

Statutory Document No. 2016/0188

*Financial Services Act 2008*

REGULATED ACTIVITIES (AMENDMENT) (CLASS 1 - DEPOSIT TAKING) ORDER 2016

*Approved by Tynwald:**Coming into Operation:**1 August 2016*

The Treasury makes this Order under section 3 of the Financial Services Act 2008, after carrying out the consultations required by section 44(7) of that Act.

1 Title

This Order is the Regulated Activities (Amendment) (Class 1 - Deposit Taking) Order 2016.

2 Commencement

If approved by Tynwald, this Order comes into operation on 1 August 2016.

3 Insertion of Article 4A in the Regulated Activities Order 2011

After Article 4 of the Regulated Activities Order 2011¹ insert —

4A Consequential provision in relation to Class 1 – Deposit Taking

For the avoidance of doubt, all licenceholders permitted to undertake Class 1 regulated activity on 31 July 2016, shall be licenceholders permitted to undertake Class 1(1) regulated activity after that date. **4A**.

4 Amendments to Schedule 1 to the Regulated Activities Order 2011

- (1) Schedule 1 to the Regulated Activities Order 2011 is amended as follows.
- (2) In Class 1, for the sub-heading “Regulated activity” and its underlying text, substitute —

4A Regulated activities

- (1) Accepting deposits of money from any person, including persons that are not restricted depositors, where —
 - (a) the money received by way of deposit is lent to others; or

¹ SD 884/11

- (b) any other activity of the person accepting the deposit is financed wholly, or to a material extent, out of the capital of or interest on the money received by way of deposit.
- (2) Accepting deposits of money solely from persons who are restricted depositors, where —
 - (a) the money received by way of deposit is lent to others; or
 - (b) any other activity of the person accepting the deposit is financed wholly, or to a material extent, out of the capital of or interest on the money received by way of deposit.
- (3) Operating a representative office of a foreign bank. **22**
- (3) In Class 3, for Regulated Activity (10) substitute —
 - 23**Providing administration services to the manager or administrator of a collective investment scheme where that person is located outside the Island, in relation to a collective investment scheme that is managed or administered by that person. **24**

5 Amendments to Schedule 2 – Part 1 to the Regulated Activities Order 2011

- (1) Part 1 of Schedule 2 to the Regulated Activities Order 2011 is amended as follows.
 - (2) At the appropriate place in the alphabetical list insert a new definition —
 - 25**“restricted depositor” means —
 - (a) a body corporate;
 - (b) an individual (in his personal capacity and not as trustee or nominee) who certifies that he has a minimum of £500,000 net worth, excluding —
 - (i) his home or any money raised through a loan secured on that property; and
 - (ii) any rights under a contract of insurance; and
 - (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of his service or on his death or retirement and to which he, or his dependants, are or may be entitled; or
 - (c) an individual who is a trustee of a particular trust, who certifies that the assets of that trust are valued at a minimum of £500,000, excluding real property that is any person’s principal place of residence;
- that —
- (i) certifies their confirmation of understanding that deposits placed with a class 1(2) deposit taker do not benefit from a compensation scheme; and

- (ii) for the avoidance of doubt, in the case of deposits held jointly, each depositor must meet one of the above criteria in their own right; **22**.

MADE 1ST JUNE 2016

W E Teare
Minister for the Treasury

*EXPLANATORY NOTE**(This note is not part of the Order)*

This Order amends the Regulated Activities Order 2011 by replacing the sole Class 1 Deposit Taking regulated activity with three separate sub-classes of Class 1 Deposit Taking regulated activity. It also creates a definition of restricted depositor.