

Financial Supervision Commission General Requirements Regulatory Code

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*Government Circular Numbers: 402/91 and 101/92*

*Statutory Document Numbers: 155/96 and 410/00*



**FINANCIAL SUPERVISION COMMISSION**

**GENERAL REQUIREMENTS**

**REGULATORY CODE**

The following Code is issued by the Financial Supervision Commission in exercise of the powers conferred on it by Section 6 of the Investment Business Act 1991, and all other powers enabling it in that behalf. All correspondence relating to this Code should be addressed initially to the Financial Supervision Commission.

Adopted by Financial Supervision Commission on 14 November 1991, with amendments adopted on 13 February 1992, and 27 March 1996.

Approved by Tynwald on 10 December 1991, 17 March 1992 and 21 May 1996

Price: £1.10

## **1. CITATION, COMMENCEMENT, INTERPRETATION AND APPLICATION**

### **1.1 Citation and Commencement**

This Code may be cited as the "Financial Supervision Commission (General Requirements) Regulatory Code" and shall come into operation on 1st December 1991.

### **1.2 Interpretation**

A Guidance Note appended to a paragraph gives guidance as to how the Commission considers it would operate in particular circumstances. It is not part of the Code.

The Interpretation Act 1976 applies to the interpretation of this Code and, unless the context otherwise requires, expressions defined therein have the same meanings when used in this Code.

The glossary contained in this Code issued by the Financial Supervision Commission applies to the interpretation of this Code.

### **1.3 Application**

This Code applies to all holders of investment business licences issued under Section 3 of the Investment Business Act 1991, [with the exception of holders of Category 5 investment business licences.]

## **2. COMMENCEMENT OF BUSINESS**

The licenceholder should commence business within 6 months of the date of the licence unless the Commission agrees otherwise in writing.

## **3. RELATIONS WITH REGULATORS**

A licenceholder should co-operate in an open and honest manner with the Commission and any other regulatory body to which it is accountable and should keep them promptly informed of anything relevant to the regulator's task.

[ ] added by SD 155/96

#### **4. DUAL CONTROL (THE "4-EYES" CRITERION)**

The business of all licenceholders, other than those conducting only Category 1 investment business (within the meaning of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 6.1), shall be effectively conducted on a day to day basis by at least two individuals. The Commission will normally require these two individuals to be resident in the Isle of Man. Internal procedures should be established to embody the concepts of dual control and, where appropriate, separation of functions.

#### **5. THE COMPANY SECRETARY**

Where the licenceholder is a body corporate, the secretary of that company should be either:-

- (a) an individual who is qualified in accordance with paragraphs (a) to (e) of Section 19(4) of the Companies Act 1982 to be appointed as the secretary of a public company; or
- (b) exceptionally, an individual who, by virtue of his knowledge and experience, is approved by the Commission to be the secretary of a company licensed under Section 3 of the Investment Business Act 1991.

#### **6. "LOCUM" PRINCIPLE**

Licenceholders who are sole traders or small businesses must make arrangements to ensure that the interests of investors are safeguarded in the event of the death, incapacity, and sickness of the licenceholder and for holidays and other periods of absence.

#### **7. GENERAL NOTIFICATION**

##### **7.1 Change in Company Name or Address**

A licenceholder should notify the Commission not less than 28 days before any change in the following is implemented:-

- a) the name or the business name of the licenceholder;
- b) the registered office of the licenceholder (if appropriate); or
- c) the business address of the licenceholder.

##### **7.2 Company Officers**

A licenceholder should inform the Commission in writing at least 21 days in advance of the proposed appointment of any new director, manager, or secretary and should inform the Commission in writing within fourteen days of the departure from office of a director, manager or secretary.

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**Guidance Note**

*The Commission will require a personal questionnaire to be completed by proposed directors/controllers. The appointment of a person who in the opinion of the Commission is not fit and proper may result in suspension or revocation of the licence.*

**7.3 Beneficial Interests**

A licenceholder should disclose to the Commission the ultimate beneficial ownership of all interests in shareholdings of 5% or more of its issued capital and that of its holding company.

