



COMPENSATION SCHEME REGULATIONS

THE INSTITUTE OF CHARTERED ACCOUNTANTS
IN ENGLAND AND WALES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
SCOTLAND

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN
IRELAND

EFFECTIVE FROM 1 JUNE 2023

icaew.com/regulation



CONTENTS

PART 1:	AUTHORITY.....	1
PART 2:	SCOPE.....	1
PART 3:	INTERPRETATION	1
PART 4:	ADMINISTRATION OF THE SCHEME	2
PART 5:	DETERMINATION OF CLAIMS	2
PART 6:	QUANTIFICATION OF COMPENSATION.....	4
PART 7:	LIMITS OF COMPENSATION	5
PART 8:	INTEREST.....	6
PART 9:	PROCEDURE ON PROCESSING CLAIMS.....	7
PART 10:	APPEAL	7
PART 11:	CO-OPERATION.....	9
PART 12:	RIGHTS OF RECOVERY	9
PART 13:	INDEMNITY.....	10
PART 14:	TERMINATION.....	11
PART 15:	TRANSITION.....	11
	GLOSSARY.....	12

PART 1: AUTHORITY

- 1.01 The Scheme is established by the Institutes under the authority of their respective Royal Charters and related constitutional documents.
- 1.02 These Regulations were made under the authority of the Institutes and came into force on 15 July 2021 and were subsequently amended, effective 1 June 2023.

PART 2: SCOPE

- 2.01 These Regulations apply to:

Firms which have been authorised by one of the Institutes at any time on or after 28th August 1988 to carry on investment business under the Financial Services Act 1986, in respect of Investment Business carried out during the period of authorisation and before 1st December 2001; Firms which have been licensed by one of the Institutes at any time on or after 1st December 2001 to carry on exempt regulated activities under the Financial Services and Markets Act 2000 (“FSMA”), in respect of exempt regulated activities carried out during the period of the licence; Firms which have been authorised under the Investment Intermediaries Act 1995, in respect of Investment Business carried out during the period of authorisation between 1 May 1996 and 31 July 2017.¹

PART 3: INTERPRETATION

- 3.01 Subject to 3.02 these Regulations are to be interpreted in accordance with the Glossary at the end of these Regulations.
- 3.02 Any other words or expressions which are defined in the FSMA, the Financial Services Act 1986, the Investment Intermediaries Act 1995, or in the Interpretation Act 1978 (or where appropriate the Interpretation Act 1937) have the same meaning in these Regulations. In the case of conflict between such definitions, words and expressions shall be interpreted according to the definitions given in the Act, which governs the business concerned in each particular case.
- 3.03 In these Regulations, headings are for convenience only, and shall not affect interpretation.

¹ Guidance: ICAI is an Approved Professional Body for the purposes of the Irish Investment Intermediaries Act 1995. ICAEW and ICAS had their recognition as Approved Professional Bodies revoked by the Central Bank of Ireland on 17 February 2004.

- 3.04 All references in these Regulations to “pounds” and “£” are to pounds sterling, the currency of the United Kingdom.
- 3.05 In these Regulations, words importing the masculine gender include the feminine and neuter.
- 3.06 Unless otherwise stated any reference in these Regulations to legislation is a reference to the legislation of the United Kingdom or Republic of Ireland as appropriate. For the avoidance of doubt where authorisation is under the FSMA or the Financial Services Act 1986 the legislation of the United Kingdom shall take precedence over the legislation of The Republic of Ireland and where authorisation is under the Investment Intermediaries Act 1995 the legislation of The Republic of Ireland shall take precedence over the legislation of the United Kingdom.

