

PART I

GENERAL PROVISIONS

- 1.1. (1) These Rules may be cited as the Lautro Rules 1988.
- (2) The Interpretation Act 1978 shall apply for the interpretation of these Rules, and for that purpose these Rules shall be deemed to be contained in a statutory instrument made in pursuance of a power conferred by the Financial Services Act 1986.
- (3) Rules 1.1, 1.2 and 2.1 to 2.6 shall come into force on 26th April 1988 but subject to that and to any other provision in these Rules to the contrary, these Rules shall come into force on the date on which Lautro becomes a recognised self-regulating organisation for the purposes of the Financial Services Act 1986 or, **if later**, 29th April 1988.

- 1.2. (1) In these Rules, unless the context otherwise requires -

“**the 1986 Act**” means the Financial Services Act 1986;

“**the Appeal Tribunal**” means the Appeal Tribunal constituted under Chapter VIII of Part VII of these Rules;

“**appointed representative**” includes (in addition to any person who is an appointed representative within the meaning of section 44 of the 1986 Act) any person which is not a Member of Lautro but which -

- (a) is an authorised person by virtue of an authorisation granted under section 26 of the 1986 Act, or by virtue of membership of a recognised self-regulating organisation, and
- (b) is a member of a group to which a Member of Lautro belongs, and
- (c) markets investment contracts but only those issued by other members of the same group;

(and, in relation to such an appointed representative, any reference in these Rules to a Member is a reference to the Member referred to in paragraph (b) above, or if more than one such Member, any of them).

“**the Board**” means the board of directors of Lautro, and “**Lautro**” means Lautro Limited;

“**close relative**”, in relation to any person, means that person’s spouse, child, step-child, parent, step-parent, brother or sister;

“**company representative**”, in relation to any Member, means an individual-

- (a) who is appointed by the member, or by any other body belonging to the same marketing group, or by an appointed representative of the Member, to procure the sale to investors of the Member’s investment contracts or those of any body belonging to the same marketing group or to advise, and who does advise, investors (whether orally or in writing) on the merits of individual investment contracts or on the exercise of options conferred by investment contracts or whether or not to surrender policies (or both to procure such sales and to give such advice); and
- (b) the terms of whose appointment prohibits him from advising investors on the merits of any investment contract which is not offered for sale by that Member, or if that Member is a member of a marketing group by any other member of that group, unless the advice is given in accordance with paragraph 6(e) of the Code of Conduct set out in Schedule 2 to these Rules;

and references in these Rules to a company representative **selling** an investment contract are references to a company representative acting in connection with the selling, or the procuring of the sale, of the contract;

“the Disciplinary Committee” means the Disciplinary Committee established under Chapter VII of Part VII of these Rules;

“the Financial Services (Cancellation) Rules” means the Financial Services (Cancellation) Rules 1988 or any Rules replacing those Rules;

“group” in relation to a body corporate (except in the expression “marketing group”) means that body corporate, any other body corporate which is its holding company or subsidiary and any other body corporate which is a subsidiary of that holding company, and section 736 of the Companies Act 1985 (meaning of subsidiary and holding company) shall apply for the purposes of this definition;

“investment contract” means any long term insurance contract or any contract for the sale of units in a collective investment scheme which is an authorised unit trust or is a recognised scheme by virtue of section 86, 87 or 88 of the 1986 Act (including shares in or securities of an open-ended investment company) but, in relation to any Member, does not include any contract which does not form part of that Member’s relevant investment business;

“investor”, in relation to a Member or a company representative, means a person to whom advice is given about investment contracts of that Member or, if that Member is a marketing associate, of any body in the same marketing group or to whom any such contract is or may be sold by a company representative, but does not include an independent intermediary or journalist (when acting as such);

“the Lautro Rules” means the Rules from time to time made by the Board (including these Rules);

“marketing” in relation to an investment, includes anything which is ancillary to the marketing of that investment and also includes the giving of advice with respect to the exercise of any rights subsisting under the contract for the sale of the investment after the contract has been made;