Notwithstanding the above, a licenceholder should by notice in writing inform the Commission within seven days of the discovery of any transfer of 5% or more of its voting shares or any lesser transfer which has a material effect on its immediate or ultimate beneficial control.

**7.4 Administrators of Collective Investment Schemes**

A licenceholder who manages or provides administrative services to public collective investment schemes established in the Isle of Man or elsewhere, should notify the Commission of any proposed material change to the constitutional documents of any scheme which it administers.

**Guidance Note**

*See also the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Codes 6.2 (Group (b)), 6.3 and 6.4 for relevant information.*

**7.5 Revised Business Plan**

- (a) A licenceholder which proposes to carry on a type of investment business other than that previously submitted to the Commission as part of its business plan should submit a revision to its business plan to the Commission not less than 28 days before beginning to carry on such business and should not implement such a change until it has received the Commission's consent in writing.
- (b) Where a licenceholder decides to stop carrying on a type of investment business previously set out in its business plan, it should notify the Commission of that decision and the reasons for it.

**7.6 Fraud or Dishonesty**

A licenceholder shall notify the Commission where it has reason to believe that a director, manager, partner, tied agent or employee of the licenceholder has been engaged in activities involving fraud or other dishonesty in relation to the firm's investment business or when it has decided to make a claim on any insurance policy it holds relating to professional indemnity.

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**7.7 Actual or Intended Legal Proceedings**

A licenceholder shall notify the Commission as soon as it becomes aware of any actual or intended legal proceedings against it where any amount claimed or disputed is likely to exceed the lower of:-

- (a) £50,000 (or the equivalent thereof); or
- (b) 10% of the firm's allowable financial resources.

**7.8 Material Changes to Information**

A licenceholder shall notify the Commission of any material changes in the information previously supplied to the Commission relating to the licenceholder's application for an investment business licence.

**7.9 Cessation of Business**

A licenceholder which decides voluntarily to stop carrying on investment business, should notify the Commission not less than 28 days before that decision is implemented and should provide details of arrangements for the safeguarding of clients.

**8. NOTIFICATION FORTHWITH**

The licenceholder should give notice to the Commission of the occurrence of any of the following:-

- (a) the breakdown of administrative or control procedures relevant to the licenceholder's investment business (including breakdowns of computer systems or other accounting problems resulting or likely to result in failure to maintain proper records);
- (b) any emergency arising:-
  - (i) which makes it impracticable for a licenceholder to comply with any one or more of the Regulatory Codes relating to investment business; and
  - (ii) is outside the control of the licenceholder and its associates (and of its and their employees);

and shall specify the steps that the licenceholder proposes to take to deal with the emergency;

- (c) the presentation of a petition for the winding up of the licenceholder or of an associated entity;
- (d) the appointment of a receiver, administrator or trustee to the licenceholder or an associated entity;

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- (e) the making of any composition or arrangement with creditors of the licenceholder or of an associated entity;
- (f) where the licenceholder is a partnership or unincorporated association, an application to dissolve the partnership or unincorporated association;
- (g) where the licenceholder is an individual, the presentation of a petition for a bankruptcy order against the individual or an award of sequestration;
- (h)
  - (i) an application by the licenceholder for the granting of;
  - (ii) refusal of any application for; or
  - (iii) the revocation of
 authorisation to carry on investment, banking or insurance business in any country or territory outside the Isle of Man;
- (i) the appointment of inspectors by a statutory or other regulatory authority to investigate the affairs of the licenceholder or any associated entity;
- (j) the imposition of disciplinary measures or sanctions on the licenceholder or any associated entity in relation to its investment business by any statutory or other regulatory authority;
- (k) the bringing of any indictment against the licenceholder or any associated entity;
- (l) the conviction of the licenceholder or any associated entity for any offence under legislation relating to:-
  - (i) banking or other financial services, building societies, credit unions, consumer credit, friendly societies, insurance and industrial and provident societies;
  - (ii) companies;
  - (iii) insolvency; or
  - (iv) fraud or dishonesty.

