

**COMPENSATION SOURCEBOOK (DISSOLVED COMPANIES)
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 157(1) (Guidance);
 - (4) section 213 (The compensation scheme); and
 - (5) 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 August 2003 for all defaults declared by the Financial Services Compensation Scheme on or after 1 December 2001.

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 (Dissolved Companies) Instrument 2003.

By order of the Board
19 June 2003

Annex

Amendments to the Compensation sourcebook

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

8.2.2G A rejection under *COMP* 8.2.1R does not mean that the claimant cannot receive compensation. A rejected application may be resubmitted, with the appropriate amendments. An application rejected under *COMP* 8.2.3R may be resubmitted if *COMP* 8.2.5R applies.

8.2.3R ~~Unless *COMP* 8.2.4R applies, the~~ *FSCS* must reject an application for compensation if: ~~the liability of the *relevant person* to the claimant has been extinguished by the operation of law, or~~

(1) ~~the~~ *FSCS* considers that a civil claim in respect of the liability would have been defeated by a defence of limitation at the earlier of:

~~(1)(a)~~ (a) the date on which the *relevant person* is determined to be in default; ~~or~~ and

~~(2)(b)~~ (b) the date on which the claimant first indicates in writing that he may have a claim against the *relevant person*;

unless *COMP* 8.2.4R applies; or

~~(2)~~ the liability of the *relevant person* to the claimant has been extinguished by the operation of law, unless *COMP* 8.2.5R applies.

...

~~8.2.5R~~ For claims made in connection with *protected investment business*, if a *relevant person*, incorporated as a *company*, has been dissolved with the result that its liability to the claimant has been extinguished by operation of law, the *FSCS* must treat the claim, for the purposes of paying compensation, as if the *relevant person* had not been dissolved.

~~8.2.6G~~ *COMP* 8.2.5R means that the *FSCS* will be able to pay compensation in cases where:

~~(1)~~ the *company* was declared in default on or after 1 December 2001; and

~~(2)~~ at the time the application for compensation is made, the *company* has been dissolved.