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## SCHEDULES

### SCHEDULE 3 **U.K.**

#### EEA PASSPORT RIGHTS

##### Modifications etc. (not altering text)

- C1** Sch. 3 extended (with modifications) (1.12.2001) by S.I. 2001/2636, **arts. 1(2)(b)**, 25-27; S.I. 2001/3538, **art. 2(1)**
- Sch. 3 extended (with modifications) (Gibraltar) (5.10.2001 for specified purposes, 1.12.2001 in so far as not already in force) by S.I. 2001/3084, **arts. 1(1)**, **2-4** (as amended (16.6.2014) by [The Alternative Investment Fund Managers Order 2014](#) (S.I. 2014/1292), **arts. 1(2)**, **3** (which amending S.I. is itself amended by S.I. 2014/1313, **arts. 1**, **2(a)**); and as amended (31.12.2020) by S.I. 2019/589, **regs. 1(3)**, **5-9** (with **reg. 12**) (as amended by S.I. 2020/1274, **regs. 1**, **2**); S.I. 2001/3538, **art. 2(1)**
- Sch. 3 modified (1.12.2001) by S.I. 2001/3592, **arts. 1(2)**, 114(3)(b), 128(3)(b) (with **art. 23(2)**)

### PART III **U.K.**

#### EXERCISE OF PASSPORT RIGHTS BY UK FIRMS

##### *Establishment*

- 19 (1) A UK firm may not exercise an EEA right to establish a branch unless three conditions are satisfied.
- (2) The first is that the firm has given the Authority, in the specified way, notice of its intention to establish a branch (“a notice of intention”) which—
- (a) identifies the activities which it seeks to carry on through the branch; and
  - (b) includes such other information as may be specified.
- (3) The activities identified in a notice of intention may include activities which are not regulated activities.
- (4) The second is that the Authority has given notice in specified terms (“a consent notice”) to the host state regulator.
- (5) The third is that—
- (a) the host state regulator has notified the firm (or, where the EEA right in question derives from any of the insurance directives, the Authority) of the applicable provisions; or
  - (b) two months have elapsed beginning with the date on which the Authority gave the consent notice.

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- (6) If the firm’s EEA right derives from the investment services directive or the [<sup>F1</sup>banking consolidation directive] and the first condition is satisfied, the Authority must give a consent notice to the host state regulator unless it has reason to doubt the adequacy of the firm’s resources or its administrative structure.
- (7) If the firm’s EEA right derives from any of the insurance directives and the first condition is satisfied, the Authority must give a consent notice unless it has reason—
- (a) to doubt the adequacy of the firm’s resources or its administrative structure, or
  - (b) to question the reputation, qualifications or experience of the directors or managers of the firm or the person proposed as the branch’s authorised agent for the purposes of those directives,
- in relation to the business to be conducted through the proposed branch.
- (8) If the Authority proposes to refuse to give a consent notice it must give the firm concerned a warning notice.
- (9) If the firm’s EEA right derives from any of the insurance directives and the host state regulator has notified it of the applicable provisions, the Authority must inform the firm of those provisions.
- (10) Rules may specify the procedure to be followed by the Authority in exercising its functions under this paragraph.
- (11) If the Authority gives a consent notice it must give written notice that it has done so to the firm concerned.
- (12) If the Authority decides to refuse to give a consent notice—
- (a) it must, within three months beginning with the date when it received the notice of intention, give the person who gave that notice a decision notice to that effect; and
  - (b) that person may refer the matter to the Tribunal.
- (13) In this paragraph, “applicable provisions” means the host state rules with which the firm will be required to comply when conducting business through the proposed branch in the EEA State concerned.
- (14) In sub-paragraph (13), “host state rules” means rules—
- (a) made in accordance with the relevant single market directive; and
  - (b) which are the responsibility of the EEA State concerned (both as to implementation and as to supervision of compliance) in accordance with that directive.
- (15) “Specified” means specified in rules.

