

COMPENSATION SOURCEBOOK (REMOVAL OF ANNUAL NOTICE FOR EXEMPTION) INSTRUMENT 2004

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in or under the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 156 (General supplementary powers);
 - (3) section 157(1) (Guidance);
 - (4) section 213 (The compensation scheme); and
 - (5) section 214 (General).
- B. The rule making powers listed above are specified for the purposes of section 153(2) of the Act (Rule-making instruments).

Commencement

- C. This instrument comes into force on 1 February 2004.

Amendments to the Compensation sourcebook

- D. The Compensation sourcebook is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Compensation Sourcebook (Removal of Annual Notice for Exemption) Instrument 2004.

By Order of the Board
15 January 2004

Annex

Amendments to the Compensation sourcebook

In this Annex, underlining indicates new text and striking through indicates deleted text.

13.3 Exemption

- 13.3.1 R (1) *A participant firm* which does not conduct business that could give rise to a *protected claim* by an *eligible claimant* and has no reasonable likelihood of doing so is exempt from a *specific costs levy*, or a *compensation costs levy*, or both, provided that :
- (a) it has notified~~notifies~~ the *FSCS* in writing of this fact ~~that those conditions apply~~; and
- (b) the conditions in fact continue to apply~~notice remains current~~.
- (2) The exemption takes effect from the date on which the notice was received by the *FSCS*, subject to *COMP 13.3.6R*.
- 13.3.2 R ~~[deleted] A notice under *COMP 13.3.1R* must be given:~~
- (1) ~~by 28 February 2002, in which case it will remain current until 31 March 2003; or~~
- (2) ~~as soon as practicable after the time of its authorisation by the *FSA*, in which case it will remain current until the end of the financial year of the *compensation scheme* in which it is given; or~~
- (3) ~~as soon as practicable after it ceases to conduct business that could give rise to a *protected claim* by an *eligible claimant*, in which case it will remain current until the end of the financial year of the *compensation scheme* in which it is given; or~~
- (4) ~~unless (1) applies, in February of each financial year of the *compensation scheme*, in which case the notice will remain current until the end of the next financial year.~~
- 13.3.3 G (1) ~~[deleted] A notice under *COMP 13.3.1R* will be renewable every 12 months.~~
- (2) ~~The financial year of the *compensation scheme* is the twelve months ending on 31 March.~~
- 13.3.4 R *A participant firm* which is exempt under *COMP 13.3.1R* must notify the *FSCS* in writing as soon as reasonably practicable if the conditions in *COMP 13.3.1R* no longer apply.

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13.3.6 R If, ~~during the course of a financial year of the *compensation scheme*, a *participant firm* ceases to conduct business that could give rise to a *protected claim* by an *eligible claimant* and notifies the FSCS of this under *COMP 13.3.1R(1)*~~*13.3.2R(3)*~~, it will be treated as a *participant firm* to which *COMP 13.8.7R* applies until the end of the financial year of the *compensation scheme* in which the notice was given.~~

13.3.7 G The financial year of the *compensation scheme* is the twelve months ending on 31 March.

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**Schedule 2
Notification Requirements**

2 Table

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
COMP 13.3.21R	Right to exemption for specific costs and compensation costs levy	Notice that firm does not conduct business that could give rise to a claim on the FSCS and has no reasonable likelihood of doing so	In February each year or on the occasion of the firm's authorisation or when it ceases conducting <u>If it does not, or if it ceases to, conduct business with persons eligible to claim on FSCS, unless it has already given such notice</u>	As soon as practicable <u>None specified though exemption generally only takes effect from the date of receipt of notice by FSCS</u>
COMP 13.3.4R	Loss of right to seek exemption from specific costs and compensation costs levy	Statement that firm no longer qualifies for exemption because it carries on business with persons eligible to claim on FSCS	Firm loses the right to claim the exemption	As soon as <u>reasonably</u> practicable