



The Actuarial Profession

making financial sense of the future

Perimeter Issues

Malcolm Lee



Regulated work

To count as regulated, work must be all of:

- ❑ a regulated activity
- ❑ a regulated investment
- ❑ by way of business

To do regulated work without authorisation is a criminal offence, so it is important for firms (and their clients) to know the perimeters.



Regulated activities

Includes

- ☐ Dealing in investments
- ☐ Arranging deals
- ☐ Managing investments
- ☐ Giving investment advice
- ☐ Establishing or operating collective investment schemes
- ☐ Deposit taking
- ☐ Using computer-based systems for giving investment instructions

Excludes

- ☐ Generic advice
 - ☐ Newspaper articles, employee share schemes
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Investments

Includes

- ☐ Stocks and Shares, Government Securities, Bonds, Debentures, Certificates of Deposit
- ☐ Unit Trusts
- ☐ Options, Futures, etc.
- ☐ General insurance contracts
- ☐ Long Term Insurance including Annuities and Personal Pensions
- ☐ Deposits
- ☐ Participation in Lloyd's syndicates
- ☐ Mortgages on land

Exclusions

- ☐ Property (Real)
- ☐ Rights under Occupational Pension Schemes



Investment business

- ❑ If an investment activity is undertaken with some form of commercial motive in mind authorisation is likely to be required
- ❑ Authorisation is only for services by the firm, not a personal authorisation
- ❑ Beware of giving advice on a personal basis



Perimeter issues – DPB Handbook

- ❑ Lists of prohibited activities (Sch 3.1)
 - Accepting deposits (banking)
 - Approving financial promotions
 - Managing investments (need to be careful)
- ❑ Can only do regulated work if it is
 - Incidental (to the whole business) (Sch 3.4)
 - Complementary (for that client) (Reg 3.07)



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- Defined terms (Sch 3.2 and Part 7)

- ☐ Advice and generic advice
- ☐ Arranging
- ☐ Insurance mediation activities

- Business clients (Sch 3.2)

- ☐ Can Do list
- ☐ Cannot Do list (eg deciding on stocks)
- ☐ Non-regulated activity (eg generic advice)

- Business clients but individual contracts

- ~~■ Individuals (only comment on another's advice)~~



FSA Perimeter Guidance Manual

- PERG 2 : Regulated activities
 - 2.7 Activities – a broad outline
- PERG 5 : Insurance Mediation Activities
 - 5.5 to 5.9 the regulated activities (dealing as agent, arranging deals, assisting in the administration and performance, advising)
- PERG 10 : Pension schemes
 - 10.3 Pension Scheme Trustees (Q & A)
 - 10.5 Employers



What can employers do?

FSA leaflet - Promoting Pensions to Employees

- July 2005 exemption for GPPs and SHPs
 - Can promote plans to employees, provided
 - Promoted by employee with sufficient knowledge of the pensions they are promoting
 - Employer must contribute and disclose how much before the employee joins the plan
 - Employer must not receive direct financial benefit
 - Point out the right to seek professional advice
 - But there are still risks for the employer
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