

RoadMap for Schedule 1.1 —Interpretation of the Financial Services Rule Book 2008

Term	Definition	Comment
accommodation address facilities	has the same meaning as in the Order;	Already been consulted on
accounting records	means the records kept in accordance with rule 2.14 or 2.18;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code
the Act	means the Financial Services Act 2008;	New definition
adjusted capital base (“ACB”)	in relation to a licenceholder, means a measurement of its capital available to cover its risk weighted assets, calculated in accordance with Form SR-2A in Schedule 2.1;	Same – from Banking (General Practice) Regulatory Code 2005
administrator	has the same meaning as in the CIS Act;	Consulted on separately
advocate	includes a person who is registered under the Legal Practitioners Registration Act 1986;	As defined in the Investment Business Acts 1991 – 1993.
agent	includes an attorney and a nominee;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code
annual compliance return	means a return made in accordance with rule 8.28;	Same for all
annual financial return	means a return made in accordance with rule 2.9;	Similar to requirements in the Financial Supervision Commission (Financial Resources and Compliance Reporting) Regulatory Code 2002
annual financial statements	has the meaning given by rule 2.8;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code

annual reporting date	in relation to any person, means the end of that person's financial year;	Similar definition to that of the Accounting Reference Date in Financial Supervision Commission (Financial Resources and Compliance Reporting) Regulatory Code 2002
asset manager	has the same meaning as in the CIS Act;	Consulted on separately
associated company	means — (a) any company in which the licenceholder holds more than 20% of the equity shares; or (b) a company, other than a subsidiary, over which the licenceholder is able to exercise a significant influence, and in which the licenceholder's interest is either — (i) effectively that of a partner in a joint venture or consortium; or (ii) both long-term and substantial;	Same – taken from Banking (General Practice) Regulatory Code 2005
attorney	means the donee of a power of attorney acting under that power;	Changed slightly from the definition in Financial Supervision Commission General Requirements Regulatory Code
business day	means a day other than — (a) a Saturday or Sunday, or (b) a day which is a bank holiday under the Bank Holidays Act 1989;	New
business plan	means a statement in writing provided by a licenceholder to the Commission setting out the licenceholder's proposed activities for a future period of not less than 2 years, including a budget for that period;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code

certificates representing securities	has the same meaning as in the Order;	Already consulted on
charge	means a charge referred to in section 79 of the Companies Act 1931 or section 138 of the Companies Act 2006, and includes, in the case of a company incorporated in a country or territory outside the Island, a charge required to be registered under any equivalent provision having effect in that country or territory;	New definition
the CIS Act	means the Collective Investment Schemes Act 2008;	New
client	includes a customer (and vice versa);	Definition of a previously used term
client agreement	means an agreement referred to in rule 6.38;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code
client company (in relation to a corporate service provider)	means a company for which the corporate service provider carries on any regulated activity falling within Class 4;	Same – taken from Fiduciary Services (General Practice) Regulatory Code 2005
client money	has the meaning given by rule 3.2;	Already consulted on
collateral	means any form of real security;	Wording has been revised – taken from Financial Supervision Commission General Requirements Regulatory Code
collective investment scheme	has the same meaning as in the CIS Act;	Consulted on separately
the Commission	means the Financial Supervision Commission;	Same for all
company	includes any body corporate, whether constituted under the law of the Island or elsewhere;	Same – taken from Banking (General Practice) Regulatory Code 2005 and Fiduciary Services (General Practice) Regulatory Code 2005

contract note	means a note of the essential features of a transaction carried out for a client;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code
corporate service provider (“CSP”)	means a person who carries on regulated activities falling within Class 4;	Same
counterparty	means another party to a transaction to which the licenceholder is a party;	Amended
custodian	(a) in relation to regulated activities falling within Class 2, means a person carrying on regulated activities falling within paragraph (5) of that class; (b) in relation to regulated activities falling within Class 3, has the meaning given in section 26 of the CIS Act;	New
dealing	has the same meaning as in the Order;	Already consulted on
debenture warrant	has the same meaning as in the Order;	Already consulted on
debentures	has the same meaning as in the Order;	Already consulted on
deposit	has the same meaning as in the Order;	Already consulted on
deposit taker	means a person carrying on regulated activities falling within Class 1;	Already consulted on
deposit taking return	means a return required by rule 2.24 or 2.28;	Same as banking return taken from Banking (General Practice) Regulatory Code 2005
Depositors Compensation Scheme	means the scheme for the time being having effect under section 25 of the Act;	Same
designated exchange	means an investment exchange (not being a recognised exchange) for the time being notified by the Commission in writing to licenceholders as being a designated exchange;	Definition of a previously used term

