

**PRUDENTIAL SOURCEBOOK FOR MORTGAGE AND HOME FINANCE FIRMS,  
AND INSURANCE INTERMEDIARIES (USE OF INTERMEDIARIES)  
INSTRUMENT 2008**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
  - (2) section 156 (General supplementary powers); and
  - (3) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 6 April 2008.

**Amendments to the Handbook**

- D. The Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU) is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Prudential Sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (Use of Intermediaries) Instrument 2008.

By order of the Board  
27 March 2008

## Annex

### Amendments to the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)

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

#### Use of intermediaries

- 5.2.1 R A *firm* must not use, or propose to use, the services of another person consisting of:
- (1) *insurance mediation*; or
  - (2) *insurance mediation activity*; or
  - (3) *home finance mediation activity*;
- unless ~~two conditions are~~ MIPRU 5.2.2R is satisfied.
- 5.2.1A G The FSA regards a *firm* as ‘using’ the services of, in particular, its immediate counterparty (typically the intermediary that passed the business to the *firm*) and of all other *persons* who have been granted the right or authority directly by the *firm* to effect a *contract of insurance* or *enter into a home finance transaction*.
- 5.2.2 R For the purposes of MIPRU 5.2.1R, The first condition is that the the person, in relation to the activity must:
- (1) ~~has~~ have permission; or
  - (2) ~~is~~ be an *exempt person*; or
  - (3) ~~is~~ be an *exempt professional firm*; or
  - (4) ~~is~~ be registered in another *EEA State* for the purposes of the *Insurance Mediation Directive*; or
  - (5) in relation to *insurance mediation activity*, ~~is not~~ be carrying this activity on in the *EEA*; or
  - (6) in relation to *home finance mediation activity*, ~~is not~~ be carrying this activity on in the *United Kingdom*.
- ...
- 5.2.4 R ~~The second condition is that the *firm* takes all reasonable steps to ensure that the person that it uses in relation to the activity, is not, directly or indirectly, carrying out the activity as a consequence of the activities of another person~~

which:

- (1) ~~contravene section 19 of the Act (The general prohibition); or~~
- (2) ~~in the case of activities provided from an establishment in an EEA State, contravene the Insurance Mediation Directive registration requirements.~~

~~[Note: Article 3(6) of the Insurance Mediation Directive] [deleted]~~

- 5.2.5 R ~~In order to comply with the second condition, a firm may rely on a confirmation provided by the other person in writing if:~~
- (1) ~~the confirmation is provided by a person that satisfies the first condition;~~
  - (2) ~~the firm checked that this is the case; and~~
  - (3) ~~the firm is not aware that the confirmation is inaccurate and has no grounds for reasonably being aware that the confirmation is inaccurate.~~  
~~[deleted]~~