## 9. APPROVAL OF FINANCIAL SUPERVISION COMMISSION TO BE OBTAINED

### 9.1 Variation of Capital

A licenceholder should obtain the consent in writing of the Commission before seeking to reduce or change the nature of its issued capital, or the rights and obligations of shareholders.

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**9.2 Branches and Subsidiaries**

A licenceholder should obtain the consent in writing of the Commission before establishing or acquiring a branch or a subsidiary in the Isle of Man or elsewhere.

**9.3 Acquisitions**

A licenceholder should obtain the consent in writing of the Commission before acquiring 10% or more of the voting shares of another company.

**9.4 Sales and Mergers**

A licenceholder should obtain the consent in writing of the Commission before entering into any agreement to sell or to merge the whole or any part of the undertaking of the licenceholder with a third party.

**10. GLOSSARY**

This Glossary sets out the meanings, or otherwise determines the source of meanings to be attributed generally to words and expressions used in the Regulatory Codes to which this instrument relates but this is subject to any contrary intention express, implied or otherwise to be gathered from the context.

<b>Accounting Records</b>	This term means those records kept in accordance with the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 7 and the Financial Supervision Commission (Conduct of Business) Regulatory Codes 8.5.1 to 8.5.4.
<b>Accounting Reference Date</b>	the licenceholder's financial year end.
<b>Advertisement</b>	includes every form of advertising whether in a publication or by the display of notices or by means of circulars or other documents or by an exhibition of photographs or cinematograph films or by way of sound broadcasting or television including transmission by cable.
<b>Agent</b>	includes an attorney and a nominee.
<b>Annual Audited Expenditure</b>	shall be based on the latest available audited financial statements and shall be deemed to be the higher of:-

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total revenue less profit before appropriations or (in the case of a licenceholder making a loss) plus loss before appropriations; or one half of total revenue. See the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 5.

**Annual Financial Declaration**

see Appendix 4 of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code.

**Annual Financial Statements**

a statement, in monetary terms, of the results of a licenceholder's transactions over the year. These should include a Balance Sheet, Profit and Loss Account, and a Financial Resources Statement, the format for which can be found in Appendices 1, 2 and 3 of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code. For Categories 2, 3 and 4 licenceholders, the Annual Financial Statements must be audited.

**Approved Bank**

in relation to a client bank account, a bank approved by the Commission. (See Guidance Note to the Financial Supervision Commission (Clients' Money) Regulatory Code 6.1(a).

**Associate**

in relation to a licenceholder, means:-

where the licenceholder is a partnership, a partner in or a manager of the licenceholder, or

an appointed representative of the licenceholder, or

a company within the same group as the licenceholder, or

where the licenceholder is a company, a controller or an officer of the licenceholder.

**Attorney**

means a person who is regarded as making arrangements and managing investments on behalf of his principal.

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<b>Auditor</b>	in relation to a licenceholder, means the auditor of the licenceholder, who is properly qualified and eligible to act in accordance with the Financial Supervision Commission (Audit Requirements) Regulatory Code, and is appointed in accordance with the law on companies.
<b>Authorised Collective Investment Schemes</b>	means a unit trust scheme or open ended investment company declared by Order of the Commission for the time being in force to be an authorised scheme.
<b>Business Plan</b>	means the statement provided to the Commission from time to time detailing the licenceholder's activities and including a budget for the next two years. Full details of the required content of a business plan are to be found in the application form for an investment business licence.
<b>Category 1 Investment Business</b>	See Code 6.1 of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code.
<b>Category 2 Investment Business</b>	See Code 6.2 of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Codes.
<b>Category 3 Investment Business</b>	see Code 6.3 of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code.
<b>Category 4 Investment Business</b>	see Code 6.4 of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code.
<b>Client(s)</b>	in relation to a licenceholder means a person or persons with or for whom a licenceholder transacts investment business. See also the definition contained in the Financial Supervision Commission (Clients' Money) Regulatory Code (Code 1.3(1)).
<b>Client Agreement</b>	means the written agreement between the licenceholder and the client which sets out the basis on which services are to be provided. (See the Financial Supervision Commission (Conduct of Business) Regulatory Code 5).