PART 4: ADMINISTRATION OF THE SCHEME

- 4.01 The Chartered Accountants Compensation Scheme Limited (“the Company”) is responsible for the administration and management of the Scheme and for paying compensation to Claimants in accordance with these Regulations.
- 4.02 In order to determine Claims, the Company shall appoint a Compensation Committee (“the Committee”) which shall include all members of the Board of Directors of the Company. The Committee shall consist of not fewer than twelve persons, none of whom shall be Principals in Licensed Firms or former authorised firms, and at least one quarter of whom shall be Non-Accountants.
- 4.03 Upon receipt of a Claim by the Company the Chairman (or the Vice-Chairman) of the Committee shall appoint a Panel from the Committee's members, of which at least one member shall be a Non-Accountant, to determine the Claim. The quorum for meetings of the Committee shall be three members. A Solicitor or Barrister may advise the Panel.

PART 5: DETERMINATION OF CLAIMS

- 5.01 Where the Committee is satisfied:
- (a) that the Claimant has incurred a Civil Liability; and
 - (b) that the Firm is Insolvent; and
 - (c) that the Civil Liability is the subject of a proof which has been accepted by the liquidator or the trustee or assignee in bankruptcy (as the case may be) of the Insolvent Firm (provided that the Committee

shall have a discretion to determine the existence of a Civil Liability without such acceptance of a proof); and

(d) as to the amount of the Civil Liability; and

(e) that the Civil Liability has not been satisfied either in whole or in part; and

(f) that the Firm is unable, or likely to be unable, to satisfy that Civil Liability (which shall be deemed to be the case where the Supervisory Authority has made a determination pursuant to Section 31(3) of the Investor Compensation Act, 1998 of Ireland in respect of that Licensed Firm); and

(g) that the Claim has been made in accordance with these Regulations;

then subject to these Regulations, the Company shall pay to the Claimant compensation in the amount of that Civil Liability which has not been satisfied or which is unlikely to be satisfied.

5.02 The Committee shall reject a Claim if:

(a) notification was submitted more than six months after the Claimant became aware, or ought reasonably to have become aware, of the Insolvency of the Firm in question, provided that the Committee may determine in its absolute discretion that, by reason of exceptional circumstances, the Claim ought to be allowed; or

(b) notification was submitted more than six months after the date of a determination by the Central Bank of Ireland under Section 31(3) of the Investor Compensation Act 1998 of Ireland that the Firm in question was unable for the time being (for reasons directly related to its financial circumstances) to meet its obligations arising from claims by clients and to have no reasonably foreseeable opportunity of being able to do so; or

(c) it is made in respect of a Civil Liability which has arisen at any time when the Firm was not authorised (under the Financial Services Act 1986 or the Investment Intermediaries Act 1996) or licensed (under the FSMA) to carry out the activity giving rise to the liability (liability being deemed to have arisen on the date a payment was made); or

(d) the Claimant has any responsibility for, or has directly or indirectly profited from, the circumstances giving rise to the Insolvency of the Firm in question; or

(e) the Civil Liability in respect of which the Claim is made occurs in relation to assets managed by a Firm for the purposes of an occupational pension scheme; or

(f) the Claimant is a Professional Investor and the loss caused to the Claimant was for his own account (other than loss to him as trustee);

(g) the authorisation of the Firm is under the Investment Intermediaries Act 1995 of Ireland, and the Claimant is, as regards that Firm, an excluded investor (as defined in section 2 of the 1995 Act) and the loss caused to the Claimant was for his own account (other than as trustee);

(h) it relates to or depends on the failure of investment performance to match a guarantee given or representation made (whether in writing or not) by the Firm or a third party;

(i) it arose in the course of the Firm's activities as a deposit agent or deposit broker for a Building Society or other financial institution within the meaning of the Financial Services Act, 1986;

(j) it arose in the course of the Firm's activities as a deposit agent within the meaning of the Investment Intermediaries Act, 1995.

5.03 The Committee may reject a claim or reduce the amount payable to the claimant if payment of the full amount would be disproportionate to the loss incurred.

5.04 Save as otherwise provided in Regulations 10.06 or 10.09, a Claimant shall not be entitled to any payment from the Company in respect of the costs of making any Claim or any Appeal under these Regulations.

