

**COMPENSATION SOURCEBOOK (FUNDING RULES)
INSTRUMENT 2003**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the "Act"):
- (1) section 138 (General rule-making power);
 - (2) section 156 (General supplementary powers);
 - (3) section 213 (The compensation scheme); and
 - (4) 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 on 1 March 2003.

Amendments to the Compensation sourcebook

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

Citation

- E. This instrument may be cited as the Compensation Sourcebook (Funding Rules) Instrument 2003.

By order of the Board
20 February 2003

Annex

Amendments to the Compensation sourcebook

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

- 13.4.15A R
- (1) The FSCS may use any money held to the credit of any *sub-scheme* to repay borrowing from a third party incurred to pay *establishment costs*, if in the opinion of the FSCS this would be to the benefit of *participant firms*.
- (2) Where the FSCS acts in accordance with (1), it must ensure that:
- (a) future *establishment costs levies* are used first to repay all amounts borrowed from the appropriate *sub-schemes*;
- (b) interest is paid to the appropriate *sub-schemes* at a rate equivalent to the Bank of England's repo rate from time to time in force; and
- (c) the amount lent by any *sub-scheme* is taken into account by the FSCS when considering whether to impose a levy under COMP 13.4.1R.

...

13.4.20R Remission of levy or additional administrative fee

If a *participant firm's* share of a levy or an additional administrative fee under COMP 13.8.4R would be ~~an amount~~ so small that, in the opinion of the FSCS, the costs of collection would be disproportionate to the amount payable~~received~~, the FSCS may treat the *participant firm* as if ~~the~~its share of the levy or additional administrative fee amounted to zero.