“marketing associate” means a body, other than an appointed representative, which is a member of a group and which markets investment contracts issued by other members of the same group which are or are eligible to be Members of Lautro, but which does not market any other investment contracts or enter into any such contract in its own behalf, disregarding investment contracts as respects the marketing or making of which the body is an authorised person (otherwise than by virtue of its membership of Lautro);

“marketing group” shall be construed in accordance with paragraphs (3) to (7) below;

“Member” means a Member of Lautro;

“month” means a calendar month;

“notice” means notice in writing;

“portfolio management” means the managing, in pursuance of a written agreement, of an investor’s fund by making investments for the investor, and from time to time reviewing such investments and making such changes in them as appears to the person carrying on the business or any agent or employee of his to be necessary or desirable in the interests of the investor, but does not include the management of funds specifically invested in one or more identified collective investment schemes unless such management includes power from time to time to vary the proportions in which the fund is invested in such schemes;

“the prescribed rate” means such rate as the Board may from time to time prescribe for the purposes of the provision in question; and

- (a) benefits payable to an associate (within the meaning of section 207(5) of the 1986 Act) of any person shall be treated as payable to that person; and
 - (b) any benefit payable to a person on behalf of another person shall be treated as payable to that other person.
- (11) Paragraphs (5) to (10) above shall come into force on 1st July 1988.

Disclosure of status of representative

- 3.2A.** (1) A Member shall ensure that each of its appointed representatives, not also being a company representative, includes on all business stationery which is used in the course of or in connection with its business as an appointed representative a statement that the representative is an appointed representative of that Member.
- (2) This Rule shall come into force on 1 October 1989.

Business relationships

- 3.3.** (1) A Member shall ensure that none of its company representatives or appointed representatives -
- (a) enters into any business relationship with any other person which would suggest to any reasonable person with knowledge of that relationship that any of the Member's company representatives or appointed representatives is in a position to advise or procure advice on any investment contract which is not offered for sale by that Member, or if that Member is a member of a marketing group by any other member of that group; or
 - (b) does anything (whether by making a statement or conducting himself in any particular way or otherwise) as a result of which an investor could reasonably believe that any of the Member's company representatives or appointed representatives is in a position to advise or procure advice on any such contract as is mentioned in paragraph (a) above.

This paragraph shall not prevent a company representative from referring investors to an independent intermediary in accordance with paragraph 13(4) of the Code of Conduct.

- (2) Without prejudice to paragraph (1) above, a Member shall ensure that none of its company representatives is in partnership with any other person who is -
- (a) an independent intermediary; or
 - (b) a partner in another partnership one of the partners in which is an independent intermediary; or
 - (c) a director of a company which is an independent intermediary; or
 - (d) an appointed representative or a company representative of another Member or of a company which is eligible for membership of Lautro, not in either case belonging to the same marketing group as the Member.
- (3) In paragraph (2) above-
- (a) the references to an independent intermediary do not include references to any person whose investment business as respects which he is an authorised person is limited to portfolio management; and
 - (b) in sub-paragraph (d) above the reference to a company representative in relation to a company which is an authorised person by virtue of an authorisation granted under section 27 of the 1986 Act is a reference to a person who would be a company representative if the company were a member of Lautro, and, in relation to a company which is not an authorised person, shall be disregarded.