PART 6: QUANTIFICATION OF COMPENSATION

6.01 Subject to these Regulations, the amount of compensation payable to a Claimant in respect of a Civil Liability shall be an amount (not exceeding the amount of the Civil Liability which has not been satisfied or is unlikely to be satisfied) which is determined by the Committee in its absolute discretion to be appropriate, having regard to, inter alia

(a) the Claimant's rights in respect of such Civil Liability;

(b) any compromise of such Civil Liability;

(c) any security available to the Claimant or right of set-off available in respect of such Civil Liability;

(d) the Claimant's right to recover in respect of such Civil Liability from any third party (including the liquidator or trustee in bankruptcy of the Firm);

(e) any protection which the Claimant may have under any other scheme for the protection of investors or depositors; and

(f) any other means whereby the Claimant has had, or might have had, an opportunity of recovering in respect of such Civil Liability including any means of so recovering from the Firm in question.

6.02 If either or both of the circumstances described in Regulation 6.01(d) and (e) apply and the amount recoverable by the Claimant has not yet been determined, the Committee may:

(a) postpone determination of the compensation payable for such period as it may consider reasonable in the circumstances;

(b) make an interim payment of whatever sum the Committee deems proper, pending determination of the final amount payable.

6.03 Where a Claimant has obtained an enforceable final judgement from a court of competent jurisdiction in relation to the Civil Liability to which his Claim relates, for the purposes of computing the amount of compensation payable from the Company, no account shall be taken of any interest in relation to the judgment payable by the Firm in question.

PART 7 LIMITS OF COMPENSATION

7.01 Subject to Regulation 7.02, the amount payable to a Claimant in respect of a Civil Liability is limited to £50,000 (exclusive of any interest payable under Regulation 8.01 or any costs awarded to the Claimant under Regulations 10.06 or 10.09) provided always that the maximum amount which the Committee may determine shall be paid out of the Scheme in any financial year of the Company shall be:

(a) an amount which may be expected not to cause the Compensation Costs payable in that year to exceed £10,000,000; plus

(b) the amount of any money recovered in that year by the Company, net of VAT (if applicable), pursuant to the provisions of Regulation 12.01 and available for payment in that year; plus

(c) the amount of any sums so recovered in previous years and not disbursed and which are available for payment in the relevant year, net of VAT (if applicable).

Accordingly, if in the course of any financial year it appears to the Committee in its absolute discretion that the total of such amounts is otherwise likely to be exceeded in that financial year, then in the remainder of that financial year it shall not determine that the full amount shall be paid in respect of any Claim, but shall secure, as far as it

reasonably can, that all payments it thereafter determines shall be made (taking into consideration any payment on account) are abated rateably one with another.

- 7.02 The Committee may, in its absolute discretion, direct the Company to pay compensation in Euros. No such payment shall exceed the limits imposed under Regulation 7.01 by reference to the rate of exchange between pounds sterling and Euros as calculated by the National Westminster Bank at the time of payment.
- 7.03 Where the Committee is satisfied that immediate payment in full in respect of a Civil Liability would not be prudent, having regard to other Claims which may be made on the Scheme (and, where the relevant Firm was authorised under the Investment Intermediaries Act, 1995 of Ireland, after consulting with the Central Bank of Ireland), it may in its absolute discretion determine to make to the Claimant a payment on account of the compensation payable, which payment shall for the purposes of these Regulations be treated in all respects as the discharge of the full amount determined by the Committee to be payable in respect of that Civil Liability; provided that the Committee shall:
- (a) at the end of the financial year of the Company, in which the initial payment was made ("the Claim Year") determine whether or not the funds available to the Company for the Claim Year were sufficient to make a further payment; and
 - (b) determine in the next following year of the Company ("the Following Year") whether or not:
 - (i) the balance of the Claim or a part thereof should be paid;
 - (ii) such payment should be subject to conditions;
 - (iii) interest on such balance should be paid;
- Any such further payment shall be made out of funds available to the Company for the Claim Year as provided in Regulation 7.01.

