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## STATUTORY INSTRUMENTS

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# 2005 No. 1529

## The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005

### PART VI

#### *Exempt Communications: Certain Controlled Activities*

##### **Application of exemptions in this Part**

**27.** Except where otherwise stated, the exemptions in this Part apply to communications which relate to—

- (a) a controlled activity falling within paragraph 2 of Schedule 1 carried on in relation to a qualifying contract of insurance;
- (b) controlled activities falling within any of paragraphs 3 to 11 of Schedule 1.

##### **One off non-real time communications and solicited real time communications**

**28.**—(1) The financial promotion restriction does not apply to a one off communication which is either a non-real time communication or a solicited real time communication.

(2) If all the conditions set out in paragraph (3) are met in relation to a communication it is to be regarded as a one off communication. In any other case in which one or more of those conditions are met, that fact is to be taken into account in determining whether the communication is a one off communication (but a communication may still be regarded as a one off communication even if none of the conditions in paragraph (3) is met).

(3) The conditions are that—

- (a) the communication is made only to one recipient or only to one group of recipients in the expectation that they would engage in any investment activity jointly;
- (b) the identity of the product or service to which the communication relates has been determined having regard to the particular circumstances of the recipient;
- (c) the communication is not part of an organised marketing campaign.

##### **One off unsolicited real time communications**

**28A.**—(1) The financial promotion restriction does not apply to an unsolicited real time communication if the conditions in paragraph (2) are met.

(2) The conditions in this paragraph are that—

- (a) the communication is a one off communication;
- (b) the communicator believes on reasonable grounds that the recipient understands the risks associated with engaging in the investment activity to which the communication relates;

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- (c) at the time that the communication is made, the communicator believes on reasonable grounds that the recipient would expect to be contacted by him in relation to the investment activity to which the communication relates.

(3) Paragraphs (2) and (3) of article 28 apply in determining whether a communication is a one off communication for the purposes of this article as they apply for the purposes of article 28.

### **Real time communications: introductions<sup>F1</sup> ...**

**28B.**—(1) If the requirements of paragraph (2) are met, the financial promotion restriction does not apply to any real time communication which—

- (a) relates to a controlled activity falling within [<sup>F2</sup>paragraph 10, 10A, 10B, 10C, 10D, 10E, 10F, [<sup>F3</sup>10G or 10H][<sup>F3</sup>10G, 10H, 10I, 10J or 10K]] of Schedule 1; and
- (b) is made for the purpose of, or with a view to, introducing the recipient to a person (“N”) who is—
- (i) an authorised person who carries on the controlled activity to which the communication relates,
- (ii) an appointed representative, where the controlled activity to which the communication relates is also a regulated activity in respect of which he is exempt from the general prohibition, or
- (iii) an overseas person who carries on the controlled activity to which the communication relates.

(2) The requirements of this paragraph are that the maker of the communication (“M”)—

- (a) does not receive any money, other than money payable to M on his own account, paid by the recipient for or in connection with any transaction which the recipient enters into with or through N as a result of the introduction; and
- (b) before making the introduction, discloses to the recipient such of the information mentioned in paragraph (3) as applies to M.

(3) That information is—

- (a) that M is a member of the same group as N;
- (b) details of any payment which M will receive from N, by way of fee or commission, for introducing the recipient to N;
- (c) an indication of any other reward or advantage received or to be received by M that arises out of his making introductions to N.

(4) In this article, “overseas person” means a person who carries on controlled activities which fall within paragraph 10, 10A or 10B of Schedule 1, but who does not carry on any such activity, or offer to do so, from a permanent place of business maintained by him in the United Kingdom.

#### **Textual Amendments**

- F1** Words in art. 28B title deleted (6.11.2006 for specified purposes, 6.4.2007 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2006 \(S.I. 2006/2383\)](#), arts. 1(2), **35(2)**
- F2** Words in art. 28B(1)(a) substituted (6.11.2006 for specified purposes, 6.4.2007 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2006 \(S.I. 2006/2383\)](#), arts. 1(2), 35(3)

**F3** Words in art. 28B(1)(a) substituted (1.7.2009 for specified purposes, 30.6.2010 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2009 \(S.I. 2009/1342\)](#), arts. 1(2), **30(2)**

### **Communications required or authorised by enactments**

**29.**—(1) Subject to paragraph (2), the financial promotion restriction does not apply to any communication which is required or authorised by or under any enactment other than the Act.

(2) This article does not apply to a communication which relates to a controlled activity falling within paragraph 10, 10A or 10B of Schedule 1 or within paragraph 11 in so far as it relates to that activity.

### **Overseas communicators: solicited real time communications**

**30.**—(1) The financial promotion restriction does not apply to any solicited real time communication which is made by an overseas communicator from outside the United Kingdom in the course of or for the purposes of his carrying on the business of engaging in relevant investment activities outside the United Kingdom.

(2) In this article—

“overseas communicator” means a person who carries on relevant investment activities outside the United Kingdom but who does not carry on any such activity from a permanent place of business maintained by him in the United Kingdom;

“relevant investment activities” means controlled activities which fall within paragraphs 3 to 7 or 10 to 10B of Schedule 1 or, so far as relevant to any of those paragraphs, paragraph 11 of that Schedule.

### **Overseas communicators: non-real time communications to previously overseas customers**

**31.**—(1) The financial promotion restriction does not apply to any non-real time communication which is communicated by an overseas communicator from outside the United Kingdom to a previously overseas customer of his.

(2) In this article a “previously overseas customer” means a person with whom the overseas communicator has done business within the period of twelve months ending with the day on which the communication was received (“the earlier business”) and where—

(a) at the time that the earlier business was done, the customer was neither resident in the United Kingdom nor had a place of business there; or

(b) at the time the earlier business was done, the overseas communicator had on a former occasion done business with the customer, being business of the same description as the business to which the communication relates, and on that former occasion the customer was neither resident in the United Kingdom nor had a place of business there.

(3) For the purposes of this article, an overseas communicator has done business with a customer if, in the course of carrying on his relevant investment activities outside the United Kingdom, he has—

(a) effected a transaction, or arranged for a transaction to be effected, with the customer;

(b) provided, outside the United Kingdom; a service to the customer as described in paragraph 6 of Schedule 1 (whether or not that paragraph was in force at the time the business was done); or

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- (c) given, outside the United Kingdom, any advice to the customer as described in paragraph 7 of that Schedule (whether or not that paragraph was in force at the time the business was done).

**Overseas communicators: unsolicited real time communications to previously overseas customers**

**32.**—(1) If the requirements of paragraphs (2) and (3) are met, the financial promotion restriction does not apply to an unsolicited real time communication which is made by an overseas communicator from outside the United Kingdom to a previously overseas customer of his.

(2) The requirements of this paragraph are that the terms on which previous transactions and services had been effected or provided by the overseas communicator to the previously overseas customer were such that the customer would reasonably expect, at the time that the unsolicited real time communication is made, to be contacted by the overseas communicator in relation to the investment activity to which the communication relates.

(3) The requirements of this paragraph are that the previously overseas customer has been informed by the overseas communicator on an earlier occasion—

- (a) that the protections conferred by or under the Act will not apply to any unsolicited real time communication which is made by the overseas communicator and which relates to that investment activity;
- (b) that the protections conferred by or under the Act may not apply to any investment activity that may be engaged in as a result of the communication; and
- (c) whether any transaction between them resulting from the communication would fall within the jurisdiction of any dispute resolution scheme or compensation scheme or, if there is no such scheme, of that fact.

**Overseas communicators: unsolicited real time communications to knowledgeable customers**

**33.**—(1) If the requirements of paragraphs (2), (3) and (4) are met, the financial promotion restriction does not apply to an unsolicited real time communication which is made by an overseas communicator from outside the United Kingdom in the course of his carrying on relevant investment activities outside the United Kingdom.

(2) The requirements of this paragraph are that the overseas communicator believes on reasonable grounds that the recipient is sufficiently knowledgeable to understand the risks associated with engaging in the investment activity to which the communication relates.

(3) The requirements of this paragraph are that, in relation to any particular investment activity, the recipient has been informed by the overseas communicator on an earlier occasion—

- (a) that the protections conferred by or under the Act will not apply to any unsolicited real time communication which is made by him and which relates to that activity;
- (b) that the protections conferred by or under the Act may not apply to any investment activity that may be engaged in as a result of the communication; and
- (c) whether any transaction between them resulting from the communication would fall within the jurisdiction of any dispute resolution scheme or compensation scheme or, if there is no such scheme, of that fact.

