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STATUTORY INSTRUMENTS

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**2004 No. 2737**

**The Financial Services and Markets Act 2000  
(Regulated Activities) (Amendment) (No.2) Order 2004**

**Providing basic advice on stakeholder products**

3. After article 52A of the principal Order, insert—

**“CHAPTER XIA**

**PROVIDING BASIC ADVICE ON STAKEHOLDER PRODUCTS**

*The activity*

**Providing basic advice on stakeholder products**

**52B.**—(1) Providing basic advice to a retail consumer on a stakeholder product is a specified kind of activity.

- (2) For the purposes of paragraph (1), a person (“P”) provides basic advice when—
- (a) he asks a retail consumer questions to enable him to assess whether a stakeholder product is appropriate for that consumer; and
  - (b) relying on the information provided by the retail consumer P assesses that a stakeholder product is appropriate for the retail consumer and—
    - (i) describes that product to that consumer;
    - (ii) gives a recommendation of that product to that consumer; and
  - (c) the retail consumer has indicated to P that he has understood the description and the recommendation in sub-paragraph (b).

- (3) In this article—

“retail consumer” means any person who is advised by P on the merits of opening or buying a stakeholder product in the course of a business carried on by P and who does not receive the advice in the course of a business carried on by him;

“stakeholder product” means—

- (a) an account which qualifies as a stakeholder child trust fund within the meaning given by the Child Trust Funds Regulations 2004(1);
- (b) rights under a relevant stakeholder pension scheme, and for these purposes—

“relevant stakeholder pension scheme” means a stakeholder pension scheme within the meaning given by section 1 of the Welfare Reform and Pensions Act 1999(2) and which is subject to lifestyling, and

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(1) S.I 2004/1450 as amended by S.I.2004/2676

(2) 1999 c. 30

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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“lifestyling” means the process, applied from a date at least five years before the member’s retirement date, or, in the case of a member who joins the scheme less than five years before his retirement date, immediately after he becomes a member, and continuing until the member’s retirement date, by which an investment strategy is adopted by the trustees or manager which aims progressively to minimise the variation or potential variation in the value of the member’s rights caused by market conditions from time to time, and the words “member” and “scheme” have the same meaning as they have in the Welfare Reform and Pensions Act 1999;

(c) an investment of a kind specified in regulations made by the Treasury.”.