

## Chapter 12

Financial resources requirements for operators of electronic systems in relation to lending.

## 12.2 FINANCIAL RESOURCES REQUIREMENTS

### General solvency requirement

12.2.1 **R** A *firm* must at all times be able to meet its liabilities as they fall due.

### General financial resource requirement

12.2.2 **R** A *firm* must ensure that at all times its **financial resources** are not less than its **financial resources requirement**.

### Financial resources requirement: firms carrying on other regulated activities

12.2.3 **R** The **financial resources requirement** for a *firm* carrying on one or more regulated activities in addition to operating an electronic system in relation to lending, is the higher of:

- (1) the **financial resources requirement** which is applied by this chapter; and
- (2) the financial resources or own funds requirement which is applied by another *rule* or by directly applicable legislation of the *UK* to the *firm*.

### Financial resources requirement

12.2.4 **R** On its *accounting reference date* in each year, a *firm* must calculate:

- (1) the total value of *loaned funds* outstanding on that date; and
- (2) the sum of:
  - (a) 0.2% of the first £50 million of that total value;
  - (b) 0.15% of the next £200 million of that total value;
  - (c) 0.1% of the next £250 million of that total value; and
  - (d) 0.05% of any remaining total value.

12.2.5 **R** The total value of *loaned funds* outstanding is the total amount of funds that are currently being provided to borrowers under *P2P agreements* through an *operator of an electronic system in relation to lending*.

12.2.6 **R** The **financial resources requirement** for a *firm* to which this chapter applies is the higher of:

- (1) £50,000; and
- (2) the sum calculated in accordance with **■ IPRU-INV 12.2.4R(2)** for the period until (subject to **■ IPRU-INV 12.2.9R**) its next *accounting reference date*.

12.2.7 **R** To determine a *firm's financial resources requirement* for the period beginning on the date on which it obtains a *Part 4A permission* and ending on the *day* before its next *accounting reference date*, the *firm* must carry out the calculation in **■ IPRU-INV 12.2.4R(2)** on the basis of the total value of *loaned funds* the *firm* projects will be outstanding on the *day* before its next *accounting reference date*.

### Determining the financial resources requirement

12.2.8 **G** If the *firm* has 30,000 individuals each lending £100,000, the total value of the *firm's loaned funds* outstanding is £3,000,000,000. If the *firm* does not carry on any other *regulated activity* to which another higher financial resources or own funds requirement applies, its **financial resources requirement** is £1,900,000. This is calculated as follows:

- (1)  $0.2\% \times £50,000,000 = £100,000$ ;
- (2)  $0.15\% \times £200,000,000 = £300,000$ ;
- (3)  $0.1\% \times £250,000,000 = £250,000$ ;
- (4)  $0.05\% \times £2,500,000,000 = £1,250,000$ .

### Recalculating the financial resources requirement

12.2.9 **R** If the *firm* experiences a greater than 25% increase in the total value of loaned funds outstanding compared to the value used in its last **financial resources requirement** calculation, it must recalculate its **financial resources requirement** using the higher total value of loaned funds outstanding.

12.2.10 **R** A *firm* must notify the FCA of any change, or any likely change, in its **financial resources requirement** within 14 days of that change, or it becoming aware that the change is likely, whichever is the earlier.