(4) The requirements of this paragraph are that the recipient, after being given a proper opportunity to consider the information given to him in accordance with paragraph (3), has clearly signified that he understands the warnings referred to in paragraph (3)(a) and (b) and that he accepts that he will not benefit from the protections referred to.

### Governments, central banks etc.

34. The financial promotion restriction does not apply to any communication which—
- (a) is a non-real time communication or a solicited real time communication;
  - (b) is communicated by and relates only to controlled investments issued, or to be issued, by—
    - (i) any government;
    - (ii) any local authority (in the United Kingdom or elsewhere);
    - (iii) any international organisation;
    - (iv) the Bank of England;
    - (v) the European Central Bank;
    - (vi) the central bank of any country or territory outside the United Kingdom.

### Industrial and provident societies

35. The financial promotion restriction does not apply to any communication which—
- (a) is a non-real time communication or a solicited real time communication;
  - (b) is communicated by an industrial and provident society; and
  - (c) relates only to an investment falling within paragraph 15 [<sup>F4</sup>or 15A] of Schedule 1 issued, or to be issued, by the society in question.

#### Textual Amendments

- F4** Words in art. 35(c) inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), **Sch. para. 9(b)**

### Nationals of EEA States other than United Kingdom

36. The financial promotion restriction does not apply to any communication which—
- (a) is a non-real time communication or a solicited real time communication;
  - (b) is communicated by a national of an EEA State other than the United Kingdom in the course of any controlled activity lawfully carried on by him in that State; and
  - (c) conforms with any rules made by the Authority under section 145 of the Act (financial promotion rules) which are relevant to a communication of that kind.

### Financial markets

- 37.—(1) The financial promotion restriction does not apply to any communication—
- (a) which is a non-real time communication or a solicited real time communication;
  - (b) which is communicated by a relevant market; and
  - (c) to which paragraph (2) or (3) applies.
- (2) This paragraph applies to a communication if—
- (a) it relates only to facilities provided by the market; and
  - (b) it does not identify (directly or indirectly)—
    - (i) any particular investment issued, or to be issued, by or available from an identified person as one that may be traded or dealt in on the market; or

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- (ii) any particular person as a person through whom transactions on the market may be effected.
- (3) This paragraph applies to a communication if—
  - (a) it relates only to a particular investment falling within paragraph 21, 22 or 23 of Schedule 1; and
  - (b) it identifies the investment as one that may be traded or dealt in on the market.
- (4) “Relevant market” means a market which—
  - (a) meets the criteria specified in Part I of Schedule 3; or
  - (b) is specified in, or is established under the rules of an exchange specified in, Part II, III or IV of that Schedule.

### **Persons in the business of placing promotional material**

**38.** The financial promotion restriction does not apply to any communication which is made to a person whose business it is to place, or arrange for the placing of, promotional material provided that it is communicated so that he can place or arrange for placing it.

### **Joint enterprises**

**39.—(1)** The financial promotion restriction does not apply to any communication which is made or directed by a participator in a joint enterprise to or at another participator in the same joint enterprise in connection with, or for the purposes of, that enterprise.

(2) “Joint enterprise” means an enterprise into which two or more persons (“the participators”) enter for commercial purposes related to a business or businesses (other than the business of engaging in a controlled activity) carried on by them; and, where a participator is a member of a group, each other member of the group is also to be regarded as a participator in the enterprise.

(3) “Participator” includes potential participator.

### **Participants in certain recognised collective investment schemes**

**40.** The financial promotion restriction does not apply to any non-real time communication or solicited real time communication which is made—

- (a) by a person who is the operator of a scheme recognised under section 270 or 272 of the Act; and
- (b) to persons in the United Kingdom who are participants in any such recognised scheme operated by the person making the communication,

and which relates only to such recognised schemes as are operated by that person or to units in such schemes.

### **Bearer instruments: promotions required or permitted by market rules**

**41.—(1)** The financial promotion restriction does not apply to any communication which—

- (a) is a non-real time communication or a solicited real time communication;
- (b) is communicated by a body corporate (“A”) that is not an open-ended investment company;
- (c) is made to or may reasonably be regarded as directed at persons entitled to bearer instruments issued by A, a parent undertaking of A or a subsidiary undertaking of A; and

- (d) is required or permitted by the rules of a relevant market to be communicated to holders of instruments of a class which consists of or includes the bearer instruments in question.
- (2) “Bearer instrument” means any of the following investments title to which is capable of being transferred by delivery—
- (a) any investment falling within paragraph 14<sup>F5</sup>, 15 or 15A] of Schedule 1;
  - (b) any investment falling within paragraph 17 or 18 of that Schedule which confers rights in respect of an investment falling within paragraph 14<sup>F5</sup>, 15 or 15A].
- (3) For the purposes of this article, a bearer instrument falling within paragraph 17 or 18 of Schedule 1 is treated as issued by the person (“P”) who issued the investment in respect of which the bearer instrument confers rights if it is issued by—
- (a) an undertaking in the same group as P; or
  - (b) a person acting on behalf of, or pursuant to arrangements made with, P.
- (4) “Relevant market”, in relation to instruments of any particular class, means any market on which instruments of that class can be traded or dealt in and which—
- (a) meets the criteria specified in Part I of Schedule 3; or
  - (b) is specified in, or established under the rules of an exchange specified in, Part II or III of that Schedule.

#### Textual Amendments

- F5** Words in art. 41(2)(a)(b) substituted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), [Sch. para. 9\(a\)\(ii\)](#)

#### Bearer instruments: promotions to existing holders

- 42.**—(1) The financial promotion restriction does not apply to any communication which—
- (a) is a non-real time communication or a solicited real time communication;
  - (b) is communicated by a body corporate (“A”) that is not an open-ended investment company;
  - (c) is made to or may reasonably be regarded as directed at persons entitled to bearer instruments issued by A, a parent undertaking of A or a subsidiary undertaking of A;
  - (d) relates only to instruments of a class which consists of or includes either the bearer instruments to which the communication relates or instruments in respect of which those bearer instruments confer rights; and
  - (e) is capable of being accepted or acted on only by persons who are entitled to instruments (whether or not bearer instruments) issued by A, a parent undertaking of A or a subsidiary undertaking of A.
- (2) “Bearer instruments” has the meaning given by article 41.
- (3) For the purposes of this article, an instrument falling within paragraph 17 or 18 of Schedule 1 is treated as issued by the person (“P”) who issued the investment in respect of which the bearer instrument confers rights if it is issued by—
- (a) an undertaking in the same group as P; or
  - (b) a person acting on behalf of, or pursuant to arrangements made with, P.

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### Members and creditors of certain bodies corporate

**43.**—(1) The financial promotion restriction does not apply to any non-real time communication or solicited real time communication which is communicated—

- (a) by, or on behalf of, a body corporate (“A”) that is not an open-ended investment company; and
- (b) to persons whom the person making or directing the communication believes on reasonable grounds to be persons to whom paragraph (2) applies,

and which relates only to a relevant investment which is issued or to be issued by A, or by an undertaking (“U”) in the same group as A that is not an open-ended investment company.

(2) This paragraph applies to—

- (a) a creditor or member of A or of U;
- (b) a person who is entitled to a relevant investment which is issued, or to be issued, by A or by U;
- (c) a person who is entitled, whether conditionally or unconditionally, to become a member of A or of U but who has not yet done so;
- (d) a person who is entitled, whether conditionally or unconditionally, to have transferred to him title to a relevant investment which is issued by A or by U but has not yet acquired title to the investment.

(3) “Relevant investment” means—

- (a) an investment falling within paragraph 14<sup>[F6]</sup>, 15 or 15A] of Schedule 1;
- (b) an investment falling within paragraph 17 or 18 of that Schedule so far as relating to any investments within sub-paragraph (a).

(4) For the purposes of this article, an investment falling within paragraph 17 or 18 of Schedule 1 is treated as issued by the person (“P”) who issued the investment in respect of which the instrument confers rights if it is issued by—

- (a) an undertaking in the same group as P; or
- (b) a person acting on behalf of, or pursuant to arrangements made with, P.

