

**INSURANCE: NEW CONDUCT OF BUSINESS SOURCEBOOK  
(CONSEQUENTIAL AMENDMENTS) INSTRUMENT 2007**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the powers and related provisions in:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
    - (a) section 138 (General rule-making power);
    - (b) section 139 (Miscellaneous ancillary matters);
    - (c) section 156 (General supplementary powers);
    - (d) section 157(1) (Guidance); and
  - (2) the other powers referred to in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. (1) Subject to (2), this instrument comes into force on 6 January 2008.
- (2) Part 2 of Annex A comes into force on 6 July 2008.

**Amendments to the Handbook**

- D. The modules of the FSA's Handbook of rules and guidance listed in column (1) below are amended in accordance with Annexes to this instrument listed in column (2) below:

(1)	(2)
Glossary of definitions	Annex A
Threshold Conditions (COND)	Annex B
General Provisions (GEN)	Annex C
Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)	Annex D
Conduct of Business sourcebook (COBS)	Annex E
Client Assets sourcebook (CASS)	Annex F
Supervision manual (SUP)	Annex G
Credit Unions sourcebook (CRED)	Annex H

Electronic Money sourcebook (ELM)	Annex I
Professional Firms sourcebook (PROF)	Annex J
Perimeter Guidance manual (PERG)	Annex K
Unfair Contract Terms Regulatory Guide (UNFCOG)	Annex L

**Citation**

- E. This instrument may be cited as the Insurance: New Conduct of Business Sourcebook (Consequential Amendments) Instrument 2007.

By order of the Board  
17 December 2007

## Annex A

### Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text. Where definitions are being deleted, the deleted text is not shown.

#### Part 1: Comes into force on 6 January 2008.

<i>claim</i>	(1) ...
	(2) (in <del>ICOB</del> , <del>INSPRU</del> , <del>LLD</del> , and <del>SUP and TC</del> ) a claim under a contract of insurance.
<del>claims representative</del>	[deleted]
<i>commercial customer</i>	(in <u>ICOBS</u> and CASS 5) a customer who is not a consumer.
<i>customer</i>	(1) (except in relation to, <u>ICOBS</u> , MCOB 3 and CASS 5) a client who is not an <i>eligible counterparty</i> for the relevant purposes.
	(2) ...
	(3) (in relation to <u>ICOBS</u> ) a <i>policyholder</i> , or a prospective <i>policyholder</i> but (except in <u>ICOBS</u> 2 (general <del>rules</del> matters), <del>ICOB 7</del> (claims handling) and (in respect of those chapters that chapter) <u>ICOBS</u> 1 (application and purpose)) excluding a <i>policyholder</i> or prospective <i>policyholder</i> who does not make the arrangements preparatory to him concluding the <i>contract of insurance</i> .
	(4) ...
<del>distance non-investment mediation contract</del>	[deleted]
<i>financial promotion rules</i>	...
	(2) (in relation to <u>ICOBS</u> ) <del>ICOB 3</del> <u>ICOBS 2.2</u> .
	...
<u>ICOBS</u>	<u>the Insurance: New Conduct of Business sourcebook.</u>
<i>initial disclosure document</i>	information about the <i>scope of advice</i> or <i>scope of basic advice</i> and nature of the services offered by a <i>firm</i> in relation to:
	...
	(f) a <i>non-investment insurance contract</i> in accordance with <del>ICOB 4.2.4G to 4.2.6R</del> <u>ICOBS 4.5.1G</u> and set out in <u>ICOBS</u> 4

Annex 1G.

