
STATUTORY INSTRUMENTS

2001 No. 544

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

PART II

SPECIFIED ACTIVITIES

CHAPTER VIII

SAFEGUARDING AND ADMINISTERING INVESTMENTS

The activity

Safeguarding and administering investments

40.—(1) The activity consisting of both—

- (a) the safeguarding of assets belonging to another, and
- (b) the administration of those assets,

or arranging for one or more other persons to carry on that activity, is a specified kind of activity if the condition in sub-paragraph (a) or (b) of paragraph (2) is met.

(2) The condition is that—

- (a) the assets consist of or include any investment which is a security or a contractually based investment; or
- (b) the arrangements for their safeguarding and administration are such that the assets may consist of or include such investments, and either the assets have at any time since 1st June 1997 done so, or the arrangements have at any time (whether before or after that date) been held out as ones under which such investments would be safeguarded and administered.

(3) For the purposes of this article—

- (a) it is immaterial that title to the assets safeguarded and administered is held in uncertificated form;
- (b) it is immaterial that the assets safeguarded and administered may be transferred to another person, subject to a commitment by the person safeguarding and administering them, or arranging for their safeguarding and administration, that they will be replaced by equivalent assets at some future date or when so requested by the person to whom they belong.

Status: Point in time view as at 31/01/2024.

Changes to legislation: The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, Chapter VIII is up to date with all changes known to be in force on or before 28 June 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)

Exclusions

Acceptance of responsibility by third party

41.—(1) There are excluded from article 40 any activities which a person carries on pursuant to arrangements which—

- (a) are ones under which a qualifying custodian undertakes to the person to whom the assets belong a responsibility in respect of the assets which is no less onerous than the qualifying custodian would have if the qualifying custodian were safeguarding and administering the assets; and
 - (b) are operated by the qualifying custodian in the course of carrying on in the United Kingdom an activity of the kind specified by article 40.
- (2) In paragraph (1), “qualifying custodian” means a person who is—
- (a) an authorised person who has permission to carry on an activity of the kind specified by article 40, or
 - (b) an exempt person acting in the course of a business comprising a regulated activity in relation to which he is exempt.

Introduction to qualifying custodians

42.—(1) There are excluded from article 40 any arrangements pursuant to which introductions are made by a person (“P”) to a qualifying custodian with a view to the qualifying custodian providing in the United Kingdom a service comprising an activity of the kind specified by article 40, where the qualifying person (or other person who is to safeguard and administer the assets in question) is not connected with P.

- (2) For the purposes of paragraph (1)—
- (a) “qualifying custodian” has the meaning given by article 41(2); and
 - (b) a person is connected with P if either he is a member of the same group as P, or P is remunerated by him.

[^{F1}Depositories of [^{F2}UK UCITS] and AIFs

42A. A person does not carry on an activity of the kind specified by article 40 if the person carries on the activity in relation to—

- (a) [^{F3}a UK UCITS], and the person has a Part 4A permission to carry on the activity specified in article 51ZB in respect of that UCITS; or
- (b) an AIF, and the person has a Part 4A permission to carry on the activity specified in article 51ZD in respect of that AIF.]

Textual Amendments

- F1** Art. 42A inserted (22.7.2013) by [The Alternative Investment Fund Managers Regulations 2013 \(S.I. 2013/1773\)](#), reg. 1, [Sch. 2 para. 1\(10\)](#)
- F2** Words in art. 42A heading substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), [131\(2\)](#) (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\(1\)](#))
- F3** Words in art. 42A(a) substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), [131\(3\)](#) (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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Modifications etc. (not altering text)

- C1** Art. 42A applied (22.7.2013) by [The Alternative Investment Fund Managers Regulations 2013 \(S.I. 2013/1773\)](#), regs. 1, **76(6)**

Activities not constituting administration

43. The following activities do not constitute the administration of assets for the purposes of article 40—

- (a) providing information as to the number of units or the value of any assets safeguarded;
- (b) converting currency;
- (c) receiving documents relating to an investment solely for the purpose of onward transmission to, from or at the direction of the person to whom the investment belongs.

Other exclusions

44. Article 40 is also subject to the exclusions in articles 66 (trustees etc.), 67 (profession or non-investment business), 68 (sale of goods and supply of services), 69 (groups and joint enterprises)^{F4}, 71 (employee share schemes)]^{F5F6}...^{F7}, 72AA (managers of ^{F8}UK UCITS] and AIFs) ^{F9}, 72C (provisions of information about contracts of insurance on an incidental basis) and 72H (insolvency practitioners)]].

Textual Amendments

- F4** Words in art. 44 substituted (21.8.2002) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No. 2\) Order 2002 \(S.I. 2002/1776\)](#), arts. 1, **3(8)**
- F5** Words in art. 44 substituted (31.10.2004 for specified purposes, 14.1.2005 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No. 2\) Order 2003 \(S.I. 2003/1476\)](#), arts. 1(3), **8**
- F6** Words in art. 44 omitted (31.12.2020) by virtue of [The Electronic Commerce and Solvency 2 \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1361\)](#), regs. 1(2), **5(3)(c)** (as amended by S.I. 2019/1390, regs. 1(2), 6); 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in art. 44 substituted (22.7.2013) by [The Alternative Investment Fund Managers Regulations 2013 \(S.I. 2013/1773\)](#), reg. 1, **Sch. 2 para. 1(9)**
- F8** Words in art. 44 substituted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), **148(2)(h)** (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)**
- F9** Words in art. 44 substituted (14.2.2014 for specified purposes, 1.4.2014 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2014 \(S.I. 2014/366\)](#), art. 1(3)(4), **2(17)**

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