

## Chapter 14

# Chapter 14 Consolidated Supervision for Investment Businesses

## 14.4 GROUP FINANCIAL RESOURCES

- 14.4.1** **R** A *firm* must calculate its *group financial resources* on the basis of the consolidated accounts of the relevant group, subject to the adjustments in rule 14.4.2 and on the basis specified in rule 14.4.3.
- 14.4.2** **R**
- (1) If more than one *firm* in the group is subject to the rules of this chapter, *group financial resources* are defined according to the relevant rules applicable to the main *firm* in the group to which this chapter applies, with Tier 1 minority interests being allowed as Group Tier 1 capital and Tier 2 minority interests being allowed as Group Tier 2 capital.
  - (2) In calculating the *group financial resources*, deductions should be made for intangible assets, material unaudited losses incurred since the balance sheet date and investments in own shares.
  - (3) *Material holdings* and *material insurance holdings* must be recalculated on a group basis and deducted in arriving at the *group financial resources*.
- 14.4.3** **R** Financial resources will be defined based upon the main *firm* in the group to which this chapter applies as follows:
- (1) if a *broad scope securities and futures firm* (excluding a *venture capital firm*), Table 3-61R;
  - (2) [Deleted]
  - (3) [Deleted]
  - (4) [deleted]
  - (5) [deleted]
- 14.4.4** **G**
- (1) The *FCA* interprets 'main' by reference to the share of the *firm's* business in the group, its contribution to the group's balance sheet (measured on the basis of total assets) or profit and loss statement (measured on the basis of gross income).

- (2) The form in SUP 16 Ann 19 R, together with the guidance in
  - SUP 16 Ann 20 G, shows the mechanics of the calculation.

**14.4.5**

**G**

A firm may apply for a *waiver of rule 14.4.1* to permit an aggregation approach to determine *group financial resources*. Any *waiver* application should guarantee future compliance with any relevant own funds limit.