PART 8: INTEREST

- 8.01 Subject to any determination by the Committee under Regulation 7.03(b), the Company shall pay interest to the Claimant on the compensation payable to him. Interest shall accrue from a date three calendar months after the date on which all information necessary to determine the claim was provided by the Claimant pursuant to Regulation 9.01.
- 8.02 Interest payable under Regulation 8.01 shall be simple interest paid at a rate which is 2% below LIBOR or for compensation paid in Euro's, 2% below EURIBOR on the day that the amount of compensation payable to the Claimant is determined.

PART 9: PROCEDURE ON PROCESSING CLAIMS

- 9.01 Claims shall be in writing addressed to the Chartered Accountants Compensation Scheme, c/o Professional Standards Department, ICAEW, Metropolitan House, 321 Avebury Boulevard, Milton Keynes MK9 2FZ. Where a Claimant has obtained a judgment against a Firm from a court of competent jurisdiction in respect of the subject matter of the Claim, a copy of the judgment shall be delivered with his Claim. The Company may require the Claimant to provide such further information as it may direct.
- 9.02 A Panel appointed in accordance with regulation 4.03 may, in its absolute discretion, invite the Claimant to attend before the Panel during the determination of a Claim to provide information orally to the Panel. A party so invited may attend in person and/or be represented by a Barrister or Solicitor or with the agreement of the Panel, any person.
- 9.03 The Committee shall deliver its decision on a Claim in writing to the Claimant as soon as reasonably practicable after determination of the Claim.
- 9.04 Where the Committee decides to either:
- (a) dismiss a Claim; or
 - (b) pay the Claimant less than the amount of his Claim (except where the amount payable to him equals the maximum amount payable under these Regulations);
- the Committee shall in its decision:
- (i) Identify the Regulation or Regulations under which the decision is made;
 - (ii) state its findings of fact, identifying the evidence on which such findings are based; and
 - (iii) identify each argument raised and state whether it is accepted or rejected, giving reasons in each case.
- 9.05 Where the Claim is successful, the Committee shall not be obliged to (but may) give reasons for its decision.

PART 10: APPEAL

- 10.01 A Claimant may appeal against a decision by the Committee:
- (a) dismissing the Claim; or

(b) that the amount payable to him should be less than the amount of the Claim (except where the amount payable equals the maximum amount payable under these Regulations).

10.02 The Claimant shall deliver a notice of Appeal in writing to the Scheme not more than twenty-one days after receipt of the Committee's written decision. A notice of Appeal shall contain an undertaking by the Claimant, in a form acceptable to the Company, to be bound by any award of costs which may be made under Regulations 10.06 or 10.09.

10.03 Upon receipt of a notice of Appeal, the Company shall:

(a) as soon as possible send a copy of the notice to the Firm as its last known address in respect of whose liability the Appeal is made;

(b) request the Chairman of the Appeal Committee of the Institute of Chartered Accountants in England and Wales to nominate a Referee, from a short list of Queen's Counsel or Senior Counsel approved by him to hear the Appeal.

(c) notify the Appellant of the identity of the Referee so appointed.

10.04 On an Appeal the Referee:

(a) shall take into consideration the information that was before the Committee;

(b) may, in his absolute discretion, receive fresh information as to the ground of Appeal;

(c) shall convene a hearing if the claimant requests one but not otherwise unless the Referee directs that one should take place to enable there to be a just and expeditious disposal of the Appeal. At such a hearing, the Referee may adopt any method of proceeding that he considers fair and will not be bound by strict rules of evidence.

10.05 Having considered the Appeal, the Referee shall either:

(a) affirm the decision of the Committee and dismiss the Appeal;
or

(b) order that the Committee reconsider the matter.

10.06 If the Referee affirms the Committee's decision and dismisses the Appeal:

the Referee shall in his decision state his reasons in like manner as that required by Regulation 9.04 above; and

the decision shall be final and binding on the Appellant, the Firm in question and the Scheme; and

the Referee may, in his absolute discretion, determine that all or any part of the costs of the Appeal of either party shall be borne by the Scheme or by the Appellant. The decision to dismiss the Appeal shall thereafter be given in writing to the Appellant and the Firm as soon after determination as is reasonably practicable.

