



INVESTMENT BUSINESS ACTS 1991 TO 1993

INVESTMENT BUSINESS (EXEMPTION) (MISCELLANEOUS) REGULATIONS 1998

Approved by Tynwald 18 March 1998

Coming into operation 20 January 1998

In exercise of the powers conferred on the Financial Supervision Commission by section(s) 2(3) and 20(1) of the Investment Business Act 1991(a), and of all other enabling powers, after consultation with the Treasury the following Regulations are hereby made :-

Citation and commencement

1. These Regulations may be cited as the Investment Business (Exemption) (Miscellaneous) Regulations 1998 and shall come into operation on 20 January 1998.

Interpretation

2. In these Regulations -

“exempt person” means -

- (a) any open-ended investment company which is a collective investment scheme within the meaning of section 30 of the Financial Supervision Act 1988(b) and whose business is restricted to that activity;
- (b) any person carrying on investment activity whilst acting in the capacity of -
 - (i) liquidator or receiver of a company;
 - (ii) receiver, executor or administrator of any estate;
 - (iii) receiver for a patient under the Mental Health Act 1974(c); or
 - (iv) receiver or trustee in bankruptcy;

(a) 1991 c.18
(b) 1988 c.16

(c) 1974 c.34

- (c) nominee companies which are companies in the same group as -
 - (i) banking institutions licensed under section 3 of the Banking Act 1975(d);
 - (ii) building societies authorised under section 2 of the Building Societies Act 1986(e); or
 - (iii) persons licensed under section 3 of the Investment Business Act 1991 but only if that licenceholder is permitted within the conditions attached to its licence to control clients money or assets;
- (d) nominee companies operated by recognised persons;
- (e) computer bureaux or printers whilst providing mailing services;
- (f) companies incorporated outside the Island which hold a permission under paragraph 23(1) of Schedule 1 to the Financial Services Act 1986 (an Act of Parliament);
- (g) any person who acts as a tied agent of a friendly society which is registered under the law of, or any part of, the United Kingdom, but only where the tied agent -
 - (i) does not in the course of his business receive clients' money; and
 - (ii) does not conduct investment business other than arranging deals for or giving advice to existing members of the friendly society or members of organisations associated with that friendly society (for example trade unions); and
 - (iii) does not deal in or give advice on any product which is not offered by the friendly society to which he is tied.
- (h) any person acting under an enduring power of attorney where that power has been registered and the attorney has entered into a discretionary management agreement with a licenceholder or a person authorised under the Financial Services Act 1986 (of Parliament) in respect of any investment business conducted under the power; and
- (i) any person holding bearer instruments of title in safe custody provided that the instruments are removed from the possession of the person by close of business on the business day following the receipt of the instrument;

“licenceholder” means the holder of a licence under section 3 of the Investment Business Act 1991 or section 3 of the Banking Act 1975, as amended.

Exemptions

3. Section 2(1) of the Investment Business Act 1991 shall not apply to an exempt person if the conditions specified in regulation 4 are complied with.

(d) 1975 c.9
 (e) 1986 c.7

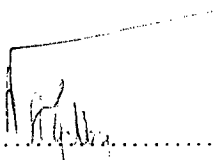
Conditions

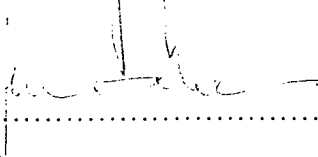
4. The conditions subject to which the exemption is granted are -
- (a) the exempt person must, if he is a member of a professional body, comply with the professional rules of conduct and practice issued or made by that body which are applicable when the exempt person carries on the activities referred to in regulation 2(b);
 - (b) the business conducted by exempt persons which fall within regulation 2(c) shall be limited to that business which is directly related to the business and clients of the group;
 - (c) the Financial Supervision Commission (Clients' Investments) Regulatory Code(f) shall apply in respect of investment business conducted by Exempt Persons which fall within regulation 2(c).
 - (d) the Financial Supervision Commission (Clients' Money) Regulatory Code(g) shall apply in respect of investment business conducted by exempt persons which fall within regulation 2(c).

Revocation of S.D. 152/96

5. The Investment Business (Exemption) (Miscellaneous) Regulations 1996(h) are hereby revoked

Made under the Common Seal of the Financial Supervision Commission this 20th day of January 1998.


..... **Chairman**


..... **Chief Executive**

(f) G.C. 399/91 as amended by G.C. 98/92
(g) S.D. 172/93 as amended by S.D. 155/96
(h) S.D. 152/96

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations repeal and replace existing Regulations which provide for certain classes of persons to be exempted from the provisions of Section 2 of the Investment Business Act 1991 (ie. such persons need not hold an investment business licence).

The definition of a nominee company as an exempt person has been amended to state that nominee companies within the same group as an investment business licenceholder are exempted from requiring an investment business licence only if the investment business licenceholder is permitted to control clients' money or assets.

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