#### Textual Amendments

**F1** Words in [Sch. 3 Pt. III para. 19\(6\)](#) substituted (22.11.2000) by [S.I. 2000/2952](#), [reg. 8\(5\)\(d\)](#)

#### Modifications etc. (not altering text)

**C1** [Sch. 3 Pt. III para. 19](#) applied (1.12.2001) by [S.I. 2001/3592](#), [arts. 1\(2\)](#), [104\(3\)\(a\)](#) (with [art. 23\(2\)](#))  
[Sch. 3 Pt. III para. 19](#) modified (1.12.2001) by [S.I. 2001/2636](#), [arts. 1\(2\)\(b\)](#), [77\(1\)-\(3\)\(7\)](#); [S.I. 2001/3538](#), [art. 2\(1\)](#)

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**C2** Sch. 3 Pt. III para. 19(2)(4)(6)(7) extended (1.12.2001) by S.I. 2001/3592, **arts. 1(2), 100** (with art. 23(2))

#### Commencement Information

**I1** Sch. 3 Pt. III para. 19 wholly in force at 1.12.2001; Sch. 3 Pt. III para. 19 not in force at Royal Assent see s. 431(2); Sch. 3 Pt. III para. 19 in force for certain purposes at 25.2.2001 by S.I. 2001/516, **art. 2(b) (c), Sch. Pts. 2, 3**; Sch. 3 Pt. III para. 19 in force for specified purposes at 18.6.2001 by S.I. 2001/1820, **art. 2, Sch.**; Sch. 3 Pt. III para. 19 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, **art. 2(2), Sch. Pt. 2**; Sch. 3 Pt. III para. 19 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, **art. 2(1)**

### Services

- 20 (1) A UK firm may not exercise an EEA right to provide services unless the firm has given the Authority, in the specified way, notice of its intention to provide services (“a notice of intention”) which—
- (a) identifies the activities which it seeks to carry out by way of provision of services; and
  - (b) includes such other information as may be specified.
- (2) The activities identified in a notice of intention may include activities which are not regulated activities.
- (3) If the firm’s EEA right derives from the investment services directive or [<sup>F2</sup>the banking consolidation directive], the Authority must, within one month of receiving a notice of intention, send a copy of it to the host state regulator.
- (4) When the Authority sends the copy under sub-paragraph (3), it must give written notice to the firm concerned.
- (5) If the firm concerned’s EEA right derives from the investment services directive, it must not provide the services to which its notice of intention relates until it has received written notice from the Authority under sub-paragraph (4).
- (6) “Specified” means specified in rules.

#### Textual Amendments

**F2** Words in Sch. 3 Pt. III para. 20(3) substituted (22.11.2000) by S.I. 2000/2952, **reg. 8(5)(e)**

#### Commencement Information

**I2** Sch. 3 Pt. III para. 20 wholly in force at 1.12.2001; Sch. 3 Pt. III para. 20 not in force at Royal Assent see s. 431(2); Sch. 3 Pt. III para. 20 in force for certain purposes at 25.2.2001 by S.I. 2001/516, **art. 2(b) (c), Sch. Pts. 2, 3**; Sch. 3 Pt. III para. 20 in force for specified purposes at 18.6.2001 by S.I. 2001/1820, **art. 2, Sch.**; Sch. 3 Pt. III para. 20 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, **art. 2(2), Sch. Pt. 2**; Sch. 3 Pt. III para. 20 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, **art. 2(1)**

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VALID FROM 01/07/2011

*Information for host state regulator*

[<sup>F3</sup>] (1) The Authority must keep a record of the confirmation and other information provided to the host state regulator under paragraph 19(4) or paragraph 20(3C) in relation to a UK firm which is a management company.

<sup>F3</sup>20ZA

(2) The Authority must inform the host state regulator whenever there is a change in the confirmation or other information referred to in sub-paragraph (1).]]