- (4) A Member ("the first Member") shall ensure that none of its appointed representatives is a member of a group -
- (a) another member of which is an appointed representative of another body which is or is eligible to be a Member of Lautro, unless both representatives and the first Member and the other body all belong to that group or the first Member and that other body are in the same marketing group; or
 - (b) another member of which is a body which is or is eligible to be a Member of Lautro, unless both the first Member and the other body belong to that group or are in the same marketing group.
- (5) For the purposes of paragraph (2) above -
- (a) references to a partnership are references to a partnership the business of which consists of or includes investment business or to a partnership any of the partners in which carry on investment business which is connected with or incidental to any business carried on by the partnership; and
 - (b) the definition of "**director**" in section 207 of the 1986 Act shall not apply,
- (6) A Member shall keep a register, in accordance with paragraph (7) below, of -
- (a) any of its appointed representatives which is a member of 'a group another member of which is an independent intermediary;
 - (b) any of its company representatives (except any to whom Rule 3.5(6) applies) holding more than 15% of the issued shares, or, in the case of a company the share capital of which is divided into classes, of the issued shares of any class of shares, in a company -
 - (i) which is an independent intermediary or is the controller of an independent intermediary; or
 - (ii) which is an appointed representative of another Member or of a company which is eligible for membership of Lautro, not in either case belonging to the same marketing group as the Member, or is the controller of such an appointed representative;
 - (c) any of its company representatives (except any to whom Rule 3.5(6) applies or who fall within paragraph (b) above) a close relative of whom, to the knowledge of the company representative -
 - (i) is an independent intermediary or is in partnership with another person who is an independent intermediary; or
 - (ii) is an employee of an independent intermediary; or
 - (iii) holds more than 15% of the issued shares, or, in the case of a company the share capital of which is divided into classes, of the issued shares of any class of shares, in a company which is an independent intermediary or is the controller of an independent intermediary.

For the purposes of paragraph (iii) above any shares in a company held by a company representative shall be taken to be held by each of his close relatives who also holds shares in that company.

- (b) except in the case of a projection of a protected rights annuity or surrender value required to be calculated in accordance with Rule 5.9, a statement in the terms set out in Schedule 6 to these Rules;

and if a projection of the class permitted by Rule 5.5(2)(b) is contained in the advertisement, a statement complying with Rule 5.13(5) may be included in the advertisement.

- 6.13. (1) The advertisement shall not contain information the accuracy of which is to any extent dependent on assumptions about tax relief of any kind, unless it -
- (a) specifies the relief in question and states that it may be altered and, if it is the case, that the value of the relief depends on the financial circumstances of the investor;
 - (b) distinguishes between relief which applies directly to investors as such and that which applies to the issuer of the investment or to the fund in which the investor participates.

- (2) An advertisement which relates to an investment the income from which -

- (a) is payable out of a fund the income of which is subject to income tax; and
- (b) is not or may not be subject to income tax in the hands of the investor,

shall not describe the investment as one free from liability to income tax unless the fact that the income is payable out of a fund which is subject to income tax is stated with equal prominence.

- (3) An advertisement which relates to an investment in respect of which -

- (a) an investor will not be liable to tax on the realised capital gains in the investment; and
- (b) any realised capital gains of the assets of a fund to which the value of the investment is linked are subject to tax,

shall not describe the investment as one free from liability to capital gains tax unless the fact that the value of the investment is linked to a fund which will be liable to tax on the realised capital gains in the assets of which it is comprised is stated with equal prominence.

- 6.14. (1) The advertisement shall, if it contains any particulars relating to any of the benefits payable under a policy, state -

- (a) which (if any) of the benefits under the policy are of fixed amounts;
- (b) what those fixed amounts are; and
- (c) which (if any) of the benefits under the policy are not of fixed amounts.

- (2) Where the investment is a policy and the advertisement describes the amount of a fixed benefit, or a minimum amount of a variable benefit, as being a guaranteed amount and refers to the participation of a third party, the advertisement shall not state or give the impression that the third party will stand surety for the Member or other body which will issue the policy should the Member or other body not meet its obligations under the policy unless that is the case.

- (3) An advertisement which states that the investor will have the right to cancel the agreement under which he may acquire the investment shall also identify the period during which he may exercise that right by reference to its length and commencement and (if it is the case) shall state that the right to cancel is conferred by law.
- (4) In this Rule “policy” means a long term insurance contract within the meaning of Schedule 3 to these Rules.

6.15. In the case of an investment the value of which may fluctuate or is not guaranteed (or both), it shall be made clear in the advertisement that the value of the investment may fluctuate or is not guaranteed or both, as the case may be.

