III – L.1. and L.6. RATE OF RETURN ASSUMPTIONS
SCHEDULE L:4A	CALCULATIONS OF CHARGES AND EXPENSES AND THEIR EFFECT – L.1(4) DEFINITIONS
SCHEDULE L:6	KEY FEATURES AND OTHER IMPORTANT INFORMATION (LIFE PRODUCTS); GENERAL – L.1 and L2, PART II – POST SALE INFORMATION, PART III – ADDITIONAL WARNINGS (6)
SCHEDULE L:6A	KEY FEATURES AND OTHER IMPORTANT INFORMATION (SCHEMES) GENERAL; PART 1 – (2)(b) and (7) KEY FEATURES AND IMPORTANT INFORMATION, PART 1A – (4) Calculation Method for ‘Effect of Deductions to Date’, PART III – Additional Warnings

SCHEDULE L:7 THE CALCULATION OF PROJECTIONS RELATING TO SCHEMES; PART II – (5) Principles applicable for the Calculation of Projections, PART III – 4. (For Schemes) Rate of Return Assumption

SCHEDULE L:8 CONTENT OF WITH-PROFITS GUIDES – now features an extra column in Tables 4 and 5 for ISA with-profits bonds.

## **PART II ADOPTED FIMBRA RULES**

F18.8 – Advertising

Note F13 – A (Specific Advertisements) and B (Direct Offer Advertisements)

F19.5.1(1), (5) and F19.5.4 – Client Assets (Category 3 Members only)

F28.8(3A) and F28.8(4)(a)(ii) – Returning Cash or Cheques (Category 3 Members only)

F29.6 – Giving Investment Advice (C. Life Policies and Schemes)

F29.8.2(2)(d) – Key Features and Minimum Information

F29.10.1(2) – Disclosing Commission

F29.11(7) – Special Packaged Products

F29.12 – Category 1 Members: Purchase of Units as Principal (D. Other investments)

F29.13 – Information about Other Investments

F29.20(2) – Special Investments

F29.21(1), (4) – Contract or Confirmation Notes and Periodic Reports

Appendix F6, Note F4 – Individual Savings Accounts and Personal Equity Plans

SP3 3.2.3(1) – Exceptions as to Terms of Business

SP5 – Individual Savings Account / 5.3 Interpretation (ie. 5.3.2(1) ‘connected client’, 5.3.2(2) ‘ISA manager’, and ‘packaged product’).

## **PART III IMRO RULES**

CHAPTER I Standards of Conduct – 3.2(1) Scope of the Rules

CHAPTER II Conduct of Business Rules – 1.1(1)(a) Issue and approval of Investment Advertisements, Appendix 1.1(1) The Advertising Code (ss40-44), 2.2(4)(b) Signature of documents by Private Customers, 2.4(5) Cooling-off provisions: ISAs, PEPs and BES schemes, 2.4(6) Exceptions to the cooling-off provisions for ISAs and PEPs, Appendix

2.4(1)(a) (31) ISAs, 3.9(5) Timely allocation, 4.4(2)(c) Cases where Contract Notes are not required, Table 4.5(5) Part I(7)(d) Periodic Information, Table 4.5(5) Part I(9)\* Benchmarks, 5.2 Duty to obey Client Money Regulations, 5.2(5)\* Money relating to ISAs, 6.2(3)(b) Key Features: Contents requirements, Table 6.2(3)(b) Part I Key Features: Contents requirements for packaged products other than Life Policies, Table 6.2(3)(b) Part II\* Key Features: Contents requirements for an ISA Cash Deposit, 6.3(1)(d) Standards of advice on packaged products: Duty of tied firm, 6.3(2)(d) Duty of Independent Intermediary

CHAPTER IV Compliance, Reporting, Records and Complaints – Table 1.3(2) and Appendix 1.1(10)(5)(b) Compliance, Inspection and Records

CHAPTER VII Membership and Individual Registration – Table 2.2(1) Permitted Business, Annex B 13a Permitted Business Notes

DEFINITIONS *‘\*ISA Cash Deposit’, ‘\*CAT Standards’, ‘Investment Advertisement’, ‘Investment Services’, ‘\*ISA’, ‘Packaged Product’, ‘Plan Investment’.*

SCHEDULE

2.04 After rule 7.29 insert:

**“7.30 Individual Savings Account Advertisements**

- (1) A Firm must not issue an advertisement in respect of an ISA unless it complies with:
  - (a) the Adopted Lautro Rules of the PIA applicable to such advertisements as specified as specified in Part I of Appendix A to Part I of these Rules in accordance with Rule 1.16(1).a; or
  - (b) the Adopted FIMBRA Rules of the PIA applicable to such advertisements as specified as specified as specified in Part II of Appendix A to Part I of these Rules in accordance with Rule 1.16(1).b; or
  - (c) the IMRO Rules as specified in Part I of Appendix A to Part III of these Rules in accordance with Rule 1.16(1).c”.