
STATUTORY INSTRUMENTS

2001 No. 544

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

PART III

SPECIFIED INVESTMENTS

[^{F1}Alternative finance investment bonds

77A.—(1) Rights under an alternative finance investment bond, to the extent that they do not fall within article [^{F2}77 or] 78.

(2) For the purposes of this article, arrangements constitute an alternative finance investment bond if—

- (a) the arrangements provide for a person (“the bond-holder”) to pay a sum of money (“the capital”) to another (“the bond-issuer”);
- (b) the arrangements identify assets, or a class of assets, which the bond-issuer will acquire for the purpose of generating income or gains directly or indirectly (“the bond assets”);
- (c) the arrangements specify a period at the end of which they cease to have effect (“the bond term”);
- (d) the bond-issuer undertakes under the arrangements—
 - (i) to make a repayment in respect of the capital (“the redemption payment”) to the bond-holder during or at the end of the bond term (whether or not in instalments); and
 - (ii) to pay to the bond-holder other payments on one or more occasions during or at the end of the bond term (“the additional payments”);
- (e) the amount of the additional payments does not exceed an amount which would, at the time at which the bond is issued, be a reasonable commercial return on a loan of the capital; and

[^{F3}(f) the arrangements are—

- (i) a security that is admitted to the official list in accordance with Part 6 of the Act,
- (ii) a security that is admitted to an official list in the EEA (in accordance with the provisions of Directive 2001/34/EC of the European Parliament and of the Council on the admission of securities to official stock exchange listing and on information to be published on those securities) and has been so admitted since before IP completion day,
- (iii) a security that is admitted to trading on a recognised investment exchange or a UK trading venue, or
- (iv) a security that is admitted to trading on an EU trading venue and has been so admitted since before IP completion day.]

(3) For the purposes of paragraph (2)—

- (a) the bond-issuer may acquire the bond assets before or after the arrangements take effect;

Status: Point in time view as at 31/12/2020.

Changes to legislation: The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, Section 77A is up to date with all changes known to be in force on or before 26 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) the bond assets may be property of any kind, including rights in relation to property owned by someone other than the bond-issuer;
- (c) the identification of the bond assets mentioned in paragraph (2)(b) and the undertakings mentioned in paragraph (2)(d) may (but need not) be described as, or accompanied by a document described as, a declaration of trust;
- (d) the reference to a period in paragraph (2)(c) includes any period specified to end upon the redemption of the bond by the bond-issuer;
- (e) the bond-holder may (but need not) be entitled under the arrangements to terminate them, or participate in terminating them, before the end of the bond term;
- (f) the amount of the additional payments may be—
 - (i) fixed at the beginning of the bond term;
 - (ii) determined wholly or partly by reference to the value of or income generated by the bond assets; or
 - (iii) determined in some other way;
- (g) if the amount of the additional payments is not fixed at the beginning of the bond term, the reference in paragraph (2)(e) to the amount of the additional payments is a reference to the maximum amount of the additional payments;
- (h) the amount of the redemption payment may (but need not) be subject to reduction in the event of a fall in the value of the bond assets or in the rate of income generated by them; and
- (i) entitlement to the redemption payment may (but need not) be capable of being satisfied (whether or not at the option of the bond-issuer or the bond-holder) by the issue or transfer of shares or other securities.

[
^{F4}(3A) In sub-paragraph (2)(f)—

“EU trading venue” has the meaning given by Article 2.1.16B of the markets in financial instruments regulation;

“UK trading venue” has the meaning given by Article 2.1.16A of that regulation.]

(4) An instrument excluded from paragraph (1) of article 78 by paragraph (2)(b) of that article is not thereby taken to fall within paragraph (1) of this article.]

Textual Amendments

- F1** Art. 77A inserted (24.2.2010) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2010 \(S.I. 2010/86\)](#), arts. 1(2), **2(3)**
- F2** Words in art. 77A(1) inserted (16.2.2011) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2011 \(S.I. 2011/133\)](#), arts. 1(2), **2(3)** (with art. 4)
- F3** Art. 77A(2)(f) substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), **152(2)** (with savings in S.I. 2019/680, **reg. 11** (as amended by S.I. 2019/1212, regs. 1(3), **22(3)** and S.I. 2020/1301, regs. 1, 3, **Sch. para. 33(t)**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F4** Art. 77A(3A) inserted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), **152(3)** (with savings in S.I. 2019/680, **reg. 11** (as amended by S.I. 2019/1212, regs. 1(3), **22(3)**); 2020 c. 1, **Sch. 5 para. 1(1)**

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