Special requirements for overseas insurance advertisements

6.15A.(1) In this Rule and Rules 6.15B and 6.15C -

“insurance advertisement” means an advertisement, in written or other visual form, which refers to a long term insurance contract (within the meaning of Schedule 3 to these Rules);

“an authorised or permitted insurer” means a person who is authorised or permitted whether under section 3 or 4 of the Insurance Companies Act 1982 or otherwise to carry on long term business in the United Kingdom;

“the advertised contract” means the contract to which the advertisement in question refers;

“long term business” has the meaning given by section 1 of the Insurance Companies Act 1982;

“full name” means, in the case of a body corporate, its corporate name, and in the case of an individual or an unincorporated body, the name under which the individual or body lawfully carries on business;

and in those Rules a reference to the insurer is a reference to the person from whom the advertised contract is available,

(2) For the purposes of those Rules an advertisement shall be taken to refer to an insurer if -

- (a) the insurer is named in, or is otherwise identifiable from, the advertisement; or
- (b) particulars of any of the terms upon which the insurer may be prepared to effect contracts of insurance or of any of the benefits which may accrue to the insured under the advertised contract are contained in the advertisement.

(3) This Rule and Rules 6.15B to 6.15D shall come into force on 1 January 1989.

6.15B.(1) This Rule applies to an insurance advertisement if the insurer is referred to in it and it is issued at a time when the insurer is not an authorised or permitted insurer.

(2) If subsection (3) below does not apply, the advertisement shall include the full name of the insurer, the country where the insurer is registered and, if different, the country where its principal office is situated, and the words -

“Holders of policies issued by the company will not be protected by the Policyholders Protection Act 1975 if the company should become unable to meet its liabilities to them.”

- (3) If the advertisement refers to an insurer which does not have its head office in a member State and either is not permitted under the laws of a member State to carry on business of a description similar to long term business or is proposing to effect the advertised contract otherwise than through a branch or agency in a member State, then the advertisement shall include -
- (a) the full name of the insurer, the country where the insurer is registered and, if different, the country where its principal office is situated;
 - (b) the full name of any trustee of property of any description maintained by the insurer in respect of the advertised contracts;
 - (c) an indication whether the investment of such property (or any part of it) is managed by the insurer (or his employee) or by another person and, where such investment is managed by such another person, the full name of every such investment manager;
 - (d) the registered office of any such trustee and of any such investment manager, and of his principal office (if different);
 - (e) where any person in the United Kingdom (a "United Kingdom agent") is to, or may, take any steps on behalf of the insurer with a view to the entering into of an advertised contract, the full name, and the registered or principal office in the United Kingdom, of that agent or, if there is more than one such United Kingdom agent, of the principal or main United Kingdom agent; and
 - (f) the words -

"This advertisement relates to an insurance company which does not, and is not authorised to, carry on in any part of the United Kingdom insurance business of the class to which this advertisement relates. This means that the management and solvency of the company are not supervised by a United Kingdom Government Department. Holders of policies issued by the company will not be protected by the Policyholders Protection Act 1975 if the company should become unable to meet its liabilities to them."

- (4) The words set out in paragraph(3)(f) above need not be included in the advertisement if the insurance company is authorised to effect or carry out contracts of the same class as the advertised contract in any country or territory which is for the time being designated for the purposes of section 130 of the 1986 Act by an order made by the Secretary of State, provided that any conditions imposed by the order designating the country or territory are satisfied.

6.15C.(1) This Rule applies to an insurance advertisement if either it is issued at a time when the insurer is not an authorised or permitted insurer or the insurer is not named (whether by its full name or its business name) in the advertisement (or both those conditions are satisfied); but this Rule does not apply to an advertisement to which **Rul6.15B** applies.

- (2) An advertisement to which this Rule applies must, if it also refers to securities or other investments (or both), contain a statement to that effect, and, except where paragraph (3) below applies, must additionally contain a statement that the advertisement is about insurance.

- (3) If the insurer is not an authorised or permitted insurer and is not referred to in the advertisement, then the advertisement must include the words-

“This advertisement relates to an insurance company which does not, and is not authorised to, carry on in any part of the United Kingdom insurance business of the class to which this advertisement relates. This means that the management and solvency of the company are not supervised by a United Kingdom Government Department. Holders of policies issued by the company will not be protected by the Policyholders Protection Act 1975 if the company should become unable to meet its liabilities to them.”