#### Textual Amendments

**F6** Words in art. 43(3)(a) substituted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), [Sch. para. 9\(a\)\(iii\)](#)

### Members and creditors of open-ended investment companies

**44.**—(1) The financial promotion restriction does not apply to any communication which—

- (a) is a non-real time communication or a solicited real time communication;
- (b) is communicated by, or on behalf of, a body corporate (“A”) that is an open-ended investment company;
- (c) is communicated to persons whom the person making or directing the communication believes on reasonable grounds to be persons to whom paragraph (2) applies; and
- (d) relates only to an investment falling within paragraph 15, [<sup>F7</sup>15A,] 17 or 19 of Schedule 1 which is issued, or to be issued, by A.

(2) This paragraph applies to—

- (a) a creditor or member of A;



- (b) a person who is entitled to an investment falling within paragraph 15, [<sup>F8</sup>15A,] 17 or 19 of Schedule 1 which is issued, or to be issued, by A;
  - (c) a person who is entitled, whether conditionally or unconditionally, to become a member of A but who has not yet done so;
  - (d) a person who is entitled, whether conditionally or unconditionally, to have transferred to him title to an investment falling within paragraph 15, [<sup>F9</sup>15A,] 17 or 19 of Schedule 1 which is issued by A but has not yet acquired title to the investment.
- (3) For the purposes of this article, an investment falling within paragraph 17 of Schedule 1 is treated as issued by the person (“P”) who issued the investment in respect of which the instrument confers rights if it is issued by—
- (a) an undertaking in the same group as P; or
  - (b) a person acting on behalf of, or pursuant to arrangements made with, P.

#### Textual Amendments

- F7** Words in art. 44(1)(d) inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), **Sch. para. 9(c)**
- F8** Words in art. 44(2)(b) inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), **Sch. para. 9(c)**
- F9** Words in art. 44(2)(d) inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), **Sch. para. 9(c)**

#### Group companies

**45.** The financial promotion restriction does not apply to any communication made by one body corporate in a group to another body corporate in the same group.

#### Qualifying credit to bodies corporate

**46.** The financial promotion restriction does not apply to any communication which relates to a controlled activity falling within paragraph 10, 10A or 10B of Schedule 1 (or within paragraph 11 so far as it relates to that activity) if the communication is—

- (a) made to or directed at bodies corporate only; or
- (b) accompanied by an indication that the qualifying credit to which it relates is only available to bodies corporate.

#### Persons in the business of disseminating information

**47.—(1)** The financial promotion restriction does not apply to any communication which is made only to recipients whom the person making the communication believes on reasonable grounds to be persons to whom paragraph (2) applies.

- (2) This paragraph applies to—
- (a) a person who receives the communication in the course of a business which involves the dissemination through a publication of information concerning controlled activities;
  - (b) a person whilst acting in the capacity of director, officer or employee of a person falling within sub-paragraph (a) being a person whose responsibilities when acting in that capacity involve him in the business referred to in that sub-paragraph;
  - (c) any person to whom the communication may otherwise lawfully be made.

**Certified high net worth individuals**

**48.**—(1) If the requirements of paragraphs (4) and (7) are met, the financial promotion restriction does not apply to any communication which—

- (a) is a non-real time communication or a solicited real time communication;
- (b) is made to an individual whom the person making the communication believes on reasonable grounds to be a certified high net worth individual, and
- (c) relates only to one or more investments falling within paragraph (8).

(2) “Certified high net worth individual” means an individual who has signed, within the period of twelve months ending with the day on which the communication is made, a statement complying with Part I of Schedule 5.

(3) The validity of a statement signed for the purposes of paragraph (2) is not affected by a defect in the form or wording of the statement, provided that the defect does not alter the statement's meaning and that the words shown in bold type in Part I of Schedule 5 are so shown in the statement.

(4) The requirements of this paragraph are that either the communication is accompanied by the giving of a warning in accordance with paragraphs (5) and (6) or where, because of the nature of the communication, this is not reasonably practicable,—

- (a) a warning in accordance with paragraph (5) is given to the recipient orally at the beginning of the communication together with an indication that he will receive the warning in legible form and that, before receipt of that warning, he should consider carefully any decision to engage in investment activity to which the communication relates; and
- (b) a warning in accordance with paragraphs (5) and (6) (d) to (h) is sent to the recipient of the communication within two business days of the day on which the communication is made.

(5) The warning must be in the following terms—

“The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.”.

But where a warning is sent pursuant to paragraph (4)(b), for the words “ this promotion ” in both places where they occur there must be substituted wording which clearly identifies the promotion which is the subject of the warning.

(6) The warning must—

- (a) be given at the beginning of the communication;
- (b) precede any other written or pictorial matter;
- (c) be in a font size consistent with the text forming the remainder of the communication;
- (d) be indelible;
- (e) be legible;
- (f) be printed in black, bold type;
- (g) be surrounded by a black border which does not interfere with the text of the warning; and
- (h) not be hidden, obscured or interrupted by any other written or pictorial matter.

(7) The requirements of this paragraph are that the communication is accompanied by an indication—

- (a) that it is exempt from the general restriction (in section 21 of the Act) on the communication of invitations or inducements to engage in investment activity on the ground that it is made to a certified high net worth individual;

- (b) of the requirements that must be met for an individual to qualify as a certified high net worth individual; and
  - (c) that any individual who is in any doubt about the investment to which the communication relates should consult an authorised person specialising in advising on investments of the kind in question.
- (8) An investment falls within this paragraph if—
- (a) it is an investment falling within paragraph 14 of Schedule 1 being stock or shares in an unlisted company;
  - (b) it is an investment falling within paragraph 15 of Schedule 1 being an investment acknowledging the indebtedness of an unlisted company;
  - [<sup>F10</sup>(ba) it is an investment falling within paragraph 15A of Schedule 1 being an investment constituting an alternative finance investment bond issued by an unlisted company;]
  - (c) it is an investment falling within paragraph 17 or 18 of Schedule 1 conferring entitlement or rights with respect to investments falling within sub-paragraph (a) or (b);
  - (d) it comprises units in a collective investment scheme being a scheme which invests wholly or predominantly in investments falling within sub-paragraph (a) or (b);
  - (e) it is an investment falling within paragraph 21 of Schedule 1 being an option to acquire or dispose of an investment falling within sub-paragraph (a), (b) or (c);
  - (f) it is an investment falling within paragraph 22 of Schedule 1 being rights under a contract for the sale of an investment falling within sub-paragraph (a), (b) or (c);
  - (g) it is an investment falling within paragraph 23 of Schedule 1 being a contract relating to, or to fluctuations in value or price of, an investment falling within sub-paragraph (a), (b) or (c),

provided in each case that it is an investment under the terms of which the investor cannot incur a liability or obligation to pay or contribute more than he commits by way of investment.

(9) “Business day” means any day except a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 <sup>M1</sup> in any part of the United Kingdom.

#### Textual Amendments

**F10** Art. 48(8)(ba) inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), **Sch. para. 9(d)**

#### Marginal Citations

**M1** 1971 c. 80

### High net worth companies, unincorporated associations etc.

- 49.**—(1) The financial promotion restriction does not apply to any communication which—
- (a) is made only to recipients whom the person making the communication believes on reasonable grounds to be persons to whom paragraph (2) applies; or
  - (b) may reasonably be regarded as directed only at persons to whom paragraph (2) applies.
- (2) This paragraph applies to—
- (a) any body corporate which has, or which is a member of the same group as an undertaking which has, a called-up share capital or net assets of not less than—

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- (i) if the body corporate has more than 20 members or is a subsidiary undertaking of an undertaking which has more than 20 members, £500,000;
  - (ii) otherwise, £5 million;
  - (b) any unincorporated association or partnership which has net assets of not less than £5 million;
  - (c) the trustee of a high value trust;
  - (d) any person (“A”) whilst acting in the capacity of director, officer or employee of a person (“B”) falling within any of sub-paragraphs (a) to (c) where A's responsibilities, when acting in that capacity, involve him in B's engaging in investment activity;
  - (e) any person to whom the communication may otherwise lawfully be made.
- (3) For the purposes of paragraph (1)(b)—
- (a) if all the conditions set out in paragraph (4)(a) to (c) are met, the communication is to be regarded as directed at persons to whom paragraph (2) applies;
  - (b) in any other case in which one or more of those conditions are met, that fact is to be taken into account in determining whether the communication is directed at persons to whom paragraph (2) applies (but a communication may still be regarded as so directed even if none of the conditions in paragraph (4) is met).
- (4) The conditions are that—
- (a) the communication includes an indication of the description of persons to whom it is directed and an indication of the fact that the controlled investment or controlled activity to which it relates is available only to such persons;
  - (b) the communication includes an indication that persons of any other description should not act upon it;
  - (c) there are in place proper systems and procedures to prevent recipients other than persons to whom paragraph (2) applies engaging in the investment activity to which the communication relates with the person directing the communication, a close relative of his or a member of the same group.
- (5) “Called-up share capital” has the meaning given in the 1985 Act or in the 1986 Order.
- (6) “High value trust” means a trust where the aggregate value of the cash and investments which form part of the trust's assets (before deducting the amount of its liabilities)—
- (a) is £10 million or more; or
  - (b) has been £10 million or more at anytime during the year immediately preceding the date on which the communication in question was first made or directed.
- (7) “Net assets” has the meaning given by section 264 of the 1985 Act or the equivalent provision of the 1986 Order.