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<b>Client Account</b>	means an account opened in accordance with the Financial Supervision Commission (Clients' Money) Regulatory Code 4.
<b>Client Bank Account</b>	means an account at an approved bank which is in the name of the licenceholder, includes in its title the description "client account" or, if with a branch of the bank outside the Isle of Man and United Kingdom, such description in an official language of the country in question as is equivalent to "client account" and is a deposit (and not a share) account if the approved bank is a building society but which otherwise may be a current or deposit account.
<b>Client's Money</b>	see the Financial Supervision Commission (Clients' Money) Regulatory Code 3.
<b>Clients' Settlement Money</b>	is money which, with the approval of the Commission, may be held in a special segregated bank account which permits the licenceholder a limited degree of temporary offset of credit and debit balances relating to individual clients. (See the Financial Supervision Commission (Clients' Money) Regulatory Code 4.2 ).
<b>Clients' Title Documents</b>	bearer documents, share certificates and other records as outlined in the Financial Supervision Commission (Clients' Investments) Regulatory Code 1.6.
<b>Code</b>	refers to a Regulatory Code issued by the Financial Supervision Commission.
<b>Collateral</b>	means any form of security, guarantee or indemnity provided by way of security for the discharge of any liability arising from margined transactions.
<b>Commission</b>	means the Financial Supervision Commission.
<b>Contract Note</b>	a note of the essential features of a transaction carried out for a client. (See the Financial Supervision Commission (Conduct of Business) Regulatory Code 8).

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**Control**

in relation to money belonging to clients, includes receiving or holding Clients' Money or operating bank accounts on behalf of investment business clients as an authorised signatory or nominee or under a Power of Attorney or any other mandate;

in relation to investments or other assets belonging to clients, "control" includes circumstances where a licenceholder or its own custodian or nominee has the responsibility for custody of Documents of Title or Documents Evidencing Title to clients' assets or has power to deal with such assets as a nominee or person under a Power of Attorney;

any situation where a licenceholder has discretionary powers of management over Clients' Money or other assets.

**Controller**

means:-

- a) a managing director of a body corporate of which the permitted person is a subsidiary;
- b) a chief executive of a body corporate of which the permitted person is a subsidiary;
- c) an individual in accordance with whose directions or instructions one or more of the directors of a body corporate of which the permitted person is a subsidiary are accustomed to act unless the director or directors are accustomed so to act by reason only that they do so on advice given by that individual in a professional capacity;
- d) an individual who either alone or with any associate or associates is entitled to exercise or control the exercise of 15% or more of the voting power at any general meeting of the permitted person or of another body corporate of which it is a subsidiary.

**Dealing**

means buying, selling, subscribing for or underwriting and "deal" and "dealer" shall be construed accordingly.

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<b>Designated Stocks</b>	a recognised or designated Investment Exchange - see Appendix A to the Financial Supervision Commission (General Requirements) Regulatory Code.
<b>Director's Certificate</b>	shall be those included in the F.T. Actuaries World Index.
<b>Discretionary Portfolio</b>	means a certificate to be submitted by the licenceholder to the Commission in the form specified in Appendix 5 of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code.
<b>Disposal</b>	<p>includes in the case of an investment consisting of rights under a contract or other arrangements, assuming the corresponding liabilities under the contract or arrangements; in the case of any other investment, issuing or creating the investment or granting the rights or interests of which it consists; and in the case of an investment.</p> <p>Consisting of rights under a contract, surrendering, assigning or converting those rights, and "dispose" shall be construed accordingly.</p>
<b>Documents Evidencing Title</b>	include bearer documents, share certificates and the register of holders maintained by the relevant Registrar. This will include records maintained by custodians which may be evidenced electronically. (See the Financial Supervision Commission (Clients' Investments) Regulatory Code 1.6).
<b>Eligible Borrowers</b>	are either Stock Exchange Money Brokers authorised by The Securities and Futures Authority in the UK or institutions specifically approved for this purpose by the Commission.
<b>Eligible Custodian</b>	has the meaning given to it in the Financial Supervision Commission (Clients' Investments) Regulatory Code 2.2.

