

MEMO# 3400

January 3, 1992

SIB REVIEW OF POLARISATION AND REGULATORY ORGANIZATIONS

January 3, 1992 TO: INTERNATIONAL MEMBERS NO. 1-92 RE: SIB REVIEW OF POLARISATION AND REGULATORY ORGANIZATIONS

Attached is a letter from Norton Rose regarding the Securities and Investment Board's review of a number of issues concerning retail regulation. The letter discusses two of the issues under review, polarisation and the scope and boundaries of regulatory organizations. The letter states that polarisation is a concept applied to the marketing of certain products in the U.K., including collective investment schemes such as UCITS, authorized unit trusts and life insurance policies. According to Norton Rose, an intermediary marketing these products either must be 1) completely independent of any product manufacturer, in which case the intermediary may market the products of any organization, or 2) tied to a particular organization, and market only the products of that organization. Norton Rose reports, among other things, that SIB has suggested that authorized unit trusts and investment trust savings schemes should not be subject to the polarisation requirements. With regard to regulatory organizations, the letter reports on the merger and possible restructuring of certain U.K. self-regulatory organizations. Also attached is a news article forwarded by Norton Rose concerning polarisation. Angela C. Goelzer Assistant Counsel - International Attachments

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