6.15D.(1) The provisions of this Rule are supplementary to Rules 6.15A to 6.15C.

- (2) The matters required to be included in an advertisement by Rule 6.15B or 6.15C shall be shown prominently, clearly and legibly.
- (3) The words specified in Rule 6.15B(2) and (3)(f) shall appear prominently -
- (a) immediately after or alongside the statement of the full name of the insurer, or
 - (b) if the name (whether the full name or any other name) of the insurer is stated more than once in the advertisement, immediately after or alongside the most prominent of the statements of the name; and for this purpose if two or more statements are equally prominent that which appears first in the advertisement shall be treated as the most prominent.
- (4) An insurance advertisement to which Rule 6.15B applies, if it states the name of any trustee, investment manager or United Kingdom agent of the insurer, and that trustee, manager or agent is not independent of the insurer, shall contain a statement naming the insurer and stating that the trustee, investment manager or United Kingdom agent, as the case may be, is a person who is not independent of the insurer; and that statement shall appear prominently -
- (a) immediately after or alongside the statement of the full name of the trustee, investment manager or United Kingdom agent, as the case may be, or
 - (b) if the name (whether the full name or any other name) of the trustee, investment manager or United Kingdom agent, as the case may be, is stated more than once in the advertisement, immediately after or alongside the most prominent of the statements of the name; and for this purpose if two or more statements are equally prominent that which appears first in the advertisement shall be treated as the most prominent.
- (5) For the purposes of paragraph (4) above, a trustee, investment manager or United Kingdom agent of the insurer shall be regarded as not independent of the insurer at a particular time if, at that time-
- (a) the person in question, his spouse or any partner, director, controller or manager of his is a partner, director, controller or manager of the insurer;
 - (b) the insurer or any partner, director, controller or manager of the insurer is the spouse or a partner, director, controller or manager of that person;
 - (c) that person is a body corporate and the insurer has any interest in any shares or debentures of it; or

- (d) the insurer is a body corporate and that person, his spouse or any partner, director, controller or manager of his has any interest in any of the shares or debentures of the insurer.
- (6) For the purposes of subsection (5) above –
 - (a) a person shall be deemed to be interested in shares or debentures of a body corporate if he is interested in them according to the rules set out in section 208(2) to (8) of the Companies Act 1985, disregarding the interests specified in section 209 of that Act; and
 - (b) references to a controller of any person shall be construed in accordance with Rule 6.9(3) (substituting references to that person for the references to a Member).

**CHAPTER V
MISCELLANEOUS OBLIGATIONS**

Approval of advertisements before issue

- 6.20.** (1) A Member shall not issue or cause to be issued an advertisement unless it has been approved as complying with this Part of these Rules by the Member or any ~~other~~ Member within the same marketing group, and a draft or proof of the advertisement has been signed, and dated, in that behalf or, in the case of an advertisement which is not issued in printed form, a written statement to that effect is signed, and dated, in that behalf.
- (2) In the case of an advertisement identifying and promoting an authorised unit trust or a scheme recognised by virtue of section 86, 87 or 88 of the 1986 Act, the Member issuing it or causing it to be issued shall ensure that the advertisement has been submitted to the trustee or custodian of the unit trust or scheme before it is issued.

This requirement is in addition to the requirement set out in paragraph (1) above.

Record-keeping

- 6.21.** (1) A Member shall keep records of -
- (a) each advertisement which the Member issues or causes to be issued;
 - (b) the date on which and the place where or means by which it is issued;
 - (c) the name of the individual who signed the draft, proof or statement mentioned in Rule 6.20;
- and shall also keep that draft, proof or statement.
- (2) Paragraph (1)(a) above shall not require a separate record to be kept of an advertisement which is issued more than once on each occasion when it is issued unless it is materially altered.
- (2A) The Member shall keep all copies of records sent to the Member by appointed representatives in pursuance of paragraph (4) of this Rule as it has effect by virtue of Rule 6.23.
- (3) Records and other documents kept in pursuance of this Rule shall be kept by the Member for at least three years from the date of issue of the advertisement concerned.
- 6.22. Where paragraph (5) of Rule 6.6 applied on the issue of an advertisement, the Member shall keep, and remain prepared to disclose, for at least three years from the date of issue any evidence to which that paragraph applied.

