

**MULTILATERAL DEVELOPMENT BANK DEFINITION (AMENDMENT)
INSTRUMENT 2004**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 156 (General supplementary powers); and
 - (3) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 October 2004.

Amendments to the Handbook

- D. The modules of the FSA's Handbook listed in column (1) are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Interim Prudential sourcebook for Banks (IPRU(BANK))	Annex A
Interim Prudential sourcebook for Building Societies (IPRU(BSOC))	Annex B
Interim Prudential sourcebook for Investment Businesses (IPRU(INV))	Annex C
Glossary of definitions	Annex D

Citation

- E. This instrument may be cited as the Multilateral Development Bank Definition (Amendment) Instrument 2004.

By order of the Board
16 September 2004

Annex A

Amendments to the Interim Prudential sourcebook for Banks

In this Annex, underlining indicates new text and striking through indicates deleted text.

Amend IPRU(BANK), Volume 1, Chapter BC Section 3.2.4 paragraph 6(a) as follows:

(a) asset items constituting claims on ~~multilateral development banks~~ multilateral development banks as defined in the Handbook Glossary and claims guaranteed by or collateralised by the securities issued by these institutions;

a) ~~[deleted] The following institutions, as set out in The Banking Consolidation Directive (formerly the SRD) and subsequent amendments, are considered as multilateral development banks:~~

- ~~i) African Development Bank (AfDB);~~
- ~~ii) Asian Development Bank (AsDB);~~
- ~~iii) Caribbean Development Bank (CDB);~~
- ~~iv) Council of Europe Development Bank~~
- ~~v) European Bank for Reconstruction and Development (EBRD);~~
- ~~vi) European Investment Bank (EIB);~~
- ~~vii) European Investment Fund (EIF);~~
- ~~viii) Inter American Development Bank (IADB);~~
- ~~ix) Inter American Investment Corporation (IAIC);~~
- ~~x) International Bank for Reconstruction and Development (IBRD) including International Finance Corporation (IFC); and~~
- ~~xi) Nordic Investment Bank (NIB).~~

...

Amend IPRU(BANK), Volume 1, Chapter TI Section 5.2 paragraph 4(b) as follows:

(b) it is a security issued by, or fully collateralised by claims on, a multilateral development bank as defined in the Handbook Glossary ~~listed in the Solvency Ratio Directive.~~

~~a) For the list of qualifying multilateral development banks, see the relevant chapter.~~

Amend IPRU(BANK), Volume 1, Chapter TI paragraph 46G (as inserted by the Interim Prudential Sourcebook for Banks (Market Risk) Instrument 2004) as follows:

46 G A debt security is a *qualifying debt security* if:

(1)...

(2) it is issued by, or fully guaranteed by:

(a)...

(b) a multilateral development bank ~~listed in 3.2.4 of chapter BC~~ as defined in the Handbook Glossary;

...

Annex B

Amendments to the Interim Prudential sourcebook for Building Societies

In this Annex, underlining indicates new text and striking through indicates deleted text.

Amend IPRU(BSOC), Volume 1, Annex 1B, 1B.4.1 (6) as follows:

Securities issued or guaranteed by multilateral development banks as defined in the Handbook Glossary (~~International Bank for Reconstruction and Development, International Finance Corporation, Inter-American Development Bank, Asian Development Bank, African Development Bank, Caribbean Development Bank, European Investment Bank, European Bank for Reconstruction and Development, Nordic Investment Bank, Council of Europe Resettlement Fund, European Investment Fund and Inter-American Investment Corporation~~).

Annex C

Amendments to the Interim Prudential sourcebook for Investment Businesses

In this Annex, underlining indicates new text and striking through indicates deleted text.

Amend IPRU(INV), Chapter 3 (Financial resources for Securities and Futures Firms which are not Investment Firms) Appendix 35 Part 2 as follows:

PART 2

List of Supranational Organisations

a multilateral development bank;

~~The African Development Bank;~~

~~The Asian Development Bank;~~

The Bank for International Settlements;

~~The Caribbean Development Bank;~~

The Council of Europe;

Euratom (The European Atomic Energy Community);

Eurofina (The European Company for Financing of Railroad Rolling Stock);

~~The European Bank for Reconstruction and Development;~~

The European Coal and Steel Community;

The European Economic Community;

~~The European Investment Bank;~~

~~The Inter-American Development Bank;~~

~~The International Bank for Reconstruction and Development (World Bank);~~

~~The International Finance Corporation;~~

The International Monetary Fund.;

~~The Nordic Investment Bank.~~

...

