

**RoadMap for the Clients' Investments Chapter of the Regulatory Rule Book  
Secondary legislation under the Financial Services Act [2008]**

Previous Code Reference	Subject of Code	Rule Reference	Change and Rationale for Change	Impact/Need for Comments
<b>Investment Business</b> – Financial Supervision Commission (Clients' Investment) Regulatory Code SD 155/96				
CI Code 1.1, 1.2, 1.3 and 1.4	Citation and commencement, interpretation, and application	Citation, commencement, will be moved to Part 1 and interpretation will be moved to Part 2 to be completed at the end of the consultation on the Rule Book. Application will be cover throughout the chapter.	Updated as necessary	None
CI Code 1.5-1.10	Further Interpretation	Moved to rule 5.3	Updated as necessary and now includes a definition of investment	Limited
CI Code 2	Restriction to Eligible Custodians	Split and covered by rules 5.6 and 5.3	Definition of eligible custodian now includes any licenceholder authorised to carry on custody business rather than just a banking institution.	<b>Material</b>
CI Code 3	Registerable Investments	Moved to rule 5.6	Change of location only	None
CI Code 4.1 – 4.5	Safekeeping of Clients' Title Documents	Moved to rule 5.13	Wording has been modernised and now includes “except to a requirement of the court” as a condition for the licenceholder parting with possession of the document	None
CI Code 4.6	Use of own custodian	Moved to rule 5.14	This rule was previously limited to own custodians only but now applies to any person.	Limited
CI Code 4.7	Use of eligible custodian	Moved to rule 5.6	(f) was perceived to be too onerous, so	<b>Material</b>

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	other than own custodian		requirement has been changed to “the custodian will acknowledge in writing that it will not arrange for any safe-custody services to be provided on its behalf by any person other than an eligible custodian.” Further guidance is likely to be added regarding the use of sub-custodians. The date specified for preparation of the statement must now not be earlier than 4 weeks before it is delivered. This is consistent with the stockbrokers’ and Jersey’s rules.	
CI Code 4.8	Appointment of a sub-custodian	Included in rule 5.6	Has been incorporated into the rule regarding use of custodians and the working has been amended slightly .	Limited
CI Code 4.9		Moved to rule 5.5 but see also rule 5.4	The current rule for records is under 5.5 but additional requirements for records of transactions have been applied, which have been taken from the current IB General Requirements Code.	Limited
CI Code 5	Periodic Statements of Holdings	Moved to rule 5.9	New requirement to notify the Commission if it is not able to provide a statement within the time required.	Limited
CI Code 6	Loans of Investments	Moved to rule 5.11	New requirements to set out the terms of the loan in a written agreement and to review certain factors while the loan is outstanding to reflect the Securities Borrowing and Lending Code of Guidance issued by ISLA.	<b>Material</b>
CI Code 7	Reconciliation of Clients’ Investments	Moved to rule 5.8	Wording from Stockbrokers Code has been applied and there is a new requirement to notify the commission if a discrepancy has not been correct within 6 months.	None

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New Requirement	Application to CIS	Rule 5.2	Applies the rules to CIS activities.	None
New Requirement	Borrowing from a client	Rule 5.10	New requirement identified for inclusion by supervision.	<b>Material</b>
New Requirement	Investments etc. held as collateral	Rule 5.12	Taken from the stockbrokers code	<b>Material</b>
<b>Stockbrokers</b>				
SB Code 119	Safekeeping	Covered by rules 5.13 and 5.7	The requirement has been extended.	Limited
SB Code 120	Customer Notification	No longer included	Removed this rule, the requirement for written notification is now contained in the relevant rules	Limited
SB Code 121	Registration of Investments	Moved to rule 5.7	Rule has been simplified in line with the Investment Business Code	None
SB Code 122	Eligible Custodian Agreement	Covered by rule 5.6	Wording for this section has been altered and simplified but there are some new requirements also included.	<b>Material</b>
SB Codes 123	Investments registered with Nominee companies	Covered by rule 5.5	Rule 5.5 covers records to be kept by the licenceholder	Limited
SB Codes 124	Reconciliation of Clients' Assets	Moved to rule 5.8	Change of location only	None
SB Code 125	Statement of holdings	Moved to rule 5.9	Wording altered and generalised for all	Limited
SB Code 126	Holding Collateral	Moved to rule 5.12	Wording and content has been simplified	Limited
	Interpretation	Rule 5.3	Definitions from the Investment business clients' investments Code have been adopted	Limited
New requirements	Various	Rules 5.7, 5.10 and 5.11	These have mainly been adopted from the investment business clients' investments Code.	<b>Material</b>