### **Sophisticated investors**

**50.**—(1) “Certified sophisticated investor”, in relation to any description of investment, means a person—

- (a) who has a current certificate in writing or other legible form signed by an authorised person to the effect that he is sufficiently knowledgeable to understand the risks associated with that description of investment; and
- (b) who has signed, within the period of twelve months ending with the day on which the communication is made, a statement in the following terms:

“I make this statement so that I am able to receive promotions which are exempt from the restrictions on financial promotion in the Financial Services and Markets Act 2000. The exemption relates to certified sophisticated investors and I declare that I qualify as such in relation to investments of the following kind [list them]. I accept that the contents of promotions and other material that I receive may not have been approved by an authorised person and that their content may not therefore be subject to controls which would apply if the promotion were made or approved by an authorised person. I am aware that it is open to me to seek advice from someone who specialises in advising on this kind of investment.”.

(1A) The validity of a statement signed in accordance with paragraph (1)(b) is not affected by a defect in the wording of the statement, provided that the defect does not alter the statement's meaning.

(2) If the requirements of paragraph (3) are met, the financial promotion restriction does not apply to any communication which—

- (a) is made to a certified sophisticated investor;
- (b) does not invite or induce the recipient to engage in investment activity with the person who has signed the certificate referred to in paragraph (1)(a); and
- (c) relates only to a description of investment in respect of which that investor is certified.

(3) The requirements of this paragraph are that the communication is accompanied by an indication—

- (a) that it is exempt from the general restriction (in section 21 of the Act) on the communication of invitations or inducements to engage in investment activity on the ground that it is made to a certified sophisticated investor;
- (b) of the requirements that must be met for a person to qualify as a certified sophisticated investor;
- (c) that the content of the communication has not been approved by an authorised person and that such approval is, unless this exemption or any other exemption applies, required by section 21 of the Act;
- (d) that reliance on the communication for the purpose of engaging in any investment activity may expose the individual to a significant risk of losing all of the property invested or of incurring additional liability;
- (e) that any person who is in any doubt about the investment to which the communication relates should consult an authorised person specialising in advising on investments of the kind in question.

(4) For the purposes of paragraph (1)(a), a certificate is current if it is signed and dated not more than three years before the date on which the communication is made.

### **Self-certified sophisticated investors**

**50A.**—(1) “Self-certified sophisticated investor” means an individual who has signed within the period of twelve months ending with the day on which the communication is made, a statement complying with Part II of Schedule 5.

(2) The validity of a statement signed for the purposes of paragraph (1) is not affected by a defect in the form or wording of the statement, provided that the defect does not alter the statement's meaning and that the words shown in bold type in Part II of Schedule 5 are so shown in the statement.

(3) If the requirements of paragraphs (4) and (7) are met, the financial promotion restriction does not apply to any communication which—

- (a) is made to an individual whom the person making the communication believes on reasonable grounds to be a self-certified sophisticated investor; and
- (b) relates only to one or more investments falling within paragraph (8).

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(4) The requirements of this paragraph are that either the communication is accompanied by the giving of a warning in accordance with paragraphs (5) and (6) or where, because of the nature of the communication this is not reasonably practicable—

- (a) a warning in accordance with paragraph (5) is given to the recipient orally at the beginning of the communication together with an indication that he will receive the warning in legible form and that, before receipt of that warning, he should consider carefully any decision to engage in investment activity to which the communication relates; and
- (b) a warning in accordance with paragraphs (5) and (6) (d) to (h) is sent to the recipient of the communication within two business days of the day on which the communication is made.

(5) The warning must be in the following terms—

“The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.”.

But where a warning is sent pursuant to paragraph (4)(b), for the words “ this promotion ” in both places where they occur there must be substituted wording which clearly identifies the promotion which is the subject of the warning.

(6) The warning must—

- (a) be given at the beginning of the communication;
- (b) precede any other written or pictorial matter;
- (c) be in a font size consistent with the text forming the remainder of the communication;
- (d) be indelible;
- (e) be legible;
- (f) be printed in black, bold type;
- (g) be surrounded by a black border which does not interfere with the text of the warning; and
- (h) not be hidden, obscured or interrupted by any other written or pictorial matter.

(7) The requirements of this paragraph are that the communication is accompanied by an indication—

- (a) that it is exempt from the general restriction (in section 21 of the Act) on the communication of invitations or inducements to engage in investment activity on the ground that it is made to a self-certified sophisticated investor;
- (b) of the requirements that must be met for an individual to qualify as a self-certified sophisticated investor;
- (c) that any individual who is in any doubt about the investment to which the communication relates should consult an authorised person specialising in advising on investments of the kind in question.

(8) An investment falls within this paragraph if—

- (a) it is an investment falling within paragraph 14 of Schedule 1 being stock or shares in an unlisted company;
- (b) it is an investment falling within paragraph 15 of Schedule 1 being an investment acknowledging the indebtedness of an unlisted company;
- [<sup>F11</sup>(ba) it is an investment falling within paragraph 15A of Schedule 1 being an investment constituting an alternative finance investment bond issued by an unlisted company;]
- (c) it is an investment falling within paragraph 17 or 18 of Schedule 1 conferring entitlement or rights with respect to investments falling within sub-paragraph (a) or (b);

- (d) it comprises units in a collective investment scheme being a scheme which invests wholly or predominantly in investments falling within sub-paragraph (a) or (b);
- (e) it is an investment falling within paragraph 21 of Schedule 1 being an option to acquire or dispose of an investment falling within sub-paragraph (a), (b) or (c);
- (f) it is an investment falling within paragraph 22 of Schedule 1 being rights under a contract for the sale of an investment falling within sub-paragraph (a), (b) or (c);
- (g) it is an investment falling within paragraph 23 of Schedule 1 being a contract relating to, or to fluctuations in value or price of, an investment falling within sub-paragraph (a), (b) or (c),

provided in each case that it is an investment under the terms of which the investor cannot incur a liability or obligation to pay or contribute more than he commits by way of investment.

(9) “Business day” means any day except a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 in any part of the United Kingdom.

#### Textual Amendments

- F11** Art. 50A(8)(ba) inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), [Sch. para. 9\(e\)](#)

### Associations of high net worth or sophisticated investors

**51.** The financial promotion restriction does not apply to any non-real time communication or solicited real time communication which—

- (a) is made to an association, or to a member of an association, the membership of which the person making the communication believes on reasonable grounds comprises wholly or predominantly persons who are—
  - (i) certified or self-certified high net worth individuals within the meaning of article 48;
  - (ii) high net worth persons falling within article 49(2)(a) to (d);
  - (iii) certified or self-certified sophisticated investors within the meaning of article 50 or 50A; and
- (b) relates only to an investment under the terms of which a person cannot incur a liability or obligation to pay or contribute more than he commits by way of investment.

### Common interest group of a company

**52.—(1)** “Common interest group”, in relation to a company, means an identified group of persons who at the time the communication is made might reasonably be regarded as having an existing and common interest with each other and that company in—

- (a) the affairs of the company; and
- (b) what is done with the proceeds arising from any investment to which the communication relates.