10.07 If the Referee orders that the Committee reconsider the matter he shall inform the parties of the reasons for the referral. The Committee re-considering the Claim:

(a) shall not comprise any members of the Committee which originally considered the Claim;

(b) shall consider the Referee's reasons for referral, but shall not be bound by them in reaching its decision;

(c) shall have all the powers of the Panel of the Committee that originally considered the Claim.

10.08 The decision of the Committee after a referral by the Referee shall be given in writing in like manner as that required by paragraph 9.04 above and as soon as reasonably practicable after its determination and shall be final and binding on the Appellant and on the Firm in question.

10.09 Where the Committee has reconsidered a Claim, the Committee may in its absolute discretion determine that all or any part of the costs of the Appeal (either in relation to consideration by the Referee or in relation to reconsideration by the Committee, or both) of either party shall be borne by the Scheme or by the Appellant and shall in all cases state in writing its reasons for such determination.

PART 11: CO-OPERATION

11.01 A Firm shall co-operate with the Committee or, as the case may be, the Referee in making available all information, books and documents, and shall otherwise render all assistance as is necessary to assist the Committee or the Referee to perform its or his functions under these Regulations.

PART 12: RIGHTS OF RECOVERY

12.01

Notwithstanding any other provision of these Regulations, no sum shall be payable to any Claimant under these Regulations in respect of any Civil Liability unless he has agreed in writing that:-

(a) all or any of his existing and future rights as the Company may require, in respect of that Civil Liability, or in respect of such part of that Civil Liability as may be required by the Company, shall be assigned to and vest in the Company;

(b) he will execute such documents (including any assignment or declaration of trust and under seal if so required by the Company), do such acts and provide such assistance to enable the Company to exercise those rights as the Company may require;

(c) he will pay to the Company any amount which he thereafter receives in respect of those rights after deduction of any amount which the Company would have been required to pay to him under Regulation 12.02;

(d) if there is any prospect of his recovering a sum in excess of the sum paid under these Regulations, the Company, in the exercise of the rights assigned to it pursuant to Regulation 12.01(a) may, in its absolute discretion but without obligation, pursue or compromise a claim based on those rights in respect of such excess sum.

12.02 Any money recovered by the Company pursuant to Regulation 12.01 shall be paid into the Scheme up to the amount of the sum paid to the Claimant plus expenses incurred by the Company in such recovery, and any balance shall be paid to the Claimant. Sums so recovered shall be applied towards the payment of Compensation Costs in the year of recovery and, to the extent that such sums are not exhausted in the year of recovery, in the following and subsequent years. Such sums standing to the credit of the Scheme shall be so applied before making payments from any other sources of finance.

PART 13: INDEMNITY

13.01 The Company, and any member, officer, servant or agent of the Company and any member of the Committee, shall be indemnified out of the Scheme against any liability for anything done or omitted in the discharge or purported discharge of the functions of the Company or the Committee under these Regulations, unless that person is shown to have acted in bad faith in respect of that act or omission; and any amounts payable by virtue of this Regulation shall be treated as Compensation Costs for the financial year of the Scheme in which they are paid.

PART 14: TERMINATION

- 14.01 With the approval of the Financial Conduct Authority and the Central Bank of Ireland, the Scheme may be terminated (whether or not subject to conditions and/or provisions with regard to Claims received but not yet determined prior to such date or with regard to any other matters) by the Company at any time.

PART 15: TRANSITION

- 15.01 These Regulations come into effect on 1 June 2023. Where a Notification is received by the Scheme prior to 1 June 2023 the claim shall be administered in accordance with the Chartered Accountants Compensation Scheme Regulations in force at the time of the Notification.