Exemptions

- 6.22A.** Rules 6.20 and 6.21 shall not apply to an advertisement which refers to units in a unit trust or in an investment fund of an insurance company if:-
- (a) it is issued in a newspaper or any other medium which is available to members of the public, and
 - (b) it is included in a unit price list, that is to say, a list which merely specifies the names of investments (with or without an address and telephone number) and the prices or yields (or both) of units.

CHAPTER VI

Advertisements issued by appointed representatives

- 6.23.** (1) A Member shall ensure that advertisements which its appointed representatives issue or cause to be issued comply with the preceding provisions of this Part as modified by paragraph (2) below, and the Member shall give the appointed representative all information necessary to comply with those provisions.
- (2) The modifications referred to in paragraph (1) above are as follows -
- (a) in the definition of "employee" in Rule 6.2 for the words "in relation to a Member" there shall be substituted the words "in relation to an appointed representative of a Member";
 - (b) in Rule 6.3 -
 - (i) in paragraph (1)(a) for the words "in relation to a Member" there shall be substituted the words "in relation to an appointed representative of a Member", and for the words "the Member issues" there shall be substituted the words "the appointed representative issues" and for the words "the Member supplies" there shall be substituted the words "the appointed representative or the Member supplies";
 - (ii) in paragraph (1)(c) after the words "the Member" there shall be added the words "or of the appointed representative"; and
 - (iii) the words following paragraph (c) shall be omitted;
 - (c) in Rules 6.4, 6.5, 6.6(1)(b) to (d) and (5), 6.19 (except paragraph(1)(a)(iv)) and 6.22 for any reference to a Member there shall be substituted a reference to the appointed representative;
 - (d) in Rules 6.6(1)(e) and 6.12(3)(c) the reference to the Member shall include a reference to the appointed representative;
 - (e) in Rule 6.1 l(1) for paragraph (a) there shall be substituted the following paragraph -
 - "(a) identify the appointed representative which issued it or caused it to be issued and the Member, and shall state that the representative is an appointed representative of that Member and that the Member is a Member of Lautro; and";
- but until 1st October 1988 that paragraph shall have effect with the omission of the words "that the representative is an appointed representative of that Member and";
- (f) in Rule 6.16, in paragraph (1)(a) the words from "issuing" to "another body" shall be omitted and in paragraph (1)(b) the words "or an appointed representative" shall be added at the en&
 - (g) Rule 6.19(12) shall be omitted;
 - (h) in Rule 6.20 -

- (i) for the first and fourth references to a Member there shall be substituted a reference to the appointed representative; and
 - (ii) at the end of paragraph (1) there shall be added the words ", and the Member shall not approve the advertisement if it contains any statement which the Member does not have reasonable grounds for believing to be true or, in the case of an opinion held by another person, to be the honestly held opinion of that person.";
- (j) in Rule 6.21 for any reference to a Member there shall be substituted a reference to the appointed representative and at the end of that Rule there shall be added the following paragraph-
- “(4) Copies of records kept in pursuance of this Rule shall be sent as soon as is reasonably practicable to the Member.”;

and any reference in this Part to a Member (including the references modified above) shall be construed, in relation to the appointed representative's principal (in terms of section 44 of the 1986 Act).”

CHAPTER VII

Approval of advertisements for purposes of section 57

- 6.24. (1) A Member shall not approve the contents of an advertisement for the purposes of section 57 of the 1986 Act (advertisements issued by unauthorised persons) except in accordance with the following provisions of this Chapter.
- (2) The Member shall not approve the contents of the advertisement if the investment to which it refers is not of a class or description similar to any which the Member offers for sale to the public as part of the Member's relevant investment business (disregarding for this purpose paragraph (c) of the definition of "relevant investment business" in Rule 1.2(1)).
- (3) The Member shall not approve the contents of the advertisement if, were the person proposing to issue it or cause it to be issued a Member of Lautro, that person would, in issuing it or causing it to be issued, contravene any of the provisions of Chapters II, III or IV of this Part of these Rules (as modified by the following provisions of this Chapter).