<i>injured party</i>	(in <del>ICOB 7.6</del> <u>ICOBS</u> ) ...
<i>insurance intermediary</i>	a firm carrying on insurance mediation activity <u>other than an insurer</u> .
<i>introducing</i>	[deleted]
<i>motor vehicle liability claims handling rules</i>	[deleted]
<i>non-investment financial promotion</i>	[deleted]
<i>normally based</i>	(in <u>ICOBS</u> ) ...
<i>payment protection contract</i>	<u>A non-investment insurance contract which has elements of a general insurance contract and the benefits of which are described as enabling a policyholder to protect his ability to continue to make payments due to third parties, or can reasonably be expected to be used in this way.</u>
<i>policy document</i>	[deleted]
<i>policy summary</i>	a summary of a non-investment insurance contract in a <del> durable medium</del> <u>the format and</u> containing the information specified in <del>ICOB 5.5.5R</del> <u>ICOBS 6 Annex 2</u> .
<i>premium</i>	(1) (except in <u>ICOBS</u> and CASS 5) ... (2) (except in <u>ICOBS</u> and CASS 5) ... (2A) (in <u>ICOBS</u> and CASS 5) ...
<i>product provider</i>	(1) <del>(except in ICOB)</del> a firm which is: ... (2) <del>(in ICOB)</del> in relation to a non-investment insurance contract, an insurer not acting as an insurance intermediary.

**Part 2: Comes into force on 6 July 2008**

~~ICOB~~ [deleted]

## Annex B

### Amendments to the Threshold Conditions (COND)

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

- 2.2A.2 G *Threshold condition 2A* (Appointment of claims representatives), provides that if it appears to the *FSA* that any *person* is seeking to carry on, or carrying on, *motor vehicle liability insurance business*, that *person* must have a ~~*claims representative*~~ claims representative in each *EEA State* other than the *United Kingdom*.
- 2.2A.3 G *Rules and guidance* concerning a *motor vehicle liability insurer's* obligations in relation to the appointment of its ~~*claims representatives*~~ claims representatives, and the responsibilities and duties that the *motor vehicle liability insurer* must give to, or impose on, its ~~*claims representatives*~~ claims representatives are set out in ~~*ICOB 7.6*~~ *ICOB 8.2*.

Competent and prudent management and exercise of due skill, care and diligence

- 2.5.7 G In determining whether a *firm* will satisfy and continue to satisfy *threshold condition 5* ... relevant matters ... may include ... whether:
- ...
- (12) in the case of an ~~*insurance intermediary*~~ *firm that carries on insurance mediation activity*:
- ...
- ...

## Annex C

### Amendments to the General Provisions (GEN)

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

4.2.2 G There are other pre-contract information requirements outside this chapter, including:

...

(3) for *non-investment insurance contracts*, in ~~ICOB 4 (Advising and selling standards)~~; and ~~ICOB 5 (Product disclosure)~~ distance communication requirements in ICOBS 3, initial disclosure requirements in ICOBS 4, disclosures relating to client needs and advice in ICOBS 5 and product information requirements in ICOBS 6;

(4) for *electronic commerce activities* carried on from an *establishment* in the *United Kingdom*, in ... ~~ICOB 2.6A~~ ICOBS 3.2 ...; and

...

4.4.2 G ~~ICOB 4.2.19 R contains provisions relating to communications by insurance intermediaries from outside the United Kingdom in connection with non-investment insurance contracts with or for a consumer. The definition of insurance intermediary includes an insurer when the insurer is carrying on insurance mediation activities.~~[deleted]

GEN 5 Annex 1

Licence for use of the FSA and keyfacts logos by authorised firms and appointed representatives or tied agents

...		
Permission to use the keyfacts logo		
...		
3A.2	The following are examples of places where the <i>rules</i> require or permit the keyfacts logo to be used:	
	...	
	(2)	In <u>ICOBS</u> :

		(a)	in an <del>initial disclosure document or combined initial disclosure document</del> <i>initial disclosure document or combined initial disclosure document</i> ( <del>ICOB 4.2.4G to ICOB 4.2.7R</del> );
		(b)	in a <i>policy summary</i> ( <del>ICOB 5.5.5R</del> ); and
		(c)	in a <i>key features</i> as an alternative to a <i>policy summary</i> ( <del>ICOB 5.5.4R</del> ).
	...		
...			

## Annex D

### Amendments to the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)

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

#### Responsibility for insurance mediation activity

- 2.2.1 R ~~An insurance intermediary~~ A firm, other than a sole trader, must allocate the responsibility for the *firm's insurance mediation activity* to a director or senior manager.
- 2.2.3 G (1) Typically ~~an insurance intermediary~~ a firm will appoint a *person performing a governing function* (other than the *non-executive director function*) to direct its *insurance mediation activity*. ...
- ...
- 2.3.1 R ~~An insurance intermediary~~ A firm must establish on reasonable grounds that:
- ...