GLOSSARY

Appeal	an appeal from the determination of a Claim by the Committee.
Appellant	a person who submits a notice of appeal to the Company or conducts an appeal before the Referee from a decision reached by the Committee.
Appointed Representative	a person appointed under the Investment Business Regulations by a Firm as its appointed representative for the purposes of Section 44 of the Financial Services Act 1986.
Civil Liability	<ol style="list-style-type: none">1. Subject to paragraphs 2 to 5 below, a Civil Liability means a liability which:<ol style="list-style-type: none">(a) has arisen; and(b) has caused loss to the Claimant; and(c) has arisen out of the conduct of investment business which was carried on in or from the United Kingdom or the Republic of Ireland by a Firm or its Appointed Representative.2. A liability to account for property of any description, is to be taken as being a Civil Liability only if the property was held in the course of or in connection with the conduct of Investment business.3. Where a Civil Liability is owed to any person acting as agent for one or more other persons, then, without prejudice to the status of the liability owed to the latter, the liability to the agent is not a Civil Liability.4. Where a Civil Liability is owed to two or more persons jointly, being persons not carrying on business together with a view to profit, each of them shall be regarded, for the purpose of these Regulations, as owed his share of the Civil Liability.5. During any such period as is referred to in paragraph 1(c) above:<ol style="list-style-type: none">(a) any loss caused to the claimant as a result solely of the fact that the firm was not Licensed shall not be a Civil Liability;(b) for the purpose of these Regulations a firm shall be regarded as obliged to comply with the Investment Business Regulations of the Institute from which it received authorisation.
Claim	a claim for compensation made under these Regulations.

Claimant	a Client of a Licensed Firm who has submitted a Claim to the Company.
Client	Any person to whom the Firm provided services in relation to investment business. This includes the personal representatives of such a person, but (for the avoidance of doubt and without limitation) shall not include any shareholder or officer in a company which is a Client except to the extent that such person is separately a Client of the Firm. Where services are provided in respect of an estate, trust or pension scheme: - (a) if the sole trustee or personal representative, or if all the trustees or personal representatives, is or are Principal(s) or Employee(s) of the Firm, then any person interested or potentially interested in such estate, trust or pension scheme shall be regarded as a Client of the Firm; and (b) otherwise, the personal representatives or, as the case may be, the trustees (excluding any personal representative or trustee who is a Principal or an Employee of the Firm) in their capacity as such shall be regarded as the "Client" of the Firm.
Committee	the Compensation Committee appointed under Regulation 4.02 or a Panel of such Committee appointed under Regulation 4.03.
Company	Chartered Accountants Compensation Scheme Limited (registration number 2400519) being a private company incorporated under the Companies Act 1985.
Compensation Costs	Any amount paid or payable by the Company to any Claimant and any other cost, charge or expense paid or incurred by the Company in connection with its functions herein.
Employee	An individual who is employed in connection with a Firm's Investment business whether under a contract of service or for services or otherwise and includes (for the avoidance of doubt) a consultant of a Firm.
EURIBOR	the Euro-zone interbank offered rate for three month Euro deposits as shown by the Financial Times or otherwise as determined by the Committee as at the date on which a Claimant becomes entitled to interest under Regulation 8, such rate to be recalculated at three month intervals thereafter.

Exempt regulated activities

Activities which:

- (i) are specified in an order made under section 22 of the FSMA;
- (ii) are not specified in an order made under section 327(6) of the FSMA;
- (iii) are not specified in an order made under Section 328 and 329 of the FSMA;
- (iv) are provided in a manner incidental to the provision of professional services (as defined by the FSMA); and
- (v) arise out of, or are complementary to, the provision of professional services (as defined by the FSMA) to the particular client in question.

Firm

A sole practitioner, partnership, or a body corporate which:

- (a) was authorised by an Institute under the Financial Services Act 1986; or
- (b) is or was licensed by an Institute under the FSMA; or
- (c) is or was authorised by an Institute under the Investment Intermediaries Act 1995.