discretionary management agreement	means a client agreement which includes additional statements required by rule 6.42 (exercise of discretion in management of investments);	Definition of a previously used term
discretionary portfolio manager	means a person carrying on regulated activities falling within paragraphs (2), (3), (4), (5) and (6) only of Class 2;	Same concept although the definition is new
disposal	has the same meaning as in the Order;	Already consulted on
electronic money	has the same meaning as in the Order;	Consulted on separately
enforcer	has the same meaning as in section 1(1)(d) of the Purpose Trusts Act 1996;	New
equity balance	has the meaning given by rule 3.15 (10);	Wording slightly amended but same concept – taken from Financial Supervision Commission General Requirements Regulatory Code
exchange	means — (a) a recognised exchange, (b) a designated exchange, or (c) a recognised clearing house;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code
exempt exposure	means an exposure referred to in rule 8.38;	Amended
exempt scheme	has the same meaning as in the CIS Act;	Consulted on separately
existing licence	means a licence or authorisation under an enactment repealed by the Act which, by virtue of paragraph 2 of Schedule 8 to the Act, has effect as a licence under the Act;	New
exposure	means a claim on an individual counterparty or group of closely related counterparties;	Same – taken from Banking (General Practice) Regulatory Code 2005
express trust	has the same meaning as in the Order	Already consulted on
fiduciary	means a licenceholder who carries on activities falling within Class 4 or Class 5;	Same concept although definition is new

fiduciary custodian	has the same meaning as in the CIS Act;	Consulted on separately
financial adviser	means a licenceholder who carries on activities falling within paragraphs (3) and (7) of Class 2;	Same concept although definition is new
financial return	means any return, statement or account required to be made, provided or submitted to the Commission by Part 2;	Definition of a previously used term
Financial Services Ombudsman Scheme	means Schedule 4 to the Act;	Same
governing body	has the same meaning as in the CIS Act;	Consulted on separately
government security	has the same meaning as in the Order;	Already consulted on
group company	in relation to a licenceholder, means a company which is a member of the same group as the licenceholder;	Slight amendment to wording – taken from Corporate Service Providers Act 2000
group of closely related counterparties	means individual counterparties which are related in such a way that the financial soundness of any one of them may affect the financial soundness of the others and as such they constitute a single risk;	Same – taken from Banking (General Practice) Regulatory Code 2005
illiquid investment	means an investment which, either generally or under certain market conditions, may be difficult or impossible to realise;	Slight amendment to wording – taken from Financial Supervision Commission General Requirements Regulatory Code
instrument	has the same meaning as in the Order;	Already consulted on
interim financial return	means a statement prepared in accordance with rule 2.42;	Definition of a previously used term
intermediate broker	in relation to a margined transaction, means any person through whom the licenceholder undertakes that transaction;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code
internal capital adequacy assessment process ("ICAAP")	in relation to a licenceholder, means procedures for assessing the adequacy of its capital and financial resources;	New

international collective investment scheme	has the meaning given in the section 26 of the CIS Act;	Consulted on separately
investment	has the same meaning as in the Order;	Already consulted on
investment adviser to retirement benefit schemes	means a licenceholder licensed to carry on activities falling within paragraphs (3) and (6) of Class 2;	New definition although concept is the same
Isle of Man resident director	in relation to a licenceholder, means a director who is resident in the Island;	New
Isle of Man resident officer	in relation to a licenceholder, means an individual nominated in accordance with rule 8.21;	New
items subject to legal privilege	has the meaning given by section 13 of the Police Powers and Procedures Act 1998;	Same – taken from the Fiduciary Services (General Practice) Regulatory Code 2005
joint enterprise	has the same meaning as in the Order;	Already consulted on
large exposure	in relation to a licenceholder, means any exposure which is 10% or more of the licenceholder's large exposures capital base;	Same –taken from Banking (General Practice) Regulatory Code 2005
large exposures capital base ("LECB")	in relation to a licenceholder, means the adjusted capital base calculated annually on the licenceholder's latest audited financial statements;	Same – taken from Banking (General Practice) Regulatory Code 2005
large exposures policy statement	means a statement of a bank's policy on treatment of large exposures;	Same – taken from Banking (General Practice) Regulatory Code 2005
licenceholder	includes the holder of an existing licence;	Same
liquidity	means the risk of non-availability of liquid assets;	Same
management letter	means a letter from a licenceholder's auditor highlighting possible weaknesses in the licenceholder's systems and internal controls, and making recommendations to remedy the weaknesses;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code