## Annex E

### Amendments to the Conduct of Business sourcebook (COBS)

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

6.2.17 G A *firm* that carries on business in relation to a combination of packaged products, regulated mortgage contracts and home reversion plans can do so in relation to the whole market and therefore be "independent" for one but offer only a limited service for the others. If this is the case, the *firm* should explain the different nature of the services in a way which complies with the *fair, clear and not misleading rule*. (See also ~~MCOB and ICOB~~.)

6 Annex 2 G Combined initial disclosure document described in COBS 6.3, ~~ICOB 4.2.7R~~ ICOBS 4.5, MCOB 4.4.1R(1) and MCOB 4.10.2R(1)

...

Note 6 – if the *combined initial disclosure document* is provided by an *appointed representative*, the service described should be that offered by the *appointed representative*, ~~in accordance with ICOB 4.2.8R Note 1(e) and MCOB 4.3.10R~~.

...

Note 15 – ... For services provided in relation to *non-investment insurance contracts*, this is the list required by ~~ICOB 4.2.14R~~ ICOBS 4.1.5R(2).

...

Note 27 – ... This section may be omitted for services relating to *non-investment insurance contracts* if the *firm* provides the information ~~covered by this section where it is required by ICOB 4.2.8R to the client~~ by some other means. ...

## Annex F

### Amendments to the Client Assets sourcebook (CASS)

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

- 1.2.8 G ...
- (3) The *insurance client money chapter* does not generally distinguish between different categories of *client*. However, the term ~~*retail customer*~~ *consumer* is used for those to whom additional obligations are owed, rather than the term *retail client*. This is to be consistent with the *client* categories used in ~~relation to the obligations in *ICOB*~~ in relation to *insurance mediation activities* the Insurance: New Conduct of Business sourcebook.
- ...
- 5.5.7 G Where an insurance transaction involves more than one *firm* acting in a chain such that for example *money* is transferred from a "producing" broker who has received *client money* from a ~~*retail customer*~~ *consumer* to an intermediate broker and thereafter to an *insurance undertaking*, each broker *firm* will owe obligations to its immediate *client* to segregate *client money* which it receives (in this example the producing broker in relation to the ~~*retail customer*~~ *consumer* and the intermediate broker in relation to the producing broker). ...
- ...
- 5.5.14 R ...
- (2) A *firm* may not segregate *designated investments* unless it:
- (a) takes reasonable steps to ensure that any ~~*retail customers*~~ *consumers* whose *client money* interests may be protected by such segregation are aware that the *firm* may operate such an arrangement and have (whether through its *terms of business*, client agreements, or otherwise in writing) an adequate opportunity to give their informed consent;
- ...
- ...
- ...
- Interest and investment returns
- 5.5.30 R (1) In relation to ~~*retail customers*~~ *consumers*, a *firm* must, subject to (2), take reasonable steps to ensure that its *terms of business* or other

client agreements adequately explain, and where necessary obtain a *client's* informed consent to, the treatment of interest and, if applicable, investment returns, derived from its holding of *client money* and any segregated *designated investments*.

- (2) In respect of interest earned on *client bank* accounts, (1) does not apply if a *firm* has reasonable ground to be satisfied that in relation to *insurance mediation activities* carried on with or for a ~~*retail customer*~~ *consumer* the amount of interest earned will be not more than £20 per transaction.

5.5.31 G If no interest is payable to a ~~*retail customer*~~ *consumer*, that fact should be separately identified in the *firm's* client agreement or *terms of business*.

5.5.34 R A *firm* may allow another *person*, such as another broker to hold or control *client money*, but only if:

(1) ...

- (2) in the case of a ~~*retail customer*~~ *consumer*, that *customer* has been notified (whether through a client agreement, *terms of business*, or otherwise in writing) that the *client money* may be transferred to another *person*.