Insolvency

1. In relation to a partnership, Insolvency arises on:
 - (a) in England and Wales, the making of a winding-up order against the partnership under Part V of the Insolvency Act 1986 as applied by the Insolvent Partnerships Order 1986 Statutory Instrument 2142 of 1986 or on the making of a bankruptcy order in relation to the partnership pursuant to a petition presented under Part 4 of that Order;
 - (b) In Scotland the making of an award of sequestration on the estate of the partnership;
 - (c) In Northern Ireland, the making of a winding-up order against the partnership under Part VI of the Insolvency (Northern) Order 1989 as applied by the Insolvent Partnerships Order (Northern Ireland) 1985 or on the making of a bankruptcy order against the partnership following a petition presented under Part IV of that Order;
 - (d) In the Republic of Ireland the making of an adjudication of bankruptcy against one or more of the partners under the Bankruptcy Act 1988.
2. In relation to a sole practitioner, Insolvency arises on:
 - (a) In England and Wales the making of an interim order or a bankruptcy order against him under Part VIII or Part IX of the Insolvency Act 1986 or a voluntary arrangement in respect of his affairs as approved under Part VIII of that said Act;
 - (b) In Scotland the making of an award of sequestration on his estate or the signature of a trust deed for the behoof of his creditors;
 - (c) In Northern Ireland, the making of an interim order or a bankruptcy order against the practitioner under Part VIII or IX of the Insolvency (Northern Ireland) Order 1989 or when a voluntary arrangement in respect of his affairs is approved under Part VIII of that Order;

- (d) In the Republic of Ireland the making of a bankruptcy order against the practitioner under the Bankruptcy Act 1988 of Ireland.
3. In relation to a corporate practice (and limited liability partnerships insofar as the context permits) which could be wound up in the United Kingdom, Insolvency arises on:
- (a) the approval of a company voluntary arrangement in relation to it under Part I of the Insolvency Act 1986;
 - (b) the making of an Administration Order under Part II of the Insolvency Act 1986 in relation to it;
 - (c) the appointment of an administrative receiver in relation to it;
 - (d) the making of a winding-up order against it;
 - (e) the passing of a resolution for creditors' voluntary winding-up;
 - (f) the holding of a creditors' meeting summoned under section 95 of the Insolvency Act 1986 or Article 541 of the Companies (Northern Ireland) Order 1986.
4. In relation to a corporate practice which could be wound up in the Republic of Ireland, Insolvency arises on :
- (a) the sanction by the court under Section 201 of the Companies Act 1963 of Ireland of a compromise or arrangement between it and its creditors;
 - (b) the appointment of an examiner under the Companies (Amendment Act) 1990 of Ireland in relation to it;
 - (c) the appointment of a receiver in relation to it;
 - (d) the making of a winding-up order against it;
 - (e) the passing of a resolution for a creditors voluntary winding-up;
 - (f) the holding of a creditors meeting summoned under Section 261 of the Companies Act, 1963 of Ireland.
5. In relation to a Firm which could be wound up in any other country, the Firm will be Insolvent if the Committee (or a Panel thereof) is satisfied that an event has occurred which corresponds to any of the conditions referred to in paragraphs 1 to 4 above.
6. Without prejudice to paragraphs 1 to 5 above, a Firm will be Insolvent if the Committee (or a Panel thereof) is satisfied that it cannot be traced, is a sole practitioner who has died, or is a partnership which has been dissolved;

and "Insolvent" shall be construed accordingly.

7. Without prejudice to the foregoing, a Firm will also be deemed to be Insolvent if the Central Bank of Ireland makes a determination under Section 31(3) of the Investor Compensation Act 1998 that the Firm is unable for the time being, for reasons which are directly related to its financial circumstances, to meet its obligations arising from claims by clients and to have no reasonably foreseeable opportunity of being able to do so.

The Institutes The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Accountants of Scotland and The Institute of Chartered Accountants in Ireland, and "Institute" means any one of them.