**Textual Amendments**

**F3** Sch. 3 para. 20ZA inserted (1.7.2011) by The Undertakings for Collective Investment in [Transferable Securities Regulations 2011 \(S.I. 2011/1613\)](#), **reg. 2(33)(l)**

VALID FROM 01/04/2007

*Tied agents*

[<sup>F4</sup>20A(1) If a UK investment firm is seeking to use a tied agent established in an EEA State (other than the United Kingdom) in connection with the exercise of an EEA right deriving from the markets in financial instruments directive, this Part of this Schedule applies as if the firm were seeking to establish a branch in that State.

(2) But if—

- (a) a UK investment firm has already established a branch in an EEA State other than the United Kingdom in accordance with paragraph 19; and
- (b) the EEA right which it is exercising derives from the markets in financial instruments directive,

paragraph 19 does not apply in respect of its use of the tied agent in question.

**Textual Amendments**

**F4** Sch. 3 para. 20A and preceding cross-heading inserted (1.4.2007 for certain purposes, otherwise 1.11.2007) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2007 \(S.I. 2007/126\)](#), regs. 1(2), 3(4), **Sch. 4 para. 12**

VALID FROM 01/07/2011

*Notice of intention to market*

[<sup>F5</sup>] (1) The operator of a UCITS established in the United Kingdom may not exercise an EEA right to market the units of that UCITS in the territory of another EEA State unless the operator has given the Authority, in the specified way, notice of its intention to market the units (“notice of intention”) which contains, and is

<sup>F5</sup>20B

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accompanied by, such information as may be specified in rules, or in regulations made by the European Commission under the UCITS directive.

- (2) The Authority must ensure that the information referred to in sub-paragraph (1) may be transmitted to it electronically.
- (3) The Authority must verify whether the information submitted with the notice of intention is complete and, within 10 days of the date on which the Authority received the complete information required, send to the host state regulator—
  - (a) a copy of the notice of intention;
  - (b) the accompanying information; and
  - (c) confirmation that the operator and the UCITS fulfil the conditions imposed by the UCITS directive.
- (4) The Authority must ensure that the host state regulator has electronic access to the information and documents referred to in sub-paragraph (3).
- (5) The Authority must notify the operator immediately that the information referred to in sub-paragraph (3) has been sent to the competent authorities of the host state regulator.
- (6) The operator may market the units of the UCITS in the territory of the host state regulator from the moment it receives the notification referred to in sub-paragraph (5).
- (7) In this paragraph—

“operator” has the same meaning as in section 237 of this Act;  
“specified” means specified in rules.]]]

#### Textual Amendments

- F4** Sch. 3 para. 20A and preceding cross-heading inserted (1.4.2007 for certain purposes, otherwise 1.11.2007) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2007 \(S.I. 2007/126\)](#), regs. 1(2), 3(4), [Sch. 4 para. 12](#)
- F5** Sch. 3 para. 20B inserted (1.7.2011) by [The Undertakings for Collective Investment in Transferable Securities Regulations 2011 \(S.I. 2011/1613\)](#), [reg. 2\(33\)\(m\)](#)

#### *Offence relating to exercise of passport rights*

- 21 (1) If a UK firm which is not an authorised person contravenes the prohibition imposed by—
  - (a) sub-paragraph (1) of paragraph 19, or
  - (b) sub-paragraph (1) or (5) of paragraph 20,it is guilty of an offence.
- (2) A firm guilty of an offence under sub-paragraph (1) is liable—
  - (a) on summary conviction, to a fine not exceeding the statutory maximum; or
  - (b) on conviction on indictment, to a fine.

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- (3) In proceedings for an offence under sub-paragraph (1), it is a defence for the firm to show that it took all reasonable precautions and exercised all due diligence to avoid committing the offence.