5.5.41 R A *firm* may hold *client money* with a bank that is not an *approved bank* if all the following conditions are met:

...

- (4) the *firm* notifies each relevant *client* and has, in relation to a ~~*retail customer*~~ *consumer*, a client agreement, or *terms of business* which adequately explain that:

...

...

...

Notification to clients: use of an approved bank outside the United Kingdom

5.5.53 R A *firm* must not hold, for a ~~*retail customer*~~ *consumer*, *client money* in a *client bank account* outside the *United Kingdom*, unless the *firm* has previously disclosed to the ~~*retail customer*~~ *consumer*...

...

Notification to ~~*retail customers*~~ *consumers*: use of broker or settlement agent outside the United Kingdom

5.5.58 R A *firm* must not undertake any transaction for a ~~*retail customer*~~ *consumer* that involves *client money* being passed to another broker or *settlement*

*agent* located in a jurisdiction outside the *United Kingdom*, unless the *firm* has previously disclosed to the ~~*retail customer*~~ *consumer* ...

## Annex G

### Amendments to the Supervision manual (SUP)

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

#### 6.3.25 G Table

Information which may be required. See SUP 6.3.24G

Type of business	Information which may be required
...	...
<i>Insurance business</i>	1. ...  2. (If the application seeks to vary a <i>permission</i> to include <i>motor vehicle liability insurance business</i> ) details of the <del>claims representatives</del> <u>claims representatives</u> required by <i>threshold condition 2A</i> (Appointment of claims representatives), if applicable.
...	...

#### 8.2.7 G Rules which can be waived

Rules	Section of the Act or other provision under which rules are made	Chapters of the Handbook where such rules appear (Note 1)
...	...	...
Financial promotion rules	Section 145	<del>COB 3, ICOB 3, MCOB 3</del> <u>the financial promotion rules, PRIN and SYSC</u>
...	...	...

10.6.3A G ~~MIPRU 2.2.1R provides that an insurance intermediary~~ A firm carrying on insurance mediation activity, other than a sole trader, must allocate to a director or senior manager the responsibility for the firm's insurance mediation activity (MIPRU 2.2.1R). ...

10.7.4A G ~~MIPRU 2.2.1R provides that an insurance intermediary~~ A firm carrying on insurance mediation activity, other than a sole trader, must allocate to a

director or senior manager the responsibility for the firm's insurance mediation activity (MIPRU 2.2.1R). ...

10.9.13A G ~~MIPRU 2.2.1R provides that an insurance intermediary~~ A firm carrying on insurance mediation activity, other than a sole trader, must allocate to a director or senior manager the responsibility for the firm's insurance mediation activity (MIPRU 2.2.1R). ...

12.4.5E G (1) Under the relevant ~~Advising and Selling~~ provisions in COBS, ICOBS and MCOB the customer will receive details of how to complain to the appointed representative and, when a product is purchased, details of the complaints procedure for the product provider, insurer or home finance provider.

13A Annex 1G Application of the Handbook to Incoming EEA Firms

...		
(1) Module of Handbook	(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment ... in the United Kingdom	(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment ... in the United Kingdom
...	...	...
<i>ICOB</i>	<p><del>As column (3) plus, in the case of a distance contract with a retail customer, unless the firm's Home State imposes measures which implement or correspond to obligations of the DMD:</del></p> <p><del>(1) ICOB 2.2.3 R (1) (Clear, fair and not misleading communication);</del></p> <p><del>(2) ICOB 2.5 (Exclusion of liability);</del></p> <p><del>(3) ICOB 2.7 (General provision related to distance contracts);</del></p> <p><del>(4) ICOB 4.7 (Unsolicited services);</del></p> <p>and</p> <p><del>(5) ICOB 8 (Distance non-investment mediation contracts with retail customers).</del></p>	<p>Only the following provisions of <i>ICOB</i> apply:</p> <p>(1) <i>ICOB</i> 3 (Financial promotion), but see the territorial scope in <i>ICOB</i> 3.4 (Application: where?);</p> <p>(2) <i>ICOB</i> 4.2.19R (Overseas business for UK retail customers);</p> <p>(3) <i>ICOB</i> 5.5.20R(1) to (3), but only in relation to <i>general insurance contracts</i> if the state of the risk is the <i>United Kingdom</i>;</p> <p>(4) <i>ICOB</i> 5.5.20R(4) to (15) and (22), but only in respect of <i>non-investment insurance contracts</i> which are <i>pure protection contracts</i> where the <i>habitual residence</i> of the customer, other than an <i>EEA ECA recipient</i>, is in the <i>United Kingdom</i>;</p> <p>(5) <i>ICOB</i> 6 (Cancellation), but only in respect of <i>non-investment insurance contracts</i> which are <i>pure protection contracts</i> where the <i>habitual residence</i> of the customer, other than an <i>EEA ECA recipient</i>, is in the <i>United Kingdom</i>.</p>