Investment Business

1. In respect of business carried on before 1 December 2001 investment business is as defined by Section 1 of the Financial Services Act 1986 or by Section 1(2) of the Investment Intermediaries Act 1995 (as the case may be).
2. In respect of business carried on after 1 December 2001 any reference to investment business is a reference to exempt regulated activities, or to investment business as defined by Section 1(2) of the Investment Intermediaries Act 1995 (as the case may be), or
3. Where the Committee is satisfied:
 - (a) that the Claimant placed funds with the Firm for the purpose of investment business; and
 - (b) that the Firm agreed to conduct the said investment business on behalf of the Claimant; and
 - (c) that the Claimant reasonably believed that the said investment business had been conducted or was to be conducted on his behalf; and
 - (d) that the said investment business had not, in fact, been conducted by the Firm;

then the Committee may determine that investment business has been conducted for the purpose of these Regulations.

Investment Business Regulations

The Investment Business Regulations or Investment Business Bye-laws (made under the Financial Services Act 1986) of the respective Institutes including (for the avoidance of doubt and where applicable) any Rules made pursuant to the FSMA and the Investment Intermediaries Act 1995.

LIBOR

the London inter bank offered rate for three months sterling deposits as shown by the Financial Times or otherwise as determined by the Committee as at the date on which a Claimant becomes entitled to interest under Regulation 8, such rate to be recalculated at three monthly intervals thereafter.

Non-Accountant	a person who is not a member or affiliate of any of the Institutes, the Chartered Association of Certified Accountants, nor a member or affiliate of any other accountancy body.
Notification	written notification by the Claimant (or the Claimant's representatives) sent to the Scheme that there are or may be circumstances giving rise to a Claim.
Panel	a panel appointed by the Committee under Regulation 4.03.
Principal	a sole practitioner or any partner in or director of a Firm.
Professional Investor	a person who carries on business which is investment business, or which would be investment business but for the provisions of paragraph 17(4) or paragraph 23 of Schedule 1 of the Financial Services Act 1986 (including a person treated as carrying on investment business by virtue of Section 191 of the said Act) and for whom services are provided by a Firm in the course of such person's carrying on that business.
Referee	a Queen's Counsel or Senior Counsel nominated under Regulation 10.03.
Scheme	the Chartered Accountants Investment Business Compensation Scheme administered by the Company.

Our role as an improvement regulator

Our role is to strengthen trust in ICAEW Chartered Accountants and firms. We do this by enabling, evaluating and enforcing the highest standards in the profession.

ICAEW's regulatory and conduct roles are separated from ICAEW's other activities so that we can monitor, support or take steps to ensure change if standards are not met. These roles are carried out by the Professional Standards Department (PSD) and overseen by the ICAEW Regulatory Board (IRB).

Our role is to:

- **authorise** ICAEW firms, members and affiliates to undertake work regulated by law: audit, local audit, investment business, insolvency and probate;
- **support** the highest professional standards in general accountancy practice through our Practice Assurance scheme;
- **provide** robust anti-money laundering supervision and monitoring;
- **monitor** ICAEW firms and insolvency practitioners to ensure they operate correctly and to the highest standards;
- **investigate** complaints and hold ICAEW firms and members to account where they fall short of standards;
- **respond** and comment on proposed changes to the law and regulation; and
- **educate** through guidance and advice to help stakeholders comply with laws, regulations and professional standards.

Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 198,500 members and students around the world. 99 of the top 100 global brands employ our ICAEW Chartered Accountants.*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor around 12,000 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is the first major professional body to be carbon neutral, demonstrating our commitment to tackle climate change and supporting UN Sustainable Development Goal 13.

ICAEW is a founding member of Chartered Accountants Worldwide (CAW), a global family that connects over 1.8m chartered accountants and students in more than 190 countries. Together, we support, develop and promote the role of chartered accountants as trusted business leaders, difference makers and advisers.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

www.charteredaccountantsworldwide.com
www.globalaccountingalliance.com

ICAEW

Metropolitan House
321 Avebury Boulevard
Milton Keynes
MK9 2FZ
UK

T +44 (0)1908 248 250
E contactus@icaew.com
icaew.com/regulation

*includes parent companies. Source: ICAEW member data at 27 July 2022, Interbrand, Best Global Brands 2021

© ICAEW 2023