#### Commencement Information

- I3** Sch. 3 Pt. III para. 21 wholly in force at 1.12.2001; Sch. 3 Pt. III para. 21 not in force at Royal Assent see s. 431(2); Sch. 3 Pt. III para. 21 in force for certain purposes at 25.2.2001 by S.I. 2001/516, art. 2(b)(c), Sch. Pts. 2, 3; Sch. 3 Pt. III para. 21 in force for specified purposes at 18.6.2001 by S.I. 2001/1820, art. 2, Sch.; Sch. 3 Pt. III para. 21 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

#### *Continuing regulation of UK firms*

- 22 (1) Regulations may make such provision as the Treasury consider appropriate in relation to a UK firm's exercise of EEA rights, and may in particular provide for the application (with or without modification) of any provision of, or made under, this Act in relation to an activity of a UK firm.
- (2) Regulations may—
- (a) make provision as to any change (or proposed change) of a prescribed kind relating to a UK firm or to an activity that it carries on and as to the procedure to be followed in relation to such cases;
  - (b) make provision with respect to the consequences of the firm's failure to comply with a provision of the regulations.
- (3) Where a provision of the kind mentioned in sub-paragraph (2) requires the Authority's consent to a change (or proposed change)—
- (a) consent may be refused only on prescribed grounds; and
  - (b) if the Authority decides to refuse consent, the firm concerned may refer the matter to the Tribunal.

#### Commencement Information

- I4** Sch. 3 Pt. III para. 22 wholly in force at 1.12.2001; Sch. 3 Pt. III para. 22 not in force at Royal Assent see s. 431(2); Sch. 3 Pt. III para. 22 in force for certain purposes at 25.2.2001 by S.I. 2001/516, art. 2(b)(c), Sch. Pts. 2, 3; Sch. 3 Pt. III para. 22 in force for specified purposes at 18.6.2001 by S.I. 2001/1820, art. 2, Sch.; Sch. 3 Pt. III para. 22 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

- 23 (1) Sub-paragraph (2) applies if a UK firm—
- (a) has a Part IV permission; and
  - (b) is exercising an EEA right to carry on any Consumer Credit Act business in an EEA State other than the United Kingdom.
- (2) The Authority may exercise its power under section 45 in respect of the firm if the Director of Fair Trading has informed the Authority that—
- (a) the firm,
  - (b) any of the firm's employees, agents or associates (whether past or present), or

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- (c) if the firm is a body corporate, a controller of the firm or an associate of such a controller,  
has done any of the things specified in paragraphs (a) to (d) of section 25(2) of the <sup>M1</sup>Consumer Credit Act 1974.
- (3) “Associate”, “Consumer Credit Act business” and “controller” have the same meaning as in section 203.

#### Commencement Information

**I5** Sch. 3 Pt. III para. 23 wholly in force at 1.12.2001; Sch. 3 Pt. III para. 23 not in force at Royal Assent see s. 431(2); Sch. 3 Pt. III para. 23 in force for certain purposes at 25.2.2001 by [S.I. 2001/516](#), [art. 2\(b\)\(c\)](#), [Sch. Pts. 2, 3](#); Sch. 3 Pt. III para. 23 in force for specified purposes at 18.6.2001 by [S.I. 2001/1820](#), [art. 2](#), [Sch.](#); Sch. 3 Pt. III para. 23 in force in so far as not already in force at 1.12.2001 by [S.I. 2001/3538](#), [art. 2\(1\)](#)

#### Marginal Citations

**M1** 1974 c. 39.

- 24 (1) Sub-paragraph (2) applies if a UK firm—
- (a) is not required to have a Part IV permission in relation to the business which it is carrying on; and
  - (b) is exercising the right conferred by [<sup>F6</sup>Article 19 of the banking consolidation directive] to carry on that business in an EEA State other than the United Kingdom.
- (2) If requested to do so by the host state regulator in the EEA State in which the UK firm’s business is being carried on, the Authority may impose any requirement in relation to the firm which it could impose if—
- (a) the firm had a Part IV permission in relation to the business which it is carrying on; and
  - (b) the Authority was entitled to exercise its power under that Part to vary that permission.