(2) If the requirements of paragraphs (3) and either (4) or (5) are met, the financial promotion restriction does not apply to any communication which—

- (a) is a non-real time communication or a solicited real time communication;
- (b) is made only to persons who are members of a common interest group of a company, or may reasonably be regarded as directed only at such persons; and

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- (c) relates to investments falling within paragraph 14<sup>F12</sup>, 15 or 15A] of Schedule 1 which are issued, or to be issued, by that company.
- (3) The requirements of this paragraph are that the communication is accompanied by an indication—
- (a) that the directors of the company (or its promoters named in the communication) have taken all reasonable care to ensure that every statement of fact or opinion included in the communication is true and not misleading given the form and context in which it appears;
  - (b) that the directors of the company (or its promoters named in the communication) have not limited their liability with respect to the communication; and
  - (c) that any person who is in any doubt about the investment to which the communication relates should consult an authorised person specialising in advising on investments of the kind in question.
- (4) The requirements of this paragraph are that the communication is accompanied by an indication—
- (a) that the directors of the company (or its promoters named in the communication) have taken all reasonable care to ensure that any person belonging to the common interest group (and his professional advisers) can have access, at all reasonable times, to all the information that he or they would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the company and of the rights attaching to the investments in question; and
  - (b) describing the means by which such information can be accessed.
- (5) The requirements of this paragraph are that the communication is accompanied by an indication that any person considering subscribing for the investments in question should regard any subscription as made primarily to assist the furtherance of the company's objectives (other than any purely financial objectives) and only secondarily, if at all, as an investment.
- (6) For the purposes of paragraph (2)(b)—
- (a) if all the conditions set out in paragraph (7) are met, the communication is to be regarded as directed at persons who are members of the common interest group;
  - (b) in any other case in which one or more of those conditions are met, that fact shall be taken into account in determining whether the communication is directed at persons who are members of the common interest group (but a communication may still be regarded as directed only at such persons even if none of the conditions in paragraph (7) is met).
- (7) The conditions are that—
- (a) the communication is accompanied by an indication that it is directed at persons who are members of the common interest group and that any investment or activity to which it relates is available only to such persons;
  - (b) the communication is accompanied by an indication that it must not be acted upon by persons who are not members of the common interest group;
  - (c) there are in place proper systems and procedures to prevent recipients other than members of the common interest group engaging in the investment activity to which the communication relates with the person directing the communication, a close relative of his or a member of the same group.
- (8) Persons are not to be regarded as having an interest of the kind described in paragraph (1) if the only reason why they would be so regarded is that—
- (a) they will have such an interest if they become members or creditors of the company;
  - (b) they all carry on a particular trade or profession; or



- (c) they are persons with whom the company has an existing business relationship, whether by being its clients, customers, contractors, suppliers or otherwise.

#### **Textual Amendments**

- F12** Words in art. 52(2)(c) substituted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), **Sch. para. 9(a)(iv)**

#### **Settlers, trustees and personal representatives**

**53.** The financial promotion restriction does not apply to any communication which is made between—

- (a) a person when acting as a settlor or grantor of a trust, a trustee or a personal representative; and
- (b) a trustee of the trust, a fellow trustee or a fellow personal representative (as the case may be),

if the communication is made for the purposes of the trust or estate.

#### **Beneficiaries of trust, will or intestacy**

**54.** The financial promotion restriction does not apply to any communication which is made—

- (a) between a person when acting as a settlor or grantor of a trust, trustee or personal representative and a beneficiary under the trust, will or intestacy; or
- (b) between a beneficiary under a trust, will or intestacy and another beneficiary under the same trust, will or intestacy,

if the communication relates to the management or distribution of that trust fund or estate.

#### **Communications by members of professions**

**55.—(1)** The financial promotion restriction does not apply to a real time communication (whether solicited or unsolicited) which—

- (a) is made by a person (“P”) who carries on a regulated activity to which the general prohibition does not apply by virtue of section 327 of the Act; and
- (b) is made to a recipient who has, prior to the communication being made, engaged P to provide professional services,

where the controlled activity to which the communication relates is an excluded activity which would be undertaken by P for the purposes of, and incidental to, the provision by him of professional services to or at the request of the recipient.

(2) “Professional services” has the meaning given in section 327 of the Act.

(3) An “excluded activity” is an activity to which the general prohibition would apply but for the application of—

- (a) section 327 of the Act; or
- (b) article 67 of the Regulated Activities Order.

#### **Non-real time communication by members of professions**

**55A.—(1)** The financial promotion restriction does not apply to a non-real time communication which is—

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- (a) made by a person (“P”) who carries on Part XX activities; and
- (b) limited to what is required or permitted by paragraphs (2) and (3).

(2) The communication must be in the following terms— “ This [firm/company] is not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services to clients because we are members of [relevant designated professional body]. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. ”

(3) The communication may in addition set out the Part XX activities which P is able to offer to his clients, provided it is clear that these are the investment services to which the statement in paragraph (2) relates.

(4) The validity of a communication made in accordance with paragraph (2) is not affected by a defect in the wording of it provided that the defect does not alter the communication's meaning.

(5) “Part XX activities” means the regulated activities to which the general prohibition does not apply when they are carried on by P by virtue of section 327 of the Act.

### **Remedy following report by Parliamentary Commissioner for Administration**

**56.** The financial promotion restriction does not apply to any communication made or directed by a person for the purpose of enabling any injustice, stated by the Parliamentary Commissioner for Administration in a report under section 10 of the Parliamentary Commissioner Act 1967<sup>M2</sup> to have occurred, to be remedied with respect to the recipient.

#### **Marginal Citations**

**M2** 1967 c. 13. This Act has been amended by the [Parliamentary Commissioner Act 1994 \(c. 14\)](#).

### **Persons placing promotional material in particular publications**

**57.** The financial promotion restriction does not apply to any communication received by a person who receives the publication in which the communication is contained because he has himself placed an advertisement in that publication.

### **Acquisition of interest in premises run by management companies**

**58.—**(1) “Management company” means a company established for the purpose of—

- (a) managing the common parts or fabric of premises used for residential or business purposes; or
- (b) supplying services to such premises.

(2) The financial promotion restriction does not apply to any non-real time communication or solicited real time communication if it relates to an investment falling within paragraph 14 of Schedule 1 which—

- (a) is issued, or to be issued, by a management company; and
- (b) is to be acquired by any person in connection with the acquisition of an interest in the premises in question.

## Annual accounts and directors' report

59.—(1) If the requirements in paragraphs (2) to (5) are met, the financial promotion restriction does not apply to any communication by a body corporate (other than an open-ended investment company) which—

- (a) consists of, or is accompanied by, the whole or any part of the annual accounts of a body corporate (other than an open-ended investment company); or
- (b) is accompanied by any report which is prepared and approved by the directors of such a body corporate under—
  - (i) sections 234 and 234A of the 1985 Act <sup>M3</sup>;
  - (ii) the corresponding Northern Ireland enactment; or
  - (iii) the law of an EEA State other than the United Kingdom which corresponds to the provisions mentioned in paragraph (i) or (ii).

(2) The requirements of this paragraph are that the communication—

- (a) does not contain any invitation to persons to underwrite, subscribe for, or otherwise acquire or dispose of, a controlled investment; and
- (b) does not advise persons to engage in any of the activities within sub-paragraph (a).

(3) The requirements of this paragraph are that the communication does not contain any invitation to persons to—

- (a) effect any transaction with the body corporate (or with any named person) in the course of that body's (or person's) carrying on of any activity falling within any of paragraphs 3 to 11 of Schedule 1; or
- (b) make use of any services provided by that body corporate (or by any named person) in the course of carrying on such activity.

(4) The requirements of this paragraph are that the communication does not contain any inducement relating to an investment other than one issued, or to be issued, by the body corporate (or another body corporate in the same group) which falls within—

- (a) paragraph 14<sup>F13</sup>, 15 or 15A] of Schedule 1; or
- (b) paragraph 17 or 18 of that Schedule, so far as relating to any investments within sub-paragraph (a).

(5) The requirements of this paragraph are that the communication does not contain any reference to—

- (a) the price at which investments issued by the body corporate have in the past been bought or sold; or
- (b) the yield on such investments,

unless it is also accompanied by an indication that past performance cannot be relied on as a guide to future performance.

(6) For the purposes of paragraph (5)(b), a reference, in relation to an investment, to earnings, dividend or nominal rate of interest payable shall not be taken to be a reference to the yield on the investment.

(7) “Annual accounts” means—

- (a) accounts produced by virtue of Part VII of the 1985 Act <sup>M4</sup> (or of that Part as applied by virtue of any other enactment);
- (b) accounts produced by virtue of the corresponding Northern Ireland enactment (or of that enactment as applied by virtue of any other enactment);

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- (c) a summary financial statement prepared under section 251 of the 1985 Act <sup>M5</sup>;
- (d) accounts delivered to the registrar under Chapter II of Part XXIII of the 1985 Act <sup>M6</sup>;
- (e) accounts which are produced or published by virtue of the law of an EEA State other than the United Kingdom and which correspond to accounts within any of sub-paragraphs (a) to (d).

