



Financial Services Authority

The Financial Services
(Cancellation of Stakeholder
Pension Schemes) Rules 2000

The Financial Services
(Non-Life Cancellation)
Rules 1997

The Financial Services
(Cancellation of Life Policies)
Rules 1994 (as amended)

Rulebook
Amendments and Additions
Release 212

Financial Services Authority

Amendments and Additions

Release 212

The Financial Services Authority made by order on 28 November 2000 The Financial Services (Cancellation of Stakeholder Pension Schemes) Rules 2000 and made amendments to The Financial Services (Non-Life Cancellation) Rules 1997 and The Financial Services (Cancellation of Life Policies) Rules 1994. These Rules and amendments came into operation on that date.

These rules are made following proposals set out in Consultation Paper 61.

Filing instructions

This Release should be filed in Chapter V of Volume 2 of the Rulebook.

The Financial Services Authority
November 2000

The Financial Services (Cancellation of Stakeholder Pension Schemes) Rules 2000

The Financial Services Authority in exercise of the powers contained in section 51 of the Financial Services Act 1986 (the 'Act') and now exercisable by the Authority hereby makes the following rules:

Part 1: Introductory

1.01 Citation and commencement

These rules 'The Financial Services (Cancellation of Stakeholder Pension Schemes) Rules 2000' are made on 28 November 2000 and shall come into operation on the day they are made.

1.02 Interpretation

1. **'Firm'**. In these rules, a 'firm' means any person authorised under the Act to carry on investment business in the United Kingdom.
2. **'Stakeholder Pension Scheme'** means an investment agreement for a scheme established in accordance with Part I of the Welfare and Pensions Reform Act 1999 and the Stakeholder Pension Schemes Regulations 2000.
3. **Types of agreement.** These rules apply to any investment agreement –
 - a. which is for a stakeholder pension scheme, or
 - b. which is an agreement for the issue of a stakeholder pension scheme, or
 - c. which is a variation of a stakeholder pension scheme, or
 - d. which is a single premium addition to a stakeholder pension scheme, whether single or regular premium, whether the addition is itself an investment agreement or not.

Part 2: Right to cancel

2.01 General

1. An investor who concludes an investment agreement with a firm for a stakeholder pension scheme has a right to cancel the agreement if the investor falls within rule 2.02 or 2.03.
2. An investor who concludes an investment agreement with a firm which is a variation under rule 1.02 above has a right to cancel the variation if the investor falls within rule 2.02 or 2.03.

2.02 Application of these rules: investor's habitual residence in the EC

1. These rules apply whenever an investor is habitually resident in the United Kingdom at the time of his signing the proposal form which is preliminary to the investment agreement.
2. These rules do not apply to an investor who is habitually resident in another member State at the time of his signing the proposal or application form which is preliminary to the investment agreement.
3. Paragraph 1 applies irrespective of the place where the proposal form was signed, and applies whether or not, in concluding the agreement, the firm was carrying on business for which authorisation under the Act is required.

2.03 Application of these rules: other cases

1. These rules apply whenever an investor is habitually resident in a state which is not a member State where the investor is present in the United Kingdom at the time of his signing the proposal or application form which is preliminary to the investment agreement.
2. These rules do not apply where an investor is habitually resident in a state which is not a member State, where the investor is not present in the United Kingdom at the time of his signing the proposal or application form which is preliminary to the investment agreement.

2.04 Recurring contributions to a stakeholder pension scheme

1. Where the investor has entered into an investment agreement for a stakeholder pension scheme involving recurring contributions to that stakeholder pension scheme, only the first contribution will attract cancellation rights provided that:
 - (a) the intention or option to make recurring contributions has been disclosed in advance of the investor entering into the agreement; and

- (b) the investor's intention to make recurring contributions is evidenced.

Explanation

Recurring contributions are those which the investor intends to pay by, for example, regular monthly contributions, or by a single contribution either at regular or irregular intervals.

Disclosure to an investor of the option to make recurring contributions may, for example, take place in a key features document. An individual investor's intention to make recurring contributions could, for example, be demonstrated by the establishment of a direct debit mandate or instructions to an employer to deduct regular contributions from salary.

2.05 Giving the investor notification of his right to cancel

1. Where there is a right to cancel under rule 2.01 the firm which enters into this agreement must give the investor notification of his right.
2. For the purposes of this rule, the provisions of part 2.06 of the Financial Services (Cancellation of Life Policies) Rules 1994 (as amended) (the '1994 Rules') shall apply to stakeholder pension schemes and shall be read as if the word 'policyholder' has been replaced with the term 'investor'.

Part 3: Cancellation and its effects

For the purposes of these rules, parts 3.01, 3.02(1) – (4) and 3.03 of the 1994 Rules shall apply, and the word 'policyholder' shall be read as 'investor', and the word 'policy' shall be read as 'stakeholder pension scheme'.

Part 2: Supplementary

For the purposes of these rules, part 4.01 of the 1994 Rules shall apply, and the word 'policyholder' shall be read as 'investor'.

The Financial Services (Non-Life Cancellation) Rules 1997

Part 1: Introductory

1.02 Interpretation

7. For the purposes of these rules, a trustee or manager of a stakeholder pension scheme shall be treated as an investor.

The Financial Services (Cancellation of Life Policies) Rules 1994 (as amended)

Part 1: Introductory

1.03 Interpretation

9. The explanations included in these rules do not form part of them.
10. For the purposes of these rules, a trustee or manager of a stakeholder pension scheme shall be treated as an investor.