

COMPENSATION SOURCEBOOK (FUNDING) INSTRUMENT 2004

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in 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);
 - (5) section 214 (General); and
 - (6) section 223 (Management expenses).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

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

Amendments to the Compensation sourcebook

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

Amendments to the Glossary

- E. The Glossary is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Compensation Sourcebook (Funding) Instrument 2004.

By order of the Board
18 March 2004

Annex A

Amendments to the Compensation sourcebook

In this Annex underlining indicates new text and striking through indicates deleted text:

13.6.5 R *A participant firm* ~~(except one exempt under COMP 13.3)~~ must pay to the FSCS a share of each *compensation costs levy* unless either the *firm* is exempt under COMP 13.3 (Exemption) or the FSCS has chosen to exercise its discretion under COMP 13.4.20R in respect of that *firm*.

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COMP 13 Ann 1R: Management Expenses Levy Limit

- 1 This table belongs to COMP 13.5.2R
- 2 Table

Period	Limit on total of all management expenses levies attributable to that period (£)
1 December 2001 to 31 March 2002	£4,209,000
1 April 2002 to 31 March 2003	£13,228,000
1 April 2003 to 31 March 2004	£13,319,000
<u>1 April 2004 to 31 March 2005</u>	<u>£12,548,000</u>

Annex B

Amendments to the Glossary

In this Annex underlining indicates new text and striking through indicates deleted text. Where a new definition is inserted it is not underlined.

Insert the following definition in the appropriate alphabetical position:

occupational pension fund management business (in *COMP*) the business of carrying on:
(1) *pension fund management*; or
(2) (other than in connection with a *personal pension scheme*) pension fund management, written as *linked long term business*, for an *occupational pension scheme* 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:
(a) there is no transfer to the *participant firm* of:
(i) investment, market, or credit risk;
(ii) mortality or expense risk prior to any annuity being effected; and
(b) any annuity options provide for the *participant firm* to change the annuity rates without prior notice.

Amend the following definition as shown:

relevant net premium income (1) (in relation to business which is not *occupational pension fund management business*) the premium income in respect of *protected contracts of insurance* of ~~the~~ a firm; or

(2) (in relation to *occupational pension fund management business*) the remuneration retained by a firm in relation to its carrying on *occupational pension fund management business*;

in the year preceding that in which the date for submission of the information under *COMP* ~~13.6.9R~~ 13.6.11R falls, net of any relevant rebates or refunds.