

## Chapter 3

# Cross sector groups



## 3.2 Third-country groups

### Application

**3.2.1** **R** ■ GENPRU 3.2 applies to every *firm* that is a member of a *third-country group*. But it does not apply to:

- (1) [deleted]
- (2) [deleted]
- (3) [deleted]
- (4) an *ICVC*; or
- (5) a *bank*; or
- (6) a *designated investment firm*; or
- (7) an *insurer*.

**3.2.1A** **R** ■ GENPRU 3.2.9R (Supervision by analogy: rules for third-country banking and investment groups) applies in relation to an *investment firm* that falls within the definition of “investment firm” in article 4(1)(2) of the *UK CRR*.

- (1) [deleted]
- (2) [deleted]

### Purpose

**3.2.2** **G** ■ GENPRU 3.2 implemented requirements that corresponded in part to article 18 of the *Financial Groups Directive*, article 127 of the *CRD* and (in relation to *BIPRU firms*) article 143 of the *BCD*.

### Equivalence

**3.2.3** **G** The first question that must be asked about a *third-country group* is whether the *UK regulated entities* in that *third-country group* are subject to supervision by a *third-country competent authority*, which is equivalent to that provided for in ■ GENPRU 3 (in the case of a *financial conglomerate*) or the *UK prudential sectoral legislation* for the *banking sector*, the *CRR investment services sector* or the *MIFIDPRU investment services sector* (in the case of a *banking and investment group*).

**Other methods: General**

- 3.2.4 **G** If the supervision of a *third-country group* by a *third-country competent authority* does not meet the equivalence test referred to in ■ GENPRU 3.2.3 G, the methods set out in *MIFIDPRU* or the *UK* provisions which implemented the *CRD* and *UK CRR* will apply. Alternatively, the *FCA* may apply other methods that ensure appropriate supervision of the *UK regulated entities* in that *third-country group* in accordance with the aims of supplementary supervision in ■ GENPRU 3 or consolidated supervision under the applicable *UK prudential sectoral legislation*.

**Supervision by analogy: introduction**

- 3.2.5 **G** If the supervision of a *third-country group* by a *third-country competent authority* does not meet the equivalence test referred to in ■ GENPRU 3.2.3 G, the *FCA* may, rather than take the measures described in ■ GENPRU 3.2.4 G, apply, by analogy, the provisions concerning supplementary supervision in ■ GENPRU 3 or, as applicable, consolidated supervision under the applicable *UK prudential sectoral legislation*, to the *UK regulated entities* in the *banking sector*, *CRR investment services sector*, *MIFIDPRU investment services sector* and (in the case of a *financial conglomerate*) *insurance sector*.

- 3.2.6 **G** The *FCA* believes that it will only be right to adopt the option in ■ GENPRU 3.2.5 G in response to very unusual group structures.

- 3.2.7 **G** ■ GENPRU 3.2.8 R and ■ GENPRU 3.2.9 R and ■ GENPRU 3 Annex 2 set out *rules* to deal with the situation covered in ■ GENPRU 3.2.5 G. Those *rules* do not apply automatically. Instead, they can only be applied with respect to a particular *third-country group* through the *Part 4A permission* of a *firm* in that *third-country group*.

**Supervision by analogy: rules for third-country conglomerates**

- 3.2.8 **R** If the *Part 4A permission* of a *firm* contains a *requirement* obliging it to comply with this *rule* with respect to a *third-country financial conglomerate* of which it is a member, it must comply, with respect to that *third-country financial conglomerate*, with the *rules* in Part 1 of ■ GENPRU 3 Annex 2, as adjusted by Part 3 of that annex.

**Supervision by analogy: rules for third-country banking and investment groups**

- 3.2.9 **R** If the *Part 4A permission* of a *firm* contains a *requirement* obliging it to comply with this *rule* with respect to a *third-country banking and investment group* of which it is a member, it must comply, with respect to that *third-country banking and investment group*, with the *rules* in Part 2 of ■ GENPRU 3 Annex 2, as adjusted by Part 3 of that annex.