#### Textual Amendments

**F13** Words in art. 59(4)(a) substituted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), **Sch. para. 9(a)(v)**

#### Marginal Citations

- M3** Section 234 was substituted, and section 234A was inserted, by section 8(1) of the [Companies Act 1989 \(c. 40\)](#). Section 234 was subsequently amended by [S.I. 1996/189](#) and [S.I. 1997/571](#).
- M4** Part VII of the 1985 Act has been amended by [Part I of the Companies Act 1989 \(c. 40\)](#) and has subsequently been amended by [S.I. 1992/3003](#) and [S.I. 2000/968](#).
- M5** Section 251 was substituted by section 15 of the Companies Act 1989.
- M6** Chapter II of Part XXIII of the 1985 Act was substituted by section 23 of the Companies Act 1989.

### Participation in employee share schemes

**60.**—(1) The financial promotion restriction does not apply to any communication by a person (“C”), a member of the same group as C or a relevant trustee where the communication is for the purposes of an employee share scheme and relates to any of the following investments issued, or to be issued, by C—

- (a) investments falling within paragraph 14<sup>F14</sup>, 15 or 15A] of Schedule 1;
- (b) investments falling within paragraph 17 or 18 so far as relating to any investments within sub-paragraph (a); or
- (c) investments falling within paragraph 21 or 27 so far as relating to any investments within sub-paragraph (a) or (b).

(2) “Employee share scheme”, in relation to any investments issued by C, means arrangements made or to be made by C or by a person in the same group as C to enable or facilitate—

- (a) transactions in the investments specified in paragraphs (1)(a) or (b) between or for the benefit of—
  - (i) the bona fide employees or former employees of C or of another member of the same group as C;
  - (ii) the wives, husbands, widows, widowers<sup>F15</sup>, civil partners, surviving civil partners] or children or step-children under the age of eighteen of such employees or former employees; or
- (b) the holding of those investments by, or for the benefit of, such persons.

(3) “Relevant trustee” means a person who, in pursuance of an actual or proposed employee share scheme, holds as trustee or will hold as trustee investments issued by C.

#### Textual Amendments

**F14** Words in art. 60(1)(a) substituted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), **Sch. para. 9(a)(vi)**

**F15** Words in art. 60(2)(a)(ii) inserted (21.12.2005) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2005 \(S.I. 2005/3392\)](#), arts. 1, **2(4)**

## Sale of goods and supply of services

**61.**—(1) In this article—

“supplier” means a person whose main business is to sell goods or supply services and not to carry on controlled activities falling within any of paragraphs 3 to 7 of Schedule 1 and, where the supplier is a member of a group, also means any other member of that group;

“customer” means a person, other than an individual, to whom a supplier sells goods or supplies services, or agrees to do so, and, where the customer is a member of a group, also means any other member of that group;

“a related sale or supply” means a sale of goods or supply of services to the customer otherwise than by the supplier, but for or in connection with the same purpose as the sale or supply mentioned above.

(2) The financial promotion restriction does not apply to any non-real time communication or any solicited real time communication made by a supplier to a customer of his for the purposes of, or in connection with, the sale of goods or supply of services or a related sale or supply.

(3) But the exemption in paragraph (2) does not apply if the communication relates to—

- (a) a qualifying contract of insurance or units in a collective investment scheme; or
- (b) investments falling within paragraph 27 of Schedule 1 so far as relating to investments within paragraph (a).

## Sale of body corporate

**62.**—(1) The financial promotion restriction does not apply to any communication by, or on behalf of, a body corporate, a partnership, a single individual or a group of connected individuals which relates to a transaction falling within paragraph (2).

(2) A transaction falls within this paragraph if—

- (a) it is one to acquire or dispose of shares in a body corporate other than an open-ended investment company, or is entered into for the purposes of such an acquisition or disposal; and
- (b) either—
  - (i) the conditions set out in paragraph (3) are met; or
  - (ii) those conditions are not met, but the object of the transaction may nevertheless reasonably be regarded as being the acquisition of day to day control of the affairs of the body corporate.

(3) The conditions mentioned in paragraph (2)(b) are that—

- (a) the shares consist of or include 50 per cent or more of the voting shares in the body corporate; or
- (b) the shares, together with any already held by the person acquiring them, consist of or include at least that percentage of such shares; and
- (c) in either case, the acquisition or disposal is, or is to be, between parties each of whom is a body corporate, a partnership, a single individual or a group of connected individuals.

(4) “A group of connected individuals” means—

- (a) in relation to a party disposing of shares in a body corporate, a single group of persons each of whom is—

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- (i) a director or manager of the body corporate;
  - (ii) a close relative of any such director or manager; or
  - (iii) a person acting as trustee for, or nominee of, any person falling within paragraph (i) or (ii); and
- (b) in relation to a party acquiring shares in a body corporate, a single group of persons each of whom is—
- (i) a person who is or is to be a director or manager of the body corporate;
  - (ii) a close relative of any such person; or
  - (iii) a person acting as trustee for or nominee of any person falling within paragraph (i) or (ii).

(5) “Voting shares” in relation to a body corporate, means shares carrying voting rights attributable to share capital which are exercisable in all circumstances at any general meeting of that body corporate.

#### **Takeovers of relevant unlisted companies: interpretation**

**63.**—(1) In this article and in articles 64, 65 and 66, a “relevant unlisted company”, in relation to a takeover offer, means a company which is an unlisted company at the time that the offer is made and which has been an unlisted company throughout the period of ten years immediately preceding the date of the offer.

(2) In this article and in articles 64, 65 and 66, references to a takeover offer for a relevant unlisted company are references to an offer which meets the requirements of Part I of Schedule 4 and which is an offer—

- (a) for all the shares in, or all the shares comprised in the equity or non-equity share capital of, a relevant unlisted company (other than any shares already held by or on behalf of the person making the offer); or
- (b) for all the debentures of such a company (other than debentures already held by or on behalf of the person making the offer).

(3) Shares in or debentures of an unlisted company are to be regarded as being held by or on behalf of the person making the offer if the person who holds them, or on whose behalf they are held, has agreed that an offer should not be made in respect of them.

#### **Takeovers of relevant unlisted companies**

**64.**—(1) If the requirements of paragraphs (2) and (3) are met, the financial promotion restriction does not apply to any communication which is communicated in connection with a takeover offer for a relevant unlisted company.

(2) The requirements of this paragraph are that the communication is accompanied by the material listed in Part II of Schedule 4.

(3) The requirements of this paragraph are that the material listed in Part III of Schedule 4 is available at a place in the United Kingdom at all times during normal office hours for inspection free of charge.

#### **Takeovers of relevant unlisted companies: warrants etc.**

**65.** The financial promotion restriction does not apply to any communication which—

- (a) is communicated at the same time as, or after, a takeover offer for a relevant unlisted company is made; and

- (b) relates to investments falling within paragraph 17 or 18 of Schedule 1 so far as relating to the shares in or debentures of the unlisted company which are the subject of the offer.

#### **Takeovers of relevant unlisted companies: application forms**

**66.** The financial promotion restriction does not apply to any communication made in connection with a takeover offer for a relevant unlisted company which is a form of application for—

- (a) shares in or debentures of the unlisted company; or
- (b) investments falling within paragraphs 17 or 18 of Schedule 1 so far as relating to the shares in or debentures of the company which are the subject of the offer.

#### **Promotions required or permitted by market rules**

**67.**—(1) The financial promotion restriction does not apply to any communication which—

- (a) is a non-real time communication or a solicited real time communication;
- (b) relates to an investment which falls within any of paragraphs 14 to 18 of Schedule 1 and which is permitted to be traded or dealt in on a relevant market; and
- (c) is required or permitted to be communicated by—
  - (i) the rules of the relevant market;
  - (ii) a body which regulates the market; or
  - (iii) a body which regulates offers or issues of investments to be traded on such a market.

(2) “Relevant market” means a market which—

- (a) meets the criteria specified in Part I of Schedule 3; or
- (b) is specified in, or established under the rules of an exchange specified in, Part II or III of that Schedule.