marginised transaction	has the meaning given in rule 3.15 (10);	Same – taken from Financial Supervision Commission General Requirements Regulatory Code
minimum net tangible asset requirement	in relation to a licenceholder, means the amount specified in column 6 of Schedule 2.2;	Definition of a previously used term
mismatch	in relation to liquidity, means the difference between the cumulative totals of assets and liabilities in specified time-bands, expressed as a percentage of total deposit liabilities;	Same – taken from Banking (General Practice) Regulatory Code 2005
net tangible assets	in relation to a licenceholder, means the amount calculated in accordance with Part A of Schedule 2.3;	Same – taken from Financial Supervision Commission General Requirements Regulatory Code
open-ended investment company	has the same meaning as in the CIS Act;	Consulted on separately
the Order	means the Regulated Activities Order 2008;	New
overseas person	has the same meaning as in the Order	Already consulted on
participant	in relation to a collective investment scheme, has the same meaning as in the CIS Act;	Consulted on separately
promoter	has the same meaning as in the CIS Act;	Consulted on separately
property	has the same meaning as in the Order;	Already consulted on
protector	means a person other than a trustee who, as the holder of an office created by or under the terms of an express trust, is authorised or required to participate in the administration of the trust;	Same – taken from Corporate Service Providers Act 2000
quarter	means a period ending on a quarter-end	Definition of a previously used term
quarter-end	means 31st March, 30th June, 30th September or 31st December;	Definition of a previously used term

recognised clearing house	means a body for the time being declared to be a recognised clearing house by an order of the Financial Services Authority under section 290 of the Financial Services and Markets Act 2000 (an Act of Parliament);	Definition of a previously used term
recognised collective investment scheme	has the same meaning as in the CIS Act;	Consulted on separately
recognised exchange	means a body for the time being declared to be a recognised investment exchange by an order of the Financial Services Authority under section 290 of the Financial Services and Markets Act 2000 (an Act of Parliament);	Same –taken from Financial Supervision Commission General Requirements Regulatory Code
regulated activity	has the same meaning as in the Order;	Already consulted on
regulatory authority	has the same meaning as in the Order;	Already consulted on
responsible officers	in relation to a licenceholder, means — (a) in the case of a licenceholder incorporated in the Island, its directors; (b) in any other case, its senior management.	New
retail investor	in relation to a licenceholder carrying on an activity of Class 2, means a client who is required by rule 6.39 to be treated as a retail investor;	Taken from definition of “private investor” in Financial Supervision Commission General Requirements Regulatory Code and amended slightly
relevant person	in relation to a licenceholder, means any of its officers, employees and tied agents and persons employed by them	Definition of a previously used term
risk-asset ratio (“RAR”)	means a ratio of adjusted capital base to risk-weighted assets;	Same – taken from Banking (General Practice) Regulatory Code 2005

risk-weighted assets	means assets weighted by risk (calculated in accordance with the requirements applicable to Form SR-2C referred to in rule 2.24 or 2.28);	Definition of a previously used term
scheme	means a collective investment scheme;	Same
securities	has the same meaning as in the Order;	Already consulted on
senior management	means, in relation to a licenceholder — (a) its chief executive in the Island, (b) its Isle of Man resident directors; and (c) its Isle of Man resident officers;	New
set of deposit-taking returns	means a set of returns required by rule 2.24 or 2.28;	Same – taken from “Banking returns”
share	has the same meaning as in the Order;	Already consulted on
share warrant	has the same meaning as in the Order	Already consulted on
stockbroker	means a person carrying on regulated activities falling within all of paragraphs (1) to (6) of Class 2;	Same
tied agent	means an agent or intermediary who is permitted by his terms of employment or agency to recommend only products marketed by one or more specified companies;	Same – some amendment to wording from Financial Supervision Commission General Requirements Regulatory Code
trust	has the same meaning as in the Order;	Already consulted on
trust bank account	has the same meaning as in the Order;	Already consulted on
trust corporation	has the meaning given in section 65A(b) of the Trustee Act 1961;	Same
trust money	has the meaning given by rule 3.2;	Already consulted on
trust service provider (“TSP”)	means a licenceholder licensed to carry on regulated activities falling within Class 5;	Same
unit trust scheme	has the same meaning as in the CIS Act;	Consulted on separately

units	in relation to a collective investment scheme, has the same meaning as in the CIS Act;	Consulted on separately
warrant	has the same meaning as in the Order;	Already consulted on
Zone A country	<p>means —</p> <ul style="list-style-type: none"> (a) a country which is a full member of the Organisation for Economic Co-operation and Development; (b) a country which has concluded special lending arrangements with the International Monetary Fund associated with the Fund's general arrangements to borrow; (c) the Island; (d) the Bailiwick of Jersey; (e) the Bailiwick of Guernsey; (f) Gibraltar; or (g) Bermuda; 	Same – taken from Banking (General Practice) Regulatory Code 2005
Zone B country	means any country which is not a Zone A country.	Same – taken from Banking (General Practice) Regulatory Code 2005