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<b>Equity Balance - Customer</b>	is the amount which a client would be liable to pay to a licenceholder or which the licenceholder would be liable to pay to the client in respect of his relevant margined transactions if each of his open positions was liquidated at the closing or settlement prices published by the relevant Exchange and his account closed; and the amount of an equity balance is positive where the balance is payable to the client and is a negative amount where the balance is payable by the customer.
<b>Equity Balance - Licenceholder</b>	<p>is the amount which the licenceholder would be liable to pay to the Exchange or intermediate broker or which the Exchange or the intermediate broker would be liable to pay to the licenceholder in respect of the licenceholder's relevant margined transactions if each of the open positions of the licenceholder's clients were liquidated at the closing or settlement prices published by the relevant Exchange and the licenceholder's client account with the Exchange or intermediate broker were closed;</p> <p>and the amount of equity balance is a positive amount where the balance is payable to the licenceholder and is a negative amount where the balance is payable by the licenceholder</p>
<b>Exchange</b>	a recognised or designated investment exchange or a recognised or associated clearing house. (See Appendix A of the Financial Supervision Commission (General Requirements) Regulatory Code).
<b>Execution-only Customer</b>	in relation to the effecting of a transaction by a licenceholder, means a person with or for whom that transaction is effected in circumstances in which the licenceholder can reasonably assume that the client is not relying upon the licenceholder to advise him on or to exercise any judgement on his behalf as to the merits of or the suitability for him of that transaction.
<b>Expenditure Based Requirement</b>	the requirement for each category of licenceholder is detailed in the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 3.3.

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<b>Financial Statements</b>	see Annual Financial Statements or Interim Financial Statements
<b>Fungible Accounts</b>	are accounts maintained by a Custodian or Account Controller where the securities are not specifically set aside on an individual client basis but where the client has an entitlement to an amount of the security held by the Custodian, which is recorded in the books of the Custodian.
<b>Group</b>	<p>a group shall be treated as including any company in which a member of the group holds a qualifying capital interest, and for this purpose: -</p> <p>a qualifying capital interest means an interest in relevant shares of the company which the member holds on a long-term basis for the purpose of securing a contribution to its own activities by the exercise of control or influence arising from that interest;</p> <p>relevant shares means shares comprised in the ordinary share capital of the company of a class carrying rights to vote in all circumstances at general meetings of the body; and a holding of 20% or more of the nominal value of the relevant shares of a company shall be presumed to be a qualifying capital interest unless the contrary is shown; and in relation to any company, any other company being a member of the same group shall be a group company.</p>
<b>Holds or Receives</b>	see the Financial Supervision Commission (Clients' Money) Regulatory Code 3.2.
<b>Illiquid Investment</b>	an investment which, under certain market conditions, may be difficult or even impossible to liquidate.

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<b>Initial Margin Requirement</b>	is the total amount under the rules of the relevant Exchange or Exchanges which the licenceholder or an intermediate broker would be required to deposit in cash or (when permitted) approved collateral as a fidelity deposit in respect of all that client's open positions in relevant margined transactions at that time, irrespective of any unrealised profit or loss on such positions, on the assumption that those transactions were the only transactions undertaken under the rules of that Exchange or those Exchanges by the licenceholder or the intermediate broker at that time.
<b>Interim Financial Statements</b>	a statement, in monetary terms, of the results of a licenceholder's transactions over either the 3, 6 or 9 months since the financial year end. These should include a Balance Sheet, Profit and Loss Account, and a Financial Resources Statement, the format for which can be found in Appendices 1, 2 and 3 of the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code. These statements are not subject to audit.
<b>Intermediate Broker</b>	in relation to a margined transaction, means any person through whom the licenceholder undertakes that transaction.
<b>International Collective Investment Scheme</b>	means every collective investment scheme, not being an authorised scheme or a recognised scheme, which is established in the Island. (See Section 11 of the Financial Supervision Act 1988).
<b>Investment</b>	means any asset, right or interest falling within any paragraph of Schedule 2 to the Investment Business Order 1991.
<b>Investment Adjustment</b>	see the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 4.3.