#### **Promotions in connection with admission to certain EEA markets**

**68.**—(1) The financial promotion restriction does not apply to any communication—

- (a) which is a non-real time communication or a solicited real time communication;
- (b) which a relevant EEA market requires to be communicated before an investment can be admitted to trading on that market;
- (c) which, if it were included in a prospectus issued in accordance with prospectus rules made under Part VI of the Act, would be required to be communicated by those rules; and
- (d) which is not accompanied by any information other than information which is required or permitted to be published by the rules of that market.

(2) In this article “relevant EEA market” means any market on which investments can be traded or dealt in and which—

- (a) meets the criteria specified in Part I of Schedule 3; or
- (b) is specified in, or established under the rules of an exchange specified in, Part II of that Schedule.

#### **Promotions of securities already admitted to certain markets**

**69.**—(1) In this article—

“relevant investment” means any investment falling within—

- (a) paragraph 14<sup>F16</sup>, 15 or 15A] of Schedule 1; or

*Status: Point in time view as at 13/04/2010.*

*Changes to legislation: There are currently no known outstanding effects for the The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, PART VI. (See end of Document for details)*

- (b) paragraph 17 or 18 of that Schedule so far as relating to any investment mentioned in sub-paragraph (a);
- “relevant market” means any market on which investments can be traded and which—
- (a) meets the criteria specified in Part I of Schedule 3; or
- (b) is specified in, or established under, the rules of an exchange specified in, Part II or III of that Schedule.
- (2) If the requirements of paragraph (3) are met, the financial promotion restriction does not apply to any communication which—
- (a) is a non-real time communication or a solicited real time communication;
- (b) is communicated by a body corporate (“A”), other than an open-ended investment company; and
- (c) relates only to relevant investments issued, or to be issued, by A or by another body corporate in the same group,
- if relevant investments issued by A or by any such body corporate are permitted to be traded on a relevant market.
- (3) The requirements of this paragraph are that the communication—
- (a) is not, and is not accompanied by, an invitation to engage in investment activity;
- (b) is not, and is not accompanied by, an inducement relating to an investment other than one issued, or to be issued, by A (or another body corporate in the same group);
- (c) is not, and is not accompanied by, an inducement relating to a relevant investment which refers to—
- (i) the price at which relevant investments have been bought or sold in the past, or
- (ii) the yield on such investments,
- unless the inducement also contains an indication that past performance cannot be relied on as a guide to future performance.
- (4) For the purposes of this article, an investment falling within paragraph 17 or 18 of Schedule 1 is treated as issued by the person (“P”) who issued the investment in respect of which the investment confers rights if it is issued by—
- (a) an undertaking in the same group as P; or
- (b) a person acting on behalf of, or pursuant to, arrangements made with P.
- (5) For the purposes of paragraph (3)(a), “engaging in investment activity” has the meaning given in section 21(8) of the Act; and for the purposes of paragraph (3)(c)(ii), a reference, in relation to an investment, to earnings, dividend or nominal rate of interest payable shall not be taken to be a reference to the yield on the investment.

#### **Textual Amendments**

**F16** Words in art. 69(1) substituted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), art. 1(2), [Sch. para. 9\(a\)\(vii\)](#)

#### **Promotions included in listing particulars etc.**

**70.**—(1) The financial promotion restriction does not apply to any non-real time communication which is included in—

- (a) listing particulars;



- (b) supplementary listing particulars;
  - [<sup>F17</sup>(c) a prospectus or supplementary prospectus approved—
    - (i) by the competent authority in accordance with Part 6 of the Act; or
    - (ii) by the competent authority of an EEA State other than the United Kingdom, provided the requirements of section 87H of the Act have been met, or part of such a prospectus or supplementary prospectus; or]
  - (d) any other document required or permitted to be published by listing rules or prospectus rules under Part VI of the Act (except an advertisement within the meaning of the prospectus directive).
- [<sup>F18</sup>(1A) The financial promotion restriction does not apply to any non-real time communication—
- (a) comprising the final terms of an offer or the final offer price or amount of securities which will be offered to the public; and
  - (b) complying with Articles 5(4), 8(1) and 14(2) of the prospectus directive.]
- (2) In this article “listing particulars”, “listing rules”, “the prospectus directive” and “prospectus rules” have the meaning given by Part VI of the Act.

#### Textual Amendments

- F17** Art. 70(1)(c) substituted (1.10.2007) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment No. 2\) Order 2007 \(S.I. 2007/2615\)](#), arts. 1, **2(2)**
- F18** Art. 70(1A) inserted (1.10.2007) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment No. 2\) Order 2007 \(S.I. 2007/2615\)](#), arts. 1, **2(3)**

#### Material relating to prospectus for public offer of unlisted securities

- 71.—**(1) The financial promotion restriction does not apply to any non-real time communication relating to a prospectus or supplementary prospectus where the only reason for considering it to be an invitation or inducement is that it does one or more of the following—
- (a) it states the name and address of the person by whom the transferable securities to which the prospectus or supplementary prospectus relates are to be offered;
  - (b) it gives other details for contacting that person;
  - (c) it states the nature and the nominal value of the transferable securities to which the prospectus or supplementary prospectus relates, the number offered and the price at which they are offered;
  - (d) it states that a prospectus or supplementary prospectus is or will be available (and, if it is not yet available, when it is expected to be);
  - (e) it gives instructions for obtaining a copy of the prospectus or supplementary prospectus.
- (2) In this article—
- (a) “transferable securities” has the same meaning as in section 102A(3) of the Act;
  - (b) references to a prospectus or supplementary prospectus are references to a prospectus or supplementary prospectus which is published in accordance with prospectus rules made under Part VI of the Act.

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**Pension products offered by employers**

72.—(1) If the requirements of paragraph (2) are met, the financial promotion restriction does not apply to any communication which is made by an employer to an employee in relation to a group personal pension scheme or a stakeholder pension scheme.

(2) The requirements of this paragraph are that—

(a) the employer will make a contribution to the group personal pension scheme or stakeholder pension scheme to which the communication relates in the event of the employee becoming a member of the scheme and the communication contains a statement informing the employee of this;

[<sup>F19</sup>(b) the employer has not received, and will not receive, any direct financial benefit as a result of making the communication;]

(c) the employer notifies the employee in writing prior to the employee becoming a member of the scheme of the amount of the contribution that the employer will make to the scheme in respect of that employee [<sup>F20</sup>or the basis on which the contribution will be calculated]; and

(d) in the case of a non-real time communication, the communication contains, or is accompanied by, a statement informing the employee of his right to seek advice from an authorised person or an appointed representative.

<sup>F21</sup>(3) .....

(4) In this article—

“group personal pension scheme” means arrangements administered on a group basis under a personal pension scheme and which are available to employees of the same employer or of employers within a group;

<sup>M7M8</sup>“personal pension scheme” means a personal pension scheme as defined in section 1 of the Pension Schemes Act 1993 and which has been approved by the Commissioners of Inland Revenue under Chapter XIV of the Income and Corporation Taxes Act 1988 ;

<sup>M9</sup>“stakeholder pension scheme” has the meaning given by section 1 of the Welfare Reform and Pensions Act 1999 .

**Textual Amendments**

**F19** Art. 72(2)(b) substituted (13.4.2010) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2010 \(S.I. 2010/905\)](#), arts. 1, **4(a)(i)**

**F20** Words in art. 72(2)(c) inserted (13.4.2010) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2010 \(S.I. 2010/905\)](#), arts. 1, **4(a)(ii)**

**F21** Art. 72(3) omitted (13.4.2010) by virtue of [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2010 \(S.I. 2010/905\)](#), arts. 1, **4(b)**

**Marginal Citations**

**M7** 1993 c. 48 as amended by section 239 of the [Pensions Act 2004 \(c. 35\)](#).

**M8** 1998 c. 1.

**M9** 1999 c. 30.

**[<sup>F22</sup>Pension product offers communicated to employees by third parties**

72A.—(1) If the requirements of paragraph (2) are met, the financial promotion restriction does not apply to any communication which is made to an employee by or on behalf of a person (“A”) in relation to a group personal pension scheme or a stakeholder pension scheme.