Amend IPRU(INV), Chapter 5 (Interim Prudential Requirements for Former IMRO Firms), Appendix 1 as follows:

exempt exposure means an exposure:

...

(1) secured by marketable securities provided that such collateral exceeds the market value of the *exposure* by 150 per cent in the case of transactions relating to shares and by 50 per cent in relation to debt securities issued by a *credit institution*, a *member state* regional or local authority; or a multilateral development bank ~~the EIB, the IBRD, the IFC, the IADB, the Asian and African Development Banks, the Council of Europe Resettlement Fund, the Nordic Investment Bank and the Caribbean Development Bank.~~

Amend IPRU(INV), Chapter 10 (Financial resources for Securities and Futures Firms which are Investment Firms), Appendix 1 as follows:

multilateral development bank means ~~African Development Bank, Asian Development Bank, Caribbean Development Bank, Council of Europe Resettlement Fund, European Bank for Reconstruction and Development, European Investment Bank, Inter American Development Bank, International Finance Corporation, International Bank for Reconstruction and Development (IBRD) and Nordic Investment Bank (NIB);~~

...

qualifying debt security means a debt security which –

(1) (a) ...

(b) is issued or fully guaranteed by –

...

(vii) one of the following organisations -

- ~~a *multilateral development bank*;~~
- ~~The African Development Bank;~~
- ~~The Asian Development Bank;~~
- The Bank for International Settlements;
- ~~The Caribbean Development Bank;~~
- The Council of Europe;
- Euratom (European Atomic Energy Community);
- Eurofina (European Company for Financing of Railroad Rolling Stock);
- ~~The European Bank for Reconstruction and Development;~~
- The European Coal and Steel Community;
- The European Economic Community;
- ~~The European Investment Bank;~~
- ~~The Inter American Development Bank;~~
- ~~The International Bank for Reconstruction and Development (World Bank);~~
- ~~The International Finance Corporation;~~
- The International Monetary Fund;
- ~~The Nordic Investment Bank;~~

Amend IPRU(INV), Chapter 10 (Financial resources for Securities and Futures Firms which are Investment Firms), Appendix 35 Part 2 as follows:

PART 2

List of Supranational Organisations

a multilateral development bank;

~~The African Development Bank;~~

~~The Asian Development Bank;~~

The Bank for International Settlements;

~~The Caribbean Development Bank;~~

The Council of Europe;

Euratom (The European Atomic Energy Community);

Eurofina (The European Company for Financing of Railroad Rolling Stock);

~~The European Bank for Reconstruction and Development;~~

The European Coal and Steel Community;

The European Economic Community;

~~The European Investment Bank;~~

~~The Inter American Development Bank;~~

~~The International Bank for Reconstruction and Development (World Bank);~~

~~The International Finance Corporation;~~

The International Monetary Fund;

~~The Nordic Investment Bank.~~

Amend IPRU(INV), Chapter 13 (Financial Resource Requirements for Personal Investment Firms) Appendix 13(1) as follows:

qualifying debt security a debt security which –

(a) ...

(iv) one of the following organisations:

- ~~a *multilateral development bank*;~~
- ~~The African Development Bank;~~
- ~~The Asian Development Bank;~~
- ~~The Caribbean Development Bank;~~
- ~~The Council of Europe;~~
- ~~The European Bank for Reconstruction and Development;~~
- ~~The European Investment Bank;~~
- ~~The Inter-American Development Bank;~~
- ~~The International Bank for Reconstruction and Development (World Bank);~~
- ~~The International Finance Corporation;~~
- ~~The Nordic Investment Bank;~~

...

Annex D

Amendments to the Glossary

In this Annex, underlining indicates new text and striking through indicates deleted text.

Amend the following definition as shown:

multilateral development bank (~~in ELM~~) any of the following:
African Development Bank (AfDB)
Asian Development Bank (ASB)
Caribbean Development Bank (CDB)
Council of Europe Development Bank
European Bank for Reconstruction & Development (EBRD)
European Investment Bank (EIB)
European Investment Fund (EIF)
Inter-American Development Bank (IADB)
Inter-American Investment Corporation (IAIC)
International Bank for Reconstruction & Development (IBRD) including International Financial Corporation (IFC)
Multilateral Investment Guarantee Agency (MIGA)
Nordic Investment Bank (NIB)