

Annex A

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

- 2.9.1(1)** In Rule 2.2.2 Arranging credit or deals in Investments means:
- (a) making arrangements with a view to another Person whether as principal or agent buying, selling, subscribing for or underwriting an Investment; or
 - (b) making arrangements for another Person, whether as principal or agent, to borrow money by way of a Credit Facility.
- (2) The arrangements in (1) include:
- (a) arrangements which do not bring about the transaction; and
 - (b) making invitations or, engaging in any other conduct with a view to influencing another Person to enter into a transaction referred to in (1).
- (3) In (2)(b):
- (a) invitations mean any communications that directly or indirectly invite a Person to enter into any transaction referred to in (1); and
 - (b) other conduct means any conduct, though not amounting to an invitation, that can be viewed as a step in the chain that directly or indirectly leads a Person to enter in to a transaction referred to in (1).
- (4) The arrangements in (1) do not include arrangements which amount to Operating an Alternative Trading System [Added][VER4/08-05].
- Guidance – Activities referred to in (2)(b) may include providing communications that contain generic advice, in which case authorisation for both arranging and advising may be required.

1. Rule 2.11.1 – The definition of ‘Advising on financial products or credit’ to be amended as follows:

- 2.11.1(1)** In Rule 2.2.2 Advising on financial products or credit means giving advice which:
- (a) is given to a Person in his capacity as an investor or potential investor, or in his capacity as agent for an investor or a potential investor on the merits of his buying, selling, holding, subscribing

- for or underwriting a particular financial product (whether as principal or agent); or
- (b) is given to a Person in his capacity as a borrower or potential borrower or as agent for a borrower or potential borrower on the merits of his entering into a particular Credit Facility; or
 - (c) constitutes generic advice.
- (2) Advice in (1)(a) and (b) includes a statement, opinion or report:
- (a) where the intention is to influence a Person, in making a decision, to select a particular financial product or an interest in a particular financial product or to enter into a particular Credit Facility; or
 - (b) which could reasonably be regarded as being intended to have such an influence.
- (3) In (1)(c), 'generic advice' means any communication, subject to (4), that:
- (a) contains information about a particular financial product or Credit Facility; and
 - (b) could reasonably be regarded as being intended to influence a Person when making a decision relating to any financial product or Credit Facility to which the communication relates,
- although the communication does not contain any advice on the merits of that Particular person entering into a transaction to buy, sell, hold, subscribe for or underwrite those financial products or enter into a particular Credit Facility, whether as principal or agent.
- (4) Any communication which contains generic advice where issued by or on behalf of a government or government entity does not constitute generic advice for the purposes of this Rule.

Guidance – Promotional material that does not contain any information about any particular financial product (such as flyers containing general information about any financial service provider) would not be generic advice. However, their distribution may amount to arranging and may therefore require authorisation. In any case, an AF distributing such material must comply with Rule 6.1 of COB. Communication can be oral, printed or in electronic form.

- (4) For the purposes of this Rule and Rule 2.11.2, a financial product is an Investment or rights under a contract of Long-Term Insurance, not being a contract of reinsurance.

2. Rule 2.19.1 – The definition of ‘Insurance Intermediation’ to be amended as follows:

2.19.1(1) In Rule 2.2.2 Insurance Intermediation means:

- (a) advising on insurance;
 - (b) acting as agent for another Person in relation to the buying or selling of insurance for that other Person; or
 - (c) making arrangements with a view to another Person, whether as principal or agent, buying insurance.
- (2) In (1)(a), ‘advising’ means giving advice:
- (a) which is given to a Person in his capacity as a policyholder or potential policyholder, or in his capacity as agent for a policyholder or potential policyholder on the merits of his entering into a Contract of Insurance whether as principal or agent; or
 - (b) that constitutes generic advice.
- (3) In (2)(a), ‘advice’ includes a statement, opinion or report:
- (a) where the intention is to influence a Person, in making a decision, to select a particular Contract of Insurance or insurance cover; or
 - (b) which could reasonably be regarded as being intended to have such influence.
- (4) In (2)(b), ‘generic advice’ means any communication, subject to (5), that:
- (a) contains information about a particular Contract of Insurance or insurance cover; and
 - (b) could reasonably be regarded as being intended to influence a Person when making a decision relating to any particular Contract of Insurance or type of insurance cover to which the communication relates.

although the communication does not contain any advice on the merits of the Particular person entering into those Contracts of Insurance or obtaining insurance cover referred to in the communication.

(5) Any communication which contains generic advice where issued by or on behalf of a government or government entity does not constitute generic advice for the purposes of this Rule.

(6) The arrangements in (1)(c) include:

- (a) arrangements which do not bring about the transaction; and
- (b) making invitations or, engaging in any other conduct with a view to influencing another Person when making a decision in relation to a particular Contract of Insurance or insurance cover.

(7) In (6)(b):

- (a) invitations mean any communications that directly or indirectly invite a Person to enter into a particular Contract of Insurance; and
- (b) other conduct means any conduct, though not amounting to an invitation, that can be viewed as a step in the chain that directly or indirectly leads a Person to enter in to a particular Contract of Insurance.

Guidance – An Authorised Firm when distributing material relating to Insurance Contracts or cover must comply with the requirements in Rule 11.1 of COB. Communications can be oral, electronic or in print.