

## General Prudential sourcebook

### GENPRU TP 8

### Miscellaneous capital resources definitions for BIPRU firms

			<b>Application</b>
8.1	R		This section applies to a <i>BIPRU firm</i> .
[FCA]			
8.2	R		Any provision of this section that applies on a consolidated basis under <i>GENPRU TP 8.3R</i> applies to any <i>firm</i> to which <i>BIPRU 8 (Group risk - consolidation)</i> applies.
[FCA]			
			<b>Consolidation</b>
8.3	R		A provision of this section applies on a consolidated basis for the purpose of <i>BIPRU 8 (Group risk -consolidation)</i> to the extent that, and in the same way that, the provision in <i>BIPRU</i> to which it relates applies on a consolidated basis.
[FCA]			
			(2) the <i>building society</i> issued it before 18 November 2004; and
			<b>Preference shares</b>
8.7	R		A <i>BIPRU firm</i> may treat a <i>preference share</i> as eligible for inclusion within stage B of the <i>capital resources table</i> (Perpetual non-cumulative preference shares) if it would not otherwise be eligible if:
[FCA]			
		(1)	on 31 December 2006 the <i>firm</i> was subject to <i>IPRU(INV)</i> ;
		(2)	the <i>firm</i> issued it on or before 31 December 2006;
		(3)	as at 31 December 2006 the <i>firm</i> included it, and was entitled to include it, in the calculation of its capital resources under <i>IPRU(INV)</i> as capital of a type that corresponded to <i>tier one capital resources</i> ;
		(4)	it would have been eligible for inclusion within stage B of the <i>capital resources table</i> except for the fact that it does not meet <i>GENPRU 2.2.64 R (4)(b)</i> (Restrictions on mandatory <i>coupons</i> for <i>tier one capital</i> ) or <i>GENPRU 2.2.109 R (1)</i> (Restrictions on mandatory <i>coupons</i> for perpetual non-cumulative <i>preference shares</i> ) or both of those rules;
		(5)	the only reason that it does not meet <i>GENPRU 2.2.64 R (4)(b)</i> or <i>GENPRU 2.2.109 R (1)</i> is because a mandatory cash <i>coupon</i> is payable;
		(6)	the <i>firm</i> has the right not to pay the cash <i>coupon</i> if it is in breach of any of the <i>main BIPRU firm Pillar 1 rules</i> or to the extent that paying such <i>coupon</i>

			would result in a breach of any of those <i>rules</i> ; and
		(7)	any amount not paid under (6) does not accumulate.
8.9	R		<b>Upper tier 2 instruments: Deferral of interest</b>
[FCA]			A BIPRU firm may treat a <i>capital instrument</i> as eligible for inclusion within stage G of the <i>capital resources table</i> (Upper tier two capital) if it would not otherwise be eligible if:
		(1)	on 31 December 2006 the <i>firm</i> was subject to IPRU(INV);
		(2)	the <i>firm</i> issued it on or before 31 December 2006;
		(3)	as at 31 December 2006 the <i>firm</i> included it, and was entitled to include it, in the calculation of its capital resources under IPRU(INV) as capital of a type that corresponded to <i>upper tier two capital resources</i> ;
		(4)	it would have been eligible for inclusion within stage G of the <i>capital resources table</i> except for the fact that it does not meet GENPRU 2.2.177 R (2);
		(5)	the only reason that it does not meet GENPRU 2.2.177 R (2) is because a mandatory <i>cash coupon</i> is payable; and
		(6)	the <i>firm</i> has the right not to pay the <i>cash coupon</i> if it is in breach of any of the <i>main BIPRU firm Pillar 1 rules</i> or to the extent that paying such <i>coupon</i> would result in a breach of any of those <i>rules</i> .
8.11	R		<b>Conversion ratio</b>
[FCA]			GENPRU 2.2.138 R (2) (Tier one capital: Conversion ratio) does not apply to a <i>capital instrument</i> issued by a <i>firm</i> if:
		(1)	on 31 December 2006 the <i>firm</i> was subject to IPRU(INV);
		(2)	the <i>firm</i> issued it on or before 31 December 2006; and
		(3)	as at 31 December 2006 the <i>firm</i> included it, and was entitled to include it, in the calculation of its capital resources under:
		(a)	[deleted]
		(b)	IPRU(INV) as capital of a type that corresponded to <i>tier one capital</i> .
8.12	R		<b>Legal opinions</b>
[FCA]			GENPRU 2.2.118 R (Legal opinions for <i>innovative tier one capital</i> ) does not apply to a <i>capital instrument</i> issued by a <i>firm</i> if:
		(1)	on 31 December 2006 the <i>firm</i> was subject to IPRU(INV);

		(2)	the <i>firm</i> issued the <i>capital instrument</i> on or before 31 December 2006; and
		(3)	[deleted]
		(4)	the <i>firm</i> included the <i>capital instrument</i> , and was entitled to include it, in the calculation of its capital resources under <i>IPRU(INV)</i> as capital of a type that corresponded to <i>tier one capital</i> .
8.13	R	The following <i>rules</i> :	
[FCA]		(1)	GENPRU 2.2.159 R (12) (Legal opinions for <i>tier two capital</i> );
		(2)	GENPRU 2.2.163 R (Legal opinions for <i>tier two capital</i> governed by a foreign law);
		(3)	GENPRU 2.2.181 R (Legal opinions for <i>upper tier two capital</i> ); and
		(4)	GENPRU 2.2.244 R (Application of certain <i>rules</i> about <i>tier two capital</i> to <i>tier three capital</i> ) so far as it applies the <i>rules</i> in (1) to (3);
		do not apply to a <i>capital instrument</i> issued by a <i>firm</i> if:	
		(5)	on 31 December 2006 the <i>firm</i> was subject to <i>IPRU(INV)</i> ;
		(6)	the <i>firm</i> issued the <i>capital instrument</i> on or before 31 December 2006; and
		(7)	as at 31 December 2006 the <i>firm</i> included the <i>capital instrument</i> , and was entitled to include it, in the calculation of its capital resources under <i>IPRU(INV)</i> as capital of the type that corresponds to:
		(a)	(where the <i>firm</i> disappplies the <i>rule</i> in (1) or (2)) <i>tier two capital</i> ; or
		(b)	(where the <i>firm</i> disappplies the <i>rule</i> in (3)) <i>upper tier two capital</i> ; or
		(c)	(where the <i>firm</i> disappplies the <i>rule</i> in (4)) <i>tier three capital</i> .
		<b>Version of IPRU</b>	
8.14	R	Any reference in this section to a type of capital in <i>IPRU</i> is to a type of capital in <i>IPRU</i> in the form <i>IPRU</i> was in on 31 December 2006.	
[FCA]		<b>Eligibility</b>	
8.15	G	If this section says that an item of capital is eligible for inclusion within a particular stage of the <i>capital resources table</i> this is still subject to the application of the <i>capital resources gearing rules</i> .	
[FCA]		<b>Waivers and concessions</b>	

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8.16 [FCA]	G	<p>A reference to a <i>firm</i> being entitled to include <i>capital instruments</i> in the calculation of its capital resources under <i>IP-RU(INV)</i> at a particular level includes the <i>firm</i> being able to do this under a <i>waiver</i>.</p> <p><b>Combinations of provisions</b></p>
8.17 [FCA]	G	<p>A <i>firm</i> may combine the use of two or more of the provisions in this section.</p>