

**COMPENSATION SOURCEBOOK
(PENSIONS REVIEW COMPENSATION LEVY)
INSTRUMENT 2002**

Powers exercised

- A. The Financial Services Authority amends the Compensation sourcebook and the Glossary in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 156 (General supplementary powers);
 - (2) section 213 (The compensation scheme); and
 - (3) Section 214 (General).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

- C. This instrument comes into force immediately.

Amendments to the Compensation sourcebook

- D. The Compensation sourcebook is amended in accordance with Annex A to this instrument.

Amendment to the Glossary

- E. The Glossary is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Compensation Sourcebook (Pensions Review Compensation Levy) Instrument 2002.

By order of the Board
18 July 2002

Annex A

Amendments to the Compensation sourcebook

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

- COMP 13.5.6R (1) The *FSCS* must (subject to (2)) allocate any *specific costs levy* amongst the *sub-schemes* and relevant *contribution groups* in proportion to the volume of relevant costs arising from, or expected to arise from, claims in respect of the different activities represented by those *contribution groups*.
- (2) ~~The *FSCS* must allocate any part of a *specific costs levy* that relates to *IFA pensions review claims* in accordance with COMP 13.6A.1R (IFA pensions review compensation levies).~~
- COMP 13.5.7R The *FSCS* must calculate a *participant firm's* share of a *specific costs levy* (subject to COMP 13.4.19R (Adjustments to calculation of levy shares) and COMP 13.6A.1R (IFA pensions review compensation levies)) by: ...
- COMP 13.6.2R (1) The *FSCS* must (subject to (2)) allocate any *compensation costs levy* to the individual *sub-schemes* and relevant *contribution groups* in proportion to the volume of *compensation costs* arising from, or expected to arise from, claims in respect of the different activities represented by those *contribution groups*.
- (2) The *FSCS* must allocate any part of a *compensation costs levy* that relates to *IFA pensions review claims* in accordance with COMP 13.6A.1R (IFA pensions review compensation levies).
- COMP 13.6.6R The *FSCS* must calculate a *participant firm's* share of a *compensation costs levy* (subject to COMP 13.6A.1R (IFA pensions review compensation levies)) on the same basis as a *specific costs levy* under *COMP 13.5.6R*, *COMP 13.5.7R* and *COMP 13.5.8R*.
- COMP 13.6.7R When calculating a *participant firm's* share of a *compensation costs levy* or *specific costs levy* allocated to:
- (1) the accepting deposits *sub-scheme* or the insurance business *sub-scheme*, the *FSCS* must use the *contribution groups* and tariff bases as set out in the table in *COMP 13.6.8R*;

- (2) the investment business *sub-scheme*, the *FSCS* must (unless (3) applies) use as the *contribution groups* and tariff bases the correspondingly numbered ~~*activity groups*~~ activity groups and tariff bases set out in part 7 of *SUP 20 Ann 1R* which are identified in *COMP 13.6.9R*;
- (3) the investment business *sub-scheme*, where any part of the levy relates to *IFA pensions review claims*, the *FSCS* must comply with *COMP 13.6A.1R* (*IFA pensions review compensation levies*).

COMP 13.6.9 G R Table: ~~A summary of the relevant~~ The contribution groups and tariff bases for the investment business sub-scheme (see *COMP 13.6.7R(2)*). (The contribution groups, legal bases for activity and tariff bases are the same as the correspondingly numbered activity groups and tariff bases set out in part 7 of *SUP 20 Ann 1R*).

SUB-SCHEME	CONTRIBUTION GROUP (references to A1, A2 A7 etc are to the FSA Fee Blocks <u>activity groups in part 7 of <i>SUP 20 Ann 1R</i></u>)	LEGAL BASIS FOR ACTIVITY (this is <u>merely a summary of the basis in part 7 of <i>SUP 20 Ann 1R</i></u> ; references to articles are to articles of the <i>Regulated Activities Order</i>)	TARIFF BASE (this is <u>merely a summary of the base in part 7 of <i>SUP 20 Ann 1R</i></u>)
...
Designated investment business	A16 pensions review	The firm was liable to pay the Pensions Review Levy to the PIA in 2001/2002	Percentage share of PIA's 2001/2002 Pensions Review Levy

COMP 13.6A

IFA pensions review compensation levies

COMP 13.6A.1R

The *FSCS* must allocate any part of a *specific costs levy* or *compensation costs levy* that relates to *IFA pensions review claims*:

- (1) to *participant firms* which were liable to pay the *PIA* pensions review compensation costs levy in 2001/2002; and
- (2) in the same percentage share as that levy (adjusted to distribute the share of any previous contributor, which is not a *participant firm*, among remaining *participant firms* in accordance with their percentage shares).

Annex B

Amendment to the Glossary

Insert the following new definition in the appropriate alphabetical position:

IFA pensions review claim a claim arising from the sale of a personal pension scheme by a former member of *PIA* which was an independent financial adviser;

in this definition:

- (a) a “personal pension scheme” includes:
 - (i) a personal pension scheme approved under Chapter IV Part XIV of ICTA 88;
 - (ii) 'section 32' buy-out policies approved under Section 32 of Finance Act 1981 (now incorporated in Chapter I Part XIV of ICTA 88); and
 - (ii) in relation to opt-outs and non-joiners, retirement annuity contracts approved under Chapter III Part XIV of ICTA 88; and
- (b) “ICTA 88” means the Income and Corporation Taxes Act 1988.