

**COMPENSATION SOURCEBOOK (INVESTMENTS BY LARGE
UNINCORPORATED ASSOCIATIONS AND CERTAIN LARGE PARTNERSHIPS)
INSTRUMENT 2013**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the powers and related provisions in:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 213 (The compensation scheme);
 - (b) section 214 (General);
 - (c) section 137T (General supplementary powers); and
 - (d) section 139A (Power to give guidance); and
 - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 13 December 2013.

Amendments to the FCA Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Fees manual (FEES)	Annex B
Compensation sourcebook (COMP)	Annex C

Citation

- E. This instrument may be cited as the Compensation Sourcebook (Investments by Large Unincorporated Associations and Certain Large Partnerships) Instrument 2013.

By order of the Board of the Financial Conduct Authority
12 December 2013

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

- large mutual association*
- (A) (in the PRA Handbook):
- (1) ...
- (2) ...
- (B) (in the FCA Handbook):
- (1) (in COMP) an unincorporated a mutual association or unincorporated association (which is not a mutual association) with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).
- (2) (except in COMP) a mutual association or unincorporated association with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).
- large partnership*
- (A) (in the PRA Handbook):
- (1) ...
- (2) ...
- (B) (in the FCA Handbook):
- (1) (in COMP) a partnership ~~or unincorporated association~~ with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).
- (2) (except in COMP) a partnership or unincorporated association with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).

Annex B

Amendments to the Fees manual (FEES)

In this Annex, the text is all new and is not underlined.

After FEES TP 8 insert the following new transitional provisions.

TP 9 Transitional arrangements in relation to amendments introduced by the Compensation Sourcebook (Investments by Large Unincorporated Associations and Certain Large Partnerships) Instrument 2013

9.1 Introduction

- 9.1.1 G *FEES* TP 9 deals with transitional arrangements relating to the calculation of *annual eligible income* under *FEES* 6.5.13R in the light of the introduction of the Compensation Sourcebook (Investments by Large Unincorporated Associations and Certain Large Partnerships) Instrument 2013, which came into force on 13 December 2013 (the “Instrument”).
- 9.1.2 G The definition of *annual eligible income* allows for it to be calculated in one of two ways from annual income: “(a) only include such annual income if it is attributable to business conducted with or for the benefit of *eligible claimants* and is otherwise attributable to compensatable business [“Method (a)”]; or (b) include all such annual income”.

9.2 Scope

- 9.2.1 R *FEES* TP 9 applies to a *participant firm* providing a statement to the *FSCS* in accordance with *FEES* 6.5.13R:
- (a) in respect of the *participant firm’s* financial year ended in the year to 31 December 2013; and
 - (b) which was a member of class C2, D1 and/or D2 in 2013; and
 - (c) which states its total amount of business in relation to those classes based on a calculation of its *annual eligible income* using Method (a).

9.3 Firms whose financial years end in the period 1 January 2013 to 12 December 2013

- 9.3.1 G A *participant firm*, whose financial year ended in the period 1 January 2013 to 12 December 2013, does not need to include in its calculation of *annual eligible income* the annual income attributable to business conducted with or for the benefit of *eligible claimants* who only became *eligible claimants* as a result of the Instrument.

9.4 Firms whose financial years end in the period 13 to 31 December

2013

- 9.4.1 R A *participant firm*, whose financial year ended in the period 13 to 31 December 2013, may calculate its *annual eligible income* by any of the following methods:
- (a) include the annual income attributable to business conducted with or for the benefit of *eligible claimants* who only became *eligible claimants* as a result of the Instrument;
 - (b) do not include the annual income attributable to business conducted with or for the benefit of *eligible claimants* who only became *eligible claimants* as a result of the Instrument; or
 - (c) include only that part of the annual income attributable to business conducted with or for the benefit of *eligible claimants* who became *eligible claimants* as a result of the Instrument that is attributable to the period from 13 December 2013 to the end of the *participant firm's* financial year.

Annex C

Amendments to the Compensation sourcebook (COMP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 4.2.2 R Table : Persons not eligible to claim unless COMP 4.3 applies (see COMP 4.2.1R)

...

...	
(13)	<i>Large companies or large mutual associations</i>
...	
(19)	<u><i>Large mutual associations</i></u>

...

Protected ~~investment business and protected~~ home finance mediation

- 4.3.7 G There are no exceptions to COMP 4.2.2R for *claims* made in connection with ~~protected investment business or protected home finance mediation~~.

...

Protected investment business

- 4.3.9 R A person is eligible to claim compensation for *claims* made in connection with *protected investment business* if, at the date at which the *relevant person* is deemed to be in *default*, he:

- (1) came within category (14) of COMP 4.2.2R and he does not exceed the limits for a *body corporate* which qualifies as a small company under section 247 of the Companies Act 1985 or section 382 of the Companies Act 2006 as applicable; or
- (2) came within category (19) of COMP 4.2.2R.

....

TP1.1 Transitional Provisions Table

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provision: dates in force	Handbook Provisions: coming into force
...					
34 [FCA]	<u>Amendments introduced by the Compensation Sourcebook (Investments by Large Unincorporated Associations and Certain Large Partnerships) Instrument 2013</u>	<u>R</u>	<u>The changes referred to in (2) do not apply in relation to a claim against a relevant person that was in default before 13 December 2013.</u>	<u>From 13 December 2013 indefinitely</u>	<u>From 13 December 2013</u>