
STATUTORY INSTRUMENTS

2001 No. 544

The Financial Services and Markets Act
2000 (Regulated Activities) Order 2001

PART II **U.K.**

SPECIFIED ACTIVITIES

CHAPTER XII **U.K.**

ADVISING ON INVESTMENTS

The activity

[^{F1} **Advising on conversion or transfer of pension benefits** **U.K.**

53E.—(1) Advising a person (“P”) is a specified kind of activity if—

- (a) the advice is given to P in P’s capacity as—
 - (i) a member of a pension scheme; or
 - (ii) a survivor of a member of a pension scheme;
- (b) P has subsisting rights in respect of any safeguarded benefits; and
- (c) the advice is advice on the merits of P requiring the trustee or manager of the pension scheme to—
 - (i) convert any of the safeguarded benefits into different benefits that are flexible benefits under the scheme;
 - (ii) make a transfer payment in respect of any of the safeguarded benefits with a view to acquiring a right or entitlement to flexible benefits for P under another pension scheme; or
 - (iii) pay a lump sum that would be an uncrystallised funds pension lump sum in respect of any of the safeguarded benefits.

(2) In this article—

“flexible benefit” means—

- (a) a money purchase benefit;
- (b) a cash balance benefit; or
- (c) a benefit, other than a money purchase benefit or cash balance benefit, calculated by reference to an amount available for the provision of benefits to or in respect of the member (whether the amount so available is calculated by reference to payments made by the member or any other person in respect of the member or any other factor);

“pension scheme” has the meaning given by section 1(5) of the Pension Schemes Act 1993 or section 1(5) of the Pension Schemes (Northern Ireland) Act 1993;

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“safeguarded benefits” means benefits other than—

- (a) money purchase benefits; and
- (b) cash balance benefits;

“subsisting right”—

- (a) in relation to a member of a pension scheme, means—
 - (i) any right which has accrued to or in respect of the member to future benefits under the scheme; or
 - (ii) any entitlement to benefits under the scheme; and
- (b) in relation to a survivor of a member of a pension scheme means any right to future benefits, or entitlement to benefits, which the survivor has under the scheme in respect of the member;

“survivor”, in relation to a member of a pension scheme, means a person who has survived the member and has a right to future benefits, or is entitled to benefits, under the scheme in respect of the member;

“trustees or managers” means—

- (a) in relation to a scheme established under a trust, the trustees; and
- (b) in relation to any other scheme, the managers; and

“uncrystallised funds pension lump sum” has the meaning given by paragraph 4A of Schedule 29 to the Finance Act 2004.

(3) Paragraphs (4) to (9) apply for the interpretation of “flexible benefit” and “safeguarded benefits”.

(4) “Cash balance benefit”, in relation to a member of a pension scheme or a survivor of a member, means a benefit calculated by reference to an amount available for the provision of benefits to or in respect of the member (“the available amount”) where there is a promise about that amount.

(5) But a benefit is not a “cash balance benefit” if, under the scheme—

- (a) a pension may be provided from the available amount to or in respect of the member; and
- (b) there is a promise about the rate of that pension.

(6) The promise mentioned in paragraph (4) includes, in particular, a promise about the change in the value of, or the return from, payments made by the member or any other person in respect of the member.

(7) The promise mentioned in paragraph (5)(b) includes a promise that—

- (a) the available amount will be sufficient to provide a pension of a particular rate;
- (b) the rate of a pension will represent a particular proportion of the available amount.

(8) A benefit is not excluded from the definition of “cash balance benefit” by paragraph (5) merely because under the scheme there is a promise that—

- (a) the rate or amount of the benefit payable in respect of a deceased member will be a particular proportion of the rate or amount of the benefit which was (or would have been) payable to the member; or
- (b) the amount of a lump sum payable to a member, or in respect of a deceased member, will represent a particular proportion of the available amount.

(9) “Money purchase benefits”—

- (a) in relation to a pension scheme governed by the law of England and Wales or Scotland, has the meaning given by section 181 of the Pension Schemes Act 1993; and

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- (b) in relation to a pensions scheme governed by the law of Northern Ireland, has the meaning given by section 176 of the Pension Schemes (Northern Ireland) Act 1993.]

Textual Amendments

- F1** Art. 53E inserted (6.4.2015) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No. 2\) Order 2015 \(S.I. 2015/731\)](#), arts. 1, **2(2)**

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Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- Sch. 3 Pt. 1 para. 2(c) words substituted by [S.I. 2023/548 art. 2\(5\)](#)