		<p>(6) unless the <i>firm's Home State regulator</i> has implemented articles 12 and 13 of the <i>IMD</i> for those activities:</p> <p>(a) <i>ICOB 4.2.2R</i> to <i>ICOB 4.2.8R</i>, <i>ICOB 4.2.11R</i>, <i>ICOB 4.2.14R</i> and <i>ICOB 4.2.20R</i> (Status disclosure);</p> <p>(b) <i>ICOB 4.3</i> (Suitability);</p> <p>(c) <i>ICOB 4.4</i> (Statement of demands and needs) except <i>ICOB 4.4.7R</i>;</p> <p>(d) <i>ICOB 4.8.1R</i> (Language of the information provided to customers);</p> <p>and</p> <p>(7) unless the <i>firm's Home State regulator</i> imposes measures of like effect that apply to those activities:</p> <p>(a) <i>ICOB 2.10</i> (Excessive charges to retail customers);</p> <p>(b) <i>ICOB 4.2.8R(9)</i> (Information on compensation);</p> <p>(c) <i>ICOB 4.4.7R</i> (Record keeping where a personal recommendation is made);</p> <p>(d) <i>ICOB 4.2.15R</i> (Fees other than product related fees); and</p> <p>(e) <i>ICOB 4.6</i> (Commission disclosure for commercial customers):</p>
<u>ICOBS</u>	<u>ICOBS</u> applies except to the extent necessary to be compatible with European law. <u>Guidance on the territorial application of ICOBS</u> is contained in <u>ICOBS 1 Ann 1 Part 4</u> .	<u>ICOBS</u> does not apply, except to the extent necessary to be compatible with European law. <u>Guidance on the territorial application of ICOBS</u> is contained in <u>ICOBS 1 Ann 1 Part 4</u> .

## Annex H

### Amendments to the Credit Unions sourcebook (CRED)

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

- 1.1.2 G ... for example ... a *credit union* seeking a *permission* to undertake *insurance mediation activity* in relation to *non-investment insurance contracts* would need to comply with the requirements in *ICOBS*.



## Annex I

### Amendments to the Electronic Money sourcebook (ELM)

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

#### 1.5.2 G Application of other parts of the Handbook to ELMIs

Block	Module	Application
...	...	...
Business standards	...	...
	Insurance: Conduct of Business sourcebook ( <u>ICOBS</u> )	Does not apply to an <i>ELMI</i> when issuing <i>e-money</i>
...	...	...

