

Chapter 3

Cross sector groups



3.2 Third-country groups

Application

- 3.2.1R■ 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*.

- 3.2.1AR■ 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

- 3.2.2G■ 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

- 3.2.3GThe 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.