

Chapter 18

Specialist Regimes

18.6A Insurance Special Purpose Vehicles (ISPVs)

Application

18.6A.1 **R** This section applies to *UK ISPVs*.

COBS rules that apply to insurance risk transformation and activities directly arising from insurance risk transformation

18.6A.2 **R** ■ COBS 3 applies (subject to ■ COBS 18.6A.3R) when a *firm* is carrying on *insurance risk transformation* and/or activities directly arising from *insurance risk transformation*.

Definitions and modifications

18.6A.3 **R** When a *firm* is carrying on *insurance risk transformation* and/or activities directly arising from *insurance risk transformation*:

- (1) The general definition of *client* in ■ COBS 3.2.1R is modified as set out in ■ COBS 18.6A.3R(2) below.
- (2) Any reference to the term *client* is to be taken to include:
 - (a) a *person* to whom the *firm* provides, intends to provide or has provided a service in the course of carrying on activities directly arising from *insurance risk transformation* (including the offer of *investments* issued by the *firm*); or
 - (b) (in *DISP* only) a *person* who is holding or has held an *investment* issued by the *firm*.
- (3) ■ COBS 3.6.1R(2) does not apply. A client can be an *eligible counterparty* in relation to *insurance risk transformation* and activities directly arising from *insurance risk transformation*.

18.6A.4 **G** For the avoidance of doubt, the remainder of ■ COBS 3.2 and ■ COBS 3.6 applies.

Communications with clients

18.6A.5 **R** Before an *investment* issued by an *ISPV* is sold to a *client* (that is not an *eligible counterparty*), the *ISPV* must ensure that the *client* is informed that compensation will not be available from the *FSCS* if the *ISPV* cannot meet its liabilities.

18.6A.6 **R** A statement that compensation will not be available from the *FSCS* must be included in any brochure or other written communication by which an *ISPV* offers *investments* to *clients*.

18.6A.7 **G** For the avoidance of doubt, **■** COBS 18.6A.5R and **■** COBS 18.6A.6R do not exhaust or restrict the scope of *Principle 7*.