



Financial Services Authority

The Financial Services
(Compensation of Investors)
(Amendment) Rules 2000

**Rulebook
Amendments and Additions
Release 210**

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The Financial Services Authority made by order on 19 October 2000 the Financial Services (Compensation of Investors) (Amendment) Rules 2000. These rules and regulations come into operation on that date.

These rules are made following proposals set out in Consultative Paper 67.

Filing instructions

These rules and regulations should be filed in Chapter IX of Volume 2 of the Rulebook.

The Financial Services Authority
November 2000

The Financial Services (Compensation of Investors) (Amendment) Rules 2000

The Financial Services Authority (the 'Authority'), in exercise of the power conferred by section 54 of the Financial Services Act 1986 (the 'Act') and now exercisable by the Authority, hereby makes the following rules:

Part 1: Preliminary

1.01 Citation, commencement and purpose

1. These rules, the Financial Services (Compensation of Investors) (Amendment) Rules 2000, are made on 19 October 2000 and shall come into force on that date.
2. The purpose of these rules is to make an amendment to the Financial Services (Compensation of Investors) Rules 1994 (the '1994 rules')
3. These rules apply to all claims yet to be determined by the Management Company on 19 October 2000.
4. Words and phrases used in this instrument have the same meaning as in the 1994 rules

Part 2: Amendment to the 1994 Rules

2.01 In Part 2 (Compensation of unpaid investors)

1. After rule 2.02.7A, insert the following as 2.02.7B:

'Where an investor's claim relates to an Additional Voluntary Contribution policy advised on or arranged by a participant firm, the Management Company shall follow the FSAVC Review Model Guidance issued by the Authority in May 2000 in assessing whether a firm has complied with the relevant regulatory requirements and, if not, whether non-compliance caused loss to the investor, as well as in calculating the

compensation due (and in this connection the Management Company may rely on calculations made by the PIA) unless the Management Company considers that departure from the FSAVC Review Model Guidance is essential in order to provide fair compensation to the investor.'

2. In Rule 2.12.1, after 'rule 2.02.7A' insert 'or rule 2.02.7B'.