- (2) The requirements of this paragraph are that—
- (a) the employer and A have entered into a written contract specifying the terms on which the communication may be made;
  - (b) in the case of a communication made by a person (“B”) on behalf of A, A and B have also entered into a written contract specifying the terms on which the communication may be made;
  - (c) the employer has not received, and will not receive, any direct financial benefit as a result of the communication being made;
  - (d) the employer will make a contribution to the scheme in the event of the employee becoming a member of the scheme and the communication contains a statement informing the employee of this;
  - (e) in the case of a non-real time communication, the communication contains, or is accompanied by, a statement informing the employee of their right to seek advice from an authorised person or an appointed representative; and
  - (f) the employer or A notifies the employee in writing prior to the employee becoming a member of the scheme of—
    - (i) the amount of the contribution that the employer will make to the scheme in respect of that employee, or the basis on which the contribution will be calculated; and
    - (ii) any remuneration A or B has received, or will receive, as a consequence of the employee becoming a member of the scheme, or the basis on which any such remuneration will be calculated.
- (3) In this article “group personal pension scheme” and “stakeholder pension scheme” have the meaning given by article 72(4).

#### Textual Amendments

**F22** Arts. 72A-72E inserted (13.4.2010) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2010 \(S.I. 2010/905\)](#), arts. 1, 5

### Insurance product offers communicated to employees by employers

**72B.**—(1) If the requirements of paragraph (2) are met, the financial promotion restriction does not apply to any communication which is made by an employer to an employee in relation to work-related insurance.

- (2) The requirements of this paragraph are that—
- (a) where the provider of the insurance is not the employer, the employer has not received, and will not receive, any direct financial benefit as a result of making the communication; and
  - (b) in the case of a non-real time communication, the communication contains, or is accompanied by, a statement informing the employee of their right to seek advice from an authorised person or an appointed representative.
- (3) In this article “work-related insurance” includes—
- (a) life assurance;
  - (b) long term disability insurance (also known as permanent health insurance); and
  - (c) accidental death, injury, critical illness, medical, dental, income protection or travel insurance.

*Status: Point in time view as at 13/04/2010.*

*Changes to legislation: There are currently no known outstanding effects for the The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, PART VI. (See end of Document for details)*

#### Textual Amendments

**F22** Arts. 72A-72E inserted (13.4.2010) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2010 \(S.I. 2010/905\)](#), arts. 1, 5

### Insurance product offers communicated to employees by third parties

**72C.**—(1) If the requirements of paragraph (2) are met, the financial promotion restriction does not apply to any communication which is made to an employee by or on behalf of a person (“A”) in relation to work-related insurance.

(2) The requirements of this paragraph are that—

- (a) the employer and A have entered into a written contract specifying the terms on which the communication may be made;
- (b) in the case of a communication made by a person (“B”) on behalf of A, A and B have also entered into a written contract specifying the terms on which the communication may be made;
- (c) the employer has not received, and will not receive, any direct financial benefit as a result of the communication being made;
- (d) in the case of a non-real time communication, the communication contains, or is accompanied by, a statement informing the employee of their right to seek advice from an authorised person or an appointed representative; and
- (e) the employer or A notifies the employee in writing prior to the employee entering into a contract for the work-related insurance of any remuneration A or B has received, or will receive, as a consequence of the employee entering into the contract, or the basis on which any such remuneration will be calculated.

(3) In this article “work-related insurance” has the meaning given by article 72B(3).

#### Textual Amendments

**F22** Arts. 72A-72E inserted (13.4.2010) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2010 \(S.I. 2010/905\)](#), arts. 1, 5

### Staff mortgage offers communicated to employees by employers

**72D.**—(1) If the requirements of paragraph (2) are met, the financial promotion restriction does not apply to any communication which is made by an employer to an employee in relation to a staff mortgage.

(2) The requirements of this paragraph are that—

- (a) where the provider of the staff mortgage is an undertaking in the same group as the employer, the employer has not received, and will not receive, any direct financial benefit as a result of making the communication; and
- (b) in the case of a non-real time communication, the communication contains or is accompanied by a statement informing the employee of their right to seek advice from an authorised person or an appointed representative.

(3) In this article, “staff mortgage” means a regulated mortgage contract between the employer, or an undertaking in the same group as the employer, as lender and the employee (alone or with another person) as borrower to defray money applied for any of the following purposes—

- (a) acquiring any residential land which was intended, at the time of the acquisition, for occupation by the employee as their home;
  - (b) carrying out repairs or improvements to any residential land which was intended, at the time of taking out the loan, for occupation by the employee as their home; or
  - (c) payments in respect of a loan (whether of interest or capital).
- (4) In this article, “borrower”, “lender” and “regulated mortgage contract” have the meaning given by article 61(3)(a) (regulated mortgage contracts) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

#### Textual Amendments

**F22** Arts. 72A-72E inserted (13.4.2010) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2010 \(S.I. 2010/905\)](#), arts. 1, 5

#### Staff mortgage offers communicated to employees by third parties

**72E.**—(1) If the requirements of paragraph (2) are met, the financial promotion restriction does not apply to any communication which is made to an employee by or on behalf of a person (“A”) in relation to a staff mortgage.

(2) The requirements of this paragraph are that—

- (a) the employer and A have entered into a written contract specifying the terms on which the communication may be made;
- (b) in the case of a communication made by a person (“B”) on behalf of A, A and B have also entered into a written contract specifying the terms on which the communication may be made;
- (c) where the provider of the staff mortgage is an undertaking in the same group as the employer, the employer has not received, and will not receive, any direct financial benefit as a result of the communication being made;
- (d) in the case of a non-real time communication, the communication contains, or is accompanied by, a statement informing the employee of their right to seek advice from an authorised person or an appointed representative; and
- (e) the employer or A notifies the employee in writing prior to the employee entering into the staff mortgage of any remuneration A or B has received, or will receive, as a consequence of the employee entering into the staff mortgage, or the basis on which any such remuneration will be calculated.

(3) In this article “staff mortgage” has the same meaning as in article 72D(3).]

#### Textual Amendments

**F22** Arts. 72A-72E inserted (13.4.2010) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2010 \(S.I. 2010/905\)](#), arts. 1, 5

#### Advice centres

**73.**—(1) If the requirements of paragraph (2) are met, the financial promotion restriction does not apply to any communication which is made by a person in the course of carrying out his duties as an adviser for, or employee of, an advice centre.

(2) The requirements of this paragraph are that the communication relates to—

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- (a) qualifying credit;
- (b) rights under, or rights to or interests in rights under, qualifying contracts of insurance;<sup>F23</sup> ...
- (c) a child trust fund<sup>F24</sup>;
- (d) a regulated home reversion plan; <sup>F25</sup>or]
- (e) a regulated home purchase plan<sup>F26</sup>; or
- (f) a regulated sale and rent back agreement].

(3) In this article—

“adequate professional indemnity insurance”, in relation to an advice centre, means insurance providing cover that is adequate having regard to—

- (a) the claims record of the centre;
- (b) the financial resources of the centre; and
- (c) the right of clients of the centre to be compensated for loss arising from the negligent provision of financial advice;

“advice centre” means a body which—

- (a) gives advice which is free and in respect of which the centre does not receive any fee, commission or other reward;
- (b) provides debt advice as its principal financial services activity; and
- (c) in the case of a body which is not part of a local authority, holds adequate professional indemnity insurance or a guarantee providing comparable cover;

<sup>M10</sup>“child trust fund” has the meaning given by section 1(2) of the Child Trust Funds Act 2004 ;

<sup>M11</sup>“local authority” has the meaning given in article 2 of the Financial Services and Markets Act 2000 (Exemption) Order 2001 .

#### Textual Amendments

- F23** Word in art. 73(2)(b) deleted (6.11.2006 for specified purposes, 6.4.2007 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2006 \(S.I. 2006/2383\)](#), arts. 1(2), **35(4)(a)**
- F24** Art. 73(2)(d)(e) and semi-colon inserted (6.11.2006 for specified purposes, 6.4.2007 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2006 \(S.I. 2006/2383\)](#), arts. 1(2), **35(4)(b)**
- F25** Word in art. 73(2)(d) deleted (1.7.2009 for specified purposes) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2009 \(S.I. 2009/1342\)](#), arts. 1(2), **30(3)(a)**
- F26** Art. 73(2)(f) and preceding word inserted (1.7.2009 for specified purposes) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2009 \(S.I. 2009/1342\)](#), arts. 1(2), **30(3)(b)**

#### Marginal Citations

- M10** 2004 c. 6.
- M11** S.I. 2001/1201.

#### Revocation

**74.** The Orders specified in the first column of Schedule 6 are revoked to the extent specified in the third column of that Schedule.

**Status:**

Point in time view as at 13/04/2010.

**Changes to legislation:**

There are currently no known outstanding effects for the The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, PART VI.