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<b>Investment Agreement</b>	means any agreement the making or performance of which by either party constitutes an activity which falls within any paragraph of Part I of Schedule 1 to the Investment Business Order 1991 and which is not excluded by Part II of that Schedule.
<b>Investment Business</b>	means any activity of a licenceholder which falls within any paragraph of Part I of Schedule 1 to the Investment Business Order 1991.
<b>Joint Enterprise</b>	means an enterprise into which two or more persons ("the participators") enter for commercial reasons related to a business or businesses (other than investment business) carried on by them; and where a participator is a body corporate and a member of a group, each other member of the group shall also be regarded as a participator in the enterprise.
<b>Licenceholder</b>	means a holder of an Investment Business Licence issued under Section 3 of the Investment Business Act 1991 and, insofar as the Regulatory Codes apply to any permitted person, includes such permitted person.
<b>Limited Liability Transaction</b>	means a margined transaction effected by the licenceholder with a client the terms of which provide that the maximum liability of the client in respect of the transaction shall be limited to an amount which has been determined before the effecting of the transaction.
<b>Liquid Capital</b>	see the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 4.2 for the calculation formula.
<b>Locum Principle</b>	licenceholders who are sole traders or small businesses must make arrangements to ensure that the interests of investors are safeguarded in the event of death, incapacity, and sickness of the licenceholder and for holidays and other periods of absence.
<b>Long-term Insurance Business</b>	see Paragraph 1 (l) of Schedule 3 to the Investment Business Order 1991.

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<b>Management Agreement</b>	means a standard client agreement which includes additional statements as required by the Financial Supervision Commission (Conduct of Business) Regulatory Code 5.6 to enable the licenceholder to exercise discretion for a private investor in the management of his investments.
<b>Management Letter</b>	a letter from the licenceholder's auditors highlighting possible weaknesses within the systems and internal controls of the company, and making recommendations to remedy the weaknesses.
<b>Margined Transaction</b>	see the Financial Supervision Commission (Clients' Money) Regulatory Code 4.3.
<b>Money</b>	see the Financial Supervision Commission (Clients' Money) Regulatory Code 3.
<b>Net Tangible Assets</b>	as defined in the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 4.1.
<b>Net Tangible Asset Requirement</b>	the Net Tangible Asset Requirement is set out in the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 3.3.
<b>Overseas Person</b>	see paragraph 11 (2) of Schedule 1 to the Investment Business Order 1991.
<b>Own Custodian</b>	means a nominee company which acts only in accordance with the directions or instructions of a licenceholder. (See Financial Supervision Commission (Clients' Investments) Regulatory Code 1.7).
<b>Permitted Person</b>	see Section 5(1) of the Investment Business Act 1991.
<b>Pooled Securities</b>	are where securities are not assigned to individual holders by serial number or otherwise.
<b>Possession or control</b>	includes circumstances where a licenceholder or its own custodian or nominee has the responsibility of documents evidencing title to client's investments.

