
EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for certain persons to be exempt from the general prohibition which is imposed by section 19 of the Financial Services and Markets Act 2000 (c. 8) ("the Act"). Exempt persons are not required to be authorised to carry on regulated activities. Regulated activities are activities of a kind specified by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) which relate to an investment of a kind specified by that Order and which are carried on by way of business.

The persons listed in Part I of the Schedule to this Order are exempt from the general prohibition in respect of any regulated activity other than effecting and carrying out contracts of insurance. The list comprises certain persons who were previously exempted persons under the Banking Act 1987 (c. 22) (by way of Schedule 2 to that Act) and/or the Financial Services Act 1986 (c. 60) (by way of section 35 of that Act and the Financial Services Act 1986 (Miscellaneous Exemptions) Order 1988 (S.I. 1988/350)). The list also includes the European Central Bank.

The persons listed in Part II of the Schedule are exempt from the general prohibition in so far as they accept deposits. The list includes certain persons who were previously exempted persons under the Banking Act 1987 (by way of Schedule 2 to that Act or the Banking Act 1987 (Exempt Transactions) Regulations 1997 (S.I. 1997/817)).

The persons listed in Part III of the Schedule are exempt from the general prohibition in respect of the conduct of investment business (but not, among other activities, effecting and carrying out contracts of insurance, accepting deposits or entering into a regulated mortgage contract). The persons listed in Part IV of the Schedule are exempt from the general prohibition in respect of any regulated activity of the kind specified in that Part. The lists in Parts III and IV of the Schedule include certain persons who were previously exempted persons under the Financial Services Act 1986 (by way of section 45 of that Act or orders made under section 46 of that Act).

Article 6 of the Order contains a transitional exemption for credit unions in so far as they accept deposits. This exemption will cease to have effect on 1st July 2002.

Changes to legislation:

There are currently no known outstanding effects for the The Financial Services and Markets Act 2000 (Exemption) Order 2001.