

**TRAINING AND COMPETENCE SOURCEBOOK
(MONEY MARKET INSTRUMENT ACTIVITY) INSTRUMENT 2005**

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); and
 - (3) section 157 (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 April 2005.

Amendments to the Glossary of definitions

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

Amendments to the Training and Competence sourcebook

- E. The Training and Competence sourcebook is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Training and Competence Sourcebook (Money Market Instrument Activity) Instrument 2005.

By order of the Board
17 February 2005

Annex A

Amendments to the Glossary of definitions

In this Annex all of the text is new and is not underlined.

Insert the following new definition in the correct alphabetical position:

- money market instrument activity* an activity in respect of a transaction:
- (a) which involves any of the following *investments* and is not regulated by the rules of a *recognised investment exchange*:
 - (i) a *debenture* which is issued on terms requiring repayment not later than five years from the date of issue;
 - (ii) any *government and public security* which is issued on terms requiring repayment not later than one year or, if issued by a local authority in the *United Kingdom*, five years from the date of issue; or
 - (iii) a *warrant* which entitles the holder to subscribe for an *investment* within (a)(i) or (a)(ii);
 - (b) which involves any of the following *investments* and is not made on a *recognised investment exchange* or expressed to be so made:
 - (i) a *certificate representing certain securities or rights to or interests in investments* relating, in either case, to an *investment* within (a)(i) or (a)(ii);
 - (ii) an *option* relating to:
 - (A) an instrument in (a)(i) or (a)(ii); or
 - (B) currency of the *United Kingdom* or of any other country or territory; or
 - (C) gold or silver;
 - (iii) a *future* for the sale of:
 - (A) an instrument in (a)(i) or (a)(ii); or
 - (B) currency of the *United Kingdom* or of any other country or territory; or
 - (C) gold or silver;

- (iv) a *contract for differences* by reference to fluctuations in:
 - (A) the value or price of any instrument within any of (a)(i) to (a)(iii) or (b)(i) to (b)(iii); or
 - (B) currency of the *United Kingdom* or of any other country or territory; or
 - (C) the rate of interest on loans in any such currency or any index of such rates; or
- (v) an *option* to acquire or dispose of an instrument within (b)(ii), (b)(iii) or (b)(iv); or
- (c) where one of the parties agrees to *sell* or transfer a *debenture* or *government and public security* and by the same or a collateral agreement that party agrees, or acquires an option, to buy back or re-acquire that *investment* or an equivalent amount of a similar *investment* within twelve *months* of the sale or transfer.

For the purposes of (c) *investments* are regarded as similar if they entitle their holders to the same rights against the same *persons* as to capital and interest and the same remedies for the enforcement of those rights.

Annex B

Amendments to the Training and Competence sourcebook

In this Annex, underlining indicates new text.

2.1.4 R Table: activities to which TC 2 applies.

	Activity	Extent of application
1. <i>Employees</i> engaging in:	Advising and dealing (a) <i>advising on investments</i> (b) if the activity is carried on with or for an <i>intermediate customer</i> or a <i>market counterparty</i> : <u>(i) for a <i>money market instrument activity</i>, TC 2 is disapplied as a whole; or</u> <u>(ii) otherwise, only TC 2.4, 2.5, 2.6 and 2.8 apply.</u> ...
...		