#### Textual Amendments

**F6** Words in Sch. 3 Pt. III para. 24(1)(b) substituted (22.11.2000) by [S.I. 2000/2952](#), [reg. 8\(5\)\(f\)](#)

#### Commencement Information

**I6** Sch. 3 Pt. III para. 24 wholly in force at 1.12.2001; Sch. 3 Pt. III para. 24 not in force at Royal Assent see s. 431(2); Sch. 3 Pt. III para. 24 in force for certain purposes at 25.2.2001 by [S.I. 2001/516](#), [art. 2\(b\)\(c\)](#), [Sch. Pts. 2, 3](#); Sch. 3 Pt. III para. 24 in force for specified purposes at 18.6.2001 by [S.I. 2001/1820](#), [art. 2](#), [Sch.](#); Sch. 3 Pt. III para. 24 in force in so far as not already in force at 1.12.2001 by [S.I. 2001/3538](#), [art. 2\(1\)](#)



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VALID FROM 14/01/2005

*Information to be included in the public record*

- [<sup>F7</sup>25 The Authority must include in the record that it maintains under section 347 in relation to any UK firm whose EEA right derives from the insurance mediation directive information as to each EEA State in which the UK firm, in accordance with such a right—
- (a) has established a branch; or
  - (b) is providing services.

**Textual Amendments**

- F7** Sch. 3 para. 25 and preceding cross-heading inserted (14.1.2005) by [The Insurance Mediation Directive \(Miscellaneous Amendments\) Regulations 2003 \(S.I. 2003/1473\)](#), **reg. 7**

VALID FROM 01/07/2011

*UK management companies: delegation of functions*

- [<sup>F8</sup>  
<sup>F8</sup>26 Where a UK firm which is a management company and is providing services in the exercise of an EEA right to an EEA UCITS informs the Authority that it has delegated one or more of its functions to a third party, the Authority must transmit that information to the home state regulator of the EEA UCITS without delay.]

**Textual Amendments**

- F7** Sch. 3 para. 25 and preceding cross-heading inserted (14.1.2005) by [The Insurance Mediation Directive \(Miscellaneous Amendments\) Regulations 2003 \(S.I. 2003/1473\)](#), **reg. 7**
- F8** Sch. 3 paras. 26-28 inserted (1.7.2011) by [The Undertakings for Collective Investment in Transferable Securities Regulations 2011 \(S.I. 2011/1613\)](#), **reg. 2(33)(n)**

VALID FROM 01/07/2011

*UK management companies: withdrawal of authorisation*

- 27 Where a UK firm which is a management company has exercised an EEA right deriving from the UCITS directive to establish a branch or to provide services in another EEA State, the Authority must consult the home state regulator of any UCITS managed by that management company before taking a decision to withdraw the authorisation of the management company under section 33.



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- F8** Sch. 3 paras. 26-28 inserted (1.7.2011) by The Undertakings for Collective Investment in [Transferable Securities Regulations 2011 \(S.I. 2011/1613\)](#), **reg. 2(33)(n)**

VALID FROM 01/07/2011

#### *Management companies: request for information*

- 28 (1) Where a UK firm has applied to manage a UCITS which is established in another EEA State, the home state regulator of the UCITS may—
- (a) request further information from the Authority regarding the documents referred to in Article 20.1 of the UCITS directive, and
  - (b) ask the Authority whether the type of UCITS for which the UK firm has applied to provide its services falls within the scope of the authorisation of the UK firm.
- (2) The Authority must respond to a request under sub-paragraph (1)(a) or (b) within 10 working days of the date on which the request was received.]]

#### Textual Amendments

- F7** Sch. 3 para. 25 and preceding cross-heading inserted (14.1.2005) by [The Insurance Mediation Directive \(Miscellaneous Amendments\) Regulations 2003 \(S.I. 2003/1473\)](#), **reg. 7**
- F8** Sch. 3 paras. 26-28 inserted (1.7.2011) by The Undertakings for Collective Investment in [Transferable Securities Regulations 2011 \(S.I. 2011/1613\)](#), **reg. 2(33)(n)**

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