For the purposes of this paragraph, it shall be assumed that the advertisement would be issued at the same time as it is approved, and where any expression is defined for the purposes of this Part that definition shall be modified so far as may be necessary to give full effect to this paragraph.

- (4) The Member shall not approve the contents of the advertisement unless -
- (a) the Member (in addition to the person proposing to issue it or cause it to be issued) is satisfied as to the matters mentioned in Rules 6.6(1)(b) to (d); and
- (b) the Member is prepared to disclose the documents or other evidence referred to in Rule 6.6(5) (and, accordingly, the other person need not comply with that requirement).
- (5) The Member shall not approve the contents of the advertisement if -
- (a) it refers to a life policy available from a body which carries on investment business but not from a permanent place of business in the United Kingdom, unless that body is permitted to issue the advertisement or cause it to be issued in the United Kingdom by virtue of section 130(2)(c) or (d) or (3) of the 1986 Act; or
- (b) it refers to a collective investment scheme and-
- (i) the scheme is not an authorised unit trust nor a recognised scheme by virtue of section 86, 87 or 88 of the 1986 Act; or
- (ii) the operator of the scheme neither issues the advertisement nor causes it to be issued.

In this paragraph "life policy" means an investment contract falling within paragraph 10 of Schedule 1 to the 1986 Act; and, for the purposes of this definition, Note 1 to that paragraph shall apply.

- (6) The Member shall not approve the contents of the advertisement unless it states that it has been approved by the Member and that the Member is a Member of Lautro.

6.25. For the purposes of this Chapter, the provisions of Chapter III or IV (or both) of this Part shall (where applicable) have effect subject to the following modifications -

- (a) in Rule 6.11 the following paragraph shall be substituted for paragraph (1)(a)-
“(a) identify the person who issued it or caused it to be issued;”
- (b) in Rules 6.11(3), 6.12(3)(c), 6.12(6), 6.14(2), 6.16(1) and 6.19 for any reference to the Member there shall be substituted a reference to the person proposing to issue the advertisement or cause it to be issued,
- (c) any reference to income tax, corporation tax or capital gains tax shall include a reference to any similar foreign tax.

6.26. (1) A Member shall keep a written record of each approval given for the purposes of section 57 of the 1986 Act, which shall include details of the contents of the advertisement, the identity of the person issuing it or causing it to be issued and the method of issue.

(2) A record required to be kept by paragraph (1) above shall be kept for at least 3 years from the date on which the advertisement is issued.

6.27. (1) Rules 6.24 to 6.26 shall have effect in relation to any advertisement issued on or after 1 January 1989, other than an advertisement falling within sub-paragraph (2) or (3) below.

(2) Rules 6.24 to 6.26 shall have effect in relation to any advertisement issued on or after 1 March 1989 if -

- (a) the advertisement is for units in a listed scheme which before 1 January 1989 becomes a recognised scheme under section 87 of the 1986 Act or under paragraph 10 of Schedule 15 to that Act, or
- (b) the advertisement is a complying prospectus and the company the shares in which are the subject of the complying prospectus is one which before 1 January 1989 becomes a recognised scheme under section 87 of the 1986 Act or under paragraph 10 of Schedule 15 to that Act;

but sub-paragraphs (a) and (b) above shall apply to an advertisement only if it could lawfully have been issued in the United Kingdom immediately before 29 April 1988,

(3) Rules 6.24 to 6.26 shall have effect in relation to any advertisement issued on or after 1 July 1989 if -

- (a) the advertisement is not for units in a listed scheme and is not a complying prospectus (whether or not it falls within paragraph (a) or (b) above), and
- (b) it could lawfully have been issued in the United Kingdom immediately before 29 April 1988.

(4) In this Rule “complying prospectus” and “listed scheme” have the meanings given by rule 2.01(2) of the Financial Services (Transitional) Rules and Regulations 1988.”

