

# UK financial services, regulation and ethics

## CF1 Web update 1: 3 December 2014

Please note the following update (amendments in **bold**) to your copy of the July 2014 edition of the CF1 study text.

### Chapter 1, section A2, page 1/3

Please amend the opening sentence of the first paragraph to read as follows:

Its main way of achieving this is to act as a financial institution in its own right and issue fixed interest investments via the **Debt Management Office (on behalf of HM Treasury)**.

### Chapter 3, section B3A, page 3/5

Please amend the paragraph below the final bullet list to read as follows:

The tax treatment of open-ended investment company funds and their investors' proceeds is identical to that for unit trusts and investment trusts. **The funds are not subject to capital gains tax (CGT) on internal gains but the investor will be liable for CGT on gains they make when they sell their shares (or units with a unit trust)**. The taxation of the income will depend on whether the trust is classed as a fixed interest or equity based investment. Funds with an underlying investment of more than 60% in fixed interest investments will be subject to savings tax on income distributions. Funds with less than 60% in fixed interest investments are classed as equity based and will be subject to dividend taxation on income distributions.

### Chapter 4, section B4A, page 4/11

Please delete the following paragraph (top of the page):

The underwriting considerations for income protection policies are quite different from life assurance policies. Life assurance is based on the study of mortality, that is – the length of time someone is likely to live. As women statistically live longer than men the cost of life assurance is less than for men. With income protection policies the underwriting is based on morbidity – the rate of incidence of disease or medical problem. Women statistically suffer more ill health than men so their morbidity rating is higher, resulting in typically higher costs for income protection insurance.