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<b>Private Investor</b>	a client will be deemed to be a private investor unless he has specifically elected in writing not to be.
<b>Professional Dealer</b>	see Paragraph 1 (n) of Schedule 3 to the Investment Business Order 1991.
<b>Profit or Loss before Appropriations</b>	see the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 5.4.
<b>Qualifying Secured Liabilities</b>	see the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 4.4.
<b>Qualifying Subordinated Loan</b>	see the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 4.5.
<b>Recognised Investment Exchange</b>	a recognised or designated Investment Exchange - see Appendix A to the Financial Supervision Commission (General Requirements) Regulatory Code.
<b>Registerable Investment</b>	means those investments where records of ownership are maintained by a Registrar which may be compared to the records of the Custodian.
<b>Regulated Foreign Collective Investment Schemes</b>	means those collective investment schemes managed in and authorised under the law of a designated country or territory outside the Island if the scheme is of a class specified by an order made by the Treasury.
<b>Restricted Transactions</b>	see the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 6.7.
<b>Risk Disclosure Statement</b>	see Appendix A of the Financial Supervision Commission (Conduct of Business) Regulatory Code.
<b>Rolling Basis of Reconciliation</b>	see the Financial Supervision Commission (Clients' Investments) Regulatory Code 7.2.
<b>Standard Client Agreement</b>	see Client Agreement and also the Financial Supervision Commission (Conduct of Business) Regulatory Code 5.5.

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<b>Sterling Equivalent</b>	in relation to a client bank account in a foreign currency, means the sterling equivalent thereof calculated by reference to the rate of exchange at which, on the day in question, the approved bank holding the account would quote for converting that account into a sterling account.
<b>Tied Agent</b>	means an Agent or Intermediary employed by one product company.
<b>Title Documents</b>	see the Financial Supervision Commission (Clients' Investments) Regulatory Code 1.6.
<b>Total Revenue</b>	see the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Code 5.2.
<b>Volume Overrides</b>	means the reduction in the price of investments which a seller offers to any purchaser who takes more than a certain quantity.

**APPENDIX A**

[The Financial Supervision Commission (Conduct of Business) Regulatory Codes 5.5 (j) and 7.2 and the Financial Supervision Commission (Financial Resources and Reporting) Regulatory Codes 4.3.1(e), 6.3 (a)(ii) and 6.7(c) refer.]

**DESIGNATED INVESTMENT EXCHANGES as at 21st December 1989**

American Stock Exchange  
Amsterdam Pork and Potato Terminal Market  
(NLKKAS - Amsterdam Futures Clearing House)  
Association of International Bond Dealers  
Australian Stock Exchange  
Bourse de Commerce (Lille-Roubaix)  
Bourse de Commerce (Paris)  
Chicago Board of Trade  
Chicago Board Options Exchange  
Chicago Mercantile Exchange  
Coffee, Sugar and Cocoa Exchange, Inc.  
Commodity Exchange, Inc.  
European Options Exchange  
Financieele Termijnmarkt, Amsterdam  
Hong Kong Stock Exchange  
Irish Futures and Options Exchange (IFOX)  
Johannesburg Stock Exchange  
Kansas City Board of Trade  
Marche a Terme des Instruments Financiers, Paris  
Midwest Stock Exchange  
Minneapolis Grain Exchange  
Montreal Stock Exchange  
New York Cotton Exchange  
(including the Citrus Associates of the New York Cotton Exchange)  
New York Futures Exchange  
New York Mercantile Exchange  
New York Stock Exchange  
New Zealand Futures Exchange  
Pacific Stock Exchange  
Paris Stock Exchange  
Philadelphia Board of Trade  
Philadelphia Stock Exchange  
Singapore International Monetary Exchange  
Singapore Stock Exchange  
Stockholm Options Market  
Sydney Futures Exchange  
Tokyo Stock Exchange  
Toronto Futures Exchange

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Toronto Stock Exchange  
Vancouver Stock Exchange

**RECOGNISED CLEARING HOUSES as at 21st December 1989**

International Commodities Clearing House Ltd  
GAFTA Clearing House Co Ltd

**RECOGNISED INVESTMENT EXCHANGES as at 21st December 1989**

International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd  
London International Financial Futures Exchange Limited  
London Commodity Exchange (1986) Ltd (London FOX)  
London Metal Exchange Ltd  
Baltic Futures Exchange  
International Petroleum Exchange of London Ltd  
OM London Ltd  
CME-GLOBEX Chicago Mercantile Exchange (recognised by the Secretary of State)  
The National Association of Securities Dealers Automated Quotations  
System (NASDAQ) (recognised by the Secretary of State)  
Sydney Futures Exchange Ltd (recognised by the Secretary of State)