## Annex J

### Amendments to the Professional Firms sourcebook (PROF)

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

Insurance: Conduct of Business sourcebook

- 5.3.10 G (1) ~~ICOB 1.2.10R~~ provides that ICOBS does not apply to an *authorised professional firm* with respect to its *non-mainstream regulated activities* (see ICOBS 1 Ann 1, Part 1, 3.1R), except for:
- (a) ~~ICOB 2.2 (Clear, fair and not misleading communication)~~ the provisions on communications to clients and financial promotions (ICOBS 2.2);
  - (b) ~~ICOB 3 (Financial promotion)~~ the e-commerce provisions (ICOBS 3.2);
  - (c) ~~ICOB 4.2.2R~~ in relation to the information for *customers* in table ~~ICOB 4.2.8R~~ items numbered (8), (9) and Note 4 covering complaints and compensation status disclosure requirements in relation to complaints procedures (ICOBS 4.1); and
  - (d) ~~those sections~~ provisions in ICOBS which implement articles 12 and 13 of the *Insurance Mediation Directive (ICOBS 4.1 and ICOBS 5.2.3R)*, ~~unless~~ except to the extent that the firm is subject to equivalent rules of its designated professional body which have been approved by the *FSA*.
    - (i) ~~the designated professional body of the firm has made rules which implement articles of the Insurance Mediation Directive;~~
    - (ii) ~~those rules have been approved by the FSA under section 332(5) of the Act; and~~
    - (iii) ~~the firm is subject to the rules in the form in which they were approved.~~
- (2) ~~ICOB 1.2.11G(2)~~ provides that the effect of ~~ICOB 1.2.10R(4)~~ is that if the relevant *designated professional body* of an *authorised professional firm* does not make rules implementing articles 12 and 13 of the *Insurance Mediation Directive* applicable to *authorised professional firms* ~~those authorised professional firms will need to comply with those sections of ICOB which implement articles 12 and 13 of the Insurance Mediation Directive, namely ICOB 4.1 to ICOB 4.4 (but not ICOB 4.2.20R to 4.2.28G), and ICOB 4.8.~~ [deleted]

## Annex K

### Amendments to the Perimeter Guidance manual (PERG)

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

#### 5.12.4 G Table

Territorial issues relating to overseas insurance intermediaries carrying on *insurance mediation activities* in or into the *United Kingdom*

	Needs Part IV permission	Schedule 3 EEA passport rights available	Overseas persons exclusion available
...	...	...	
<p><u>For EEA-based intermediaries this table assumes that the <i>insurance mediation activities</i> are within the scope of the <i>Insurance Mediation Directive</i>.</u></p>			

8.2.3 G ... this guidance may be relevant where an *authorised person* needs to know whether ~~COB 3, ICOB 3 or MCOB 3~~ applies the *financial promotion rules* apply to a particular communication. ...

8.2.4 G A *person* who is concerned to know whether his communications will require *approval* or, if he is an *authorised person*, whether ~~COB 3, ICOB 3 or MCOB 3~~ the appropriate *financial promotion rules* will apply to his communications will need to consider the following:

...

8.2.5 G If the answer to PERG 8.2.4G(8) is yes then ~~COB 3, ICOB 3 or MCOB 3~~ the appropriate *financial promotion rules* will apply ...

8.4.32 G ... *Authorised persons* should note that, where personal quotations or illustrations do amount to a *financial promotion* ~~COB 3, ICOB 3 or MCOB 3~~ the *financial promotion rules* will not usually apply to them (~~see, for example, COB 3.2.5R(6)~~).

8.9.1 G ... And it will not be enough that an *authorised person* has ensured that the *financial promotion* complies with ~~COB 3, ICOB 3 or MCOB 3~~ the appropriate *financial promotion rules* purely so that he can *communicate* it himself. ...

8.9.2 G ... However, ~~COB 3, ICOB 3 or MCOB 3~~ the appropriate *financial promotion rules* may apply wholly or partially to any such *financial promotion*.

8.12.13 G ...

In addition, the *financial promotion* may only be made in the circumstances in which it could be made by the *appointed representative's principal* under ~~COB 3, ICOB 3 or MCOB 3~~ the appropriate financial promotion rules. ...

8.18.2 G Most *persons* making *financial promotions* as referred to in this section are likely to be *authorised persons*. As such they will be subject to ~~COB 3, ICOB 3~~ the appropriate financial promotion rules. ...

## Annex L

### Amendments to the Unfair Contract Terms Regulatory Guide (UNFCOG)

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

1.4.5 G ...

- (2) In some cases, it might be appropriate for us to use other powers to deal with issues identified under the Regulations. The powers available to the *FSA* under the *Act* may vary depending on the *regulated activities* which the firm carries out. For example, the use of the unfair term might involve a breach of a *Principle* or a *rule* in *COBS*, *MCOB* or *ICOB*~~S~~. If so, the *FSA* might also address the issue as a *rule* breach.

...