

**CONSOLIDATED SUPERVISION (MISCELLANEOUS AMENDMENTS)  
INSTRUMENT 2005**

**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 June 2005.

**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)
Glossary of definitions	Annex A
Integrated Prudential Sourcebook (PRU)	Annex B
Interim Prudential sourcebook for Investment Businesses (IPRU(INV))	Annex C

**Citation**

- E. This instrument may be cited as the Consolidated Supervision (Miscellaneous Amendments) Instrument 2005.

By order of the Board  
21 April 2005

## Annex A

### Amendments to the Glossary of definitions

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

*sectoral rules* ...

(g) (in relation to the *insurance sector*) references in this definition to consolidated supervision are to supplementary supervision, similar expressions being interpreted accordingly; ~~and~~

...

(h) references to the *FSA's sectoral rules* are to *sectoral rules* in the form of *rules*; and

(i) (for the purpose of calculating *solo capital resources* and a *solo capital resources requirement*) the following *undertakings* are not subject to *sectoral rules* for the purposes of paragraphs 6.2, 6.3, 6.5 or 6.6 of *PRU 8 Ann 1R* as the case may be and instead fall under paragraph 6.7 of *PRU 8 Ann 1R* (Solo capital resources requirement: other members):

(i) a *regulated entity* that is incorporated in, and has its head office in, one of the states or territories referred to in paragraph 6.5 of Part 6 of *PRU 8 Ann 1R* (Solo capital resources requirement: non-EEA firms subject to equivalent regimes), a *UK domestic firm* or an *EEA regulated entity* if it has an exemption from the *sectoral rules* referred to in paragraphs 6.2, 6.3 or 6.6 of *PRU 8 Ann 1R* as the case may be; and

(ii) a *regulated entity* that is incorporated in, and has its head office in, one of the states or territories referred to in paragraph 6.5 of Part 6 of *PRU 8 Ann 1R* if it is not subject to requirements that are equivalent to *EEA prudential sectoral legislation* applicable to its *financial sector*.

...

*solo capital resources requirement*

(for the purpose of *PRU 8* (Group risk)) a capital resources requirement calculated on a solo basis as defined in paragraphs 6.2-6.9 of *PRU 8 Ann 1R* (Solo capital resources requirement: ~~the insurance sector~~).

## Annex B

### Amendments to the Integrated Prudential sourcebook

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

Amend Part 6 of PRU 8 Ann 1R as follows:

...	...	...
Solo capital resources requirement: other members	6.7	<p>The <i>solo capital resources requirement</i> for:</p> <p>(1) <u>any of the following:</u></p> <p>(a) <u>a UK domestic firm;</u></p> <p>(b) <u>an EEA regulated entity; or</u></p> <p>(c) <u>a regulated entity that is incorporated in and has its head office in one of the states or territories referred to in paragraph 6.5;</u></p> <p><u>that is not subject to the solo capital adequacy sectoral rules referred to in paragraph 6.2, 6.3 or 6.6 (including in a case in which this paragraph applies under paragraph (i) of the definition of sectoral rules); and</u></p> <p>(2) any member of a <i>financial conglomerate</i> in the <i>overall financial sector</i> <u>otherwise</u> not treated under paragraphs 6.2 to 6.6;</p> <p>is a notional capital requirement. It is the capital resources requirement that would apply to it under the following <i>rules</i>:</p> <p>(<del>13</del>) (in the case of an <i>asset management company</i>) the <i>rules</i> in Chapter 7 of <i>IPRU(INV)</i>; and</p> <p>(<del>24</del>) (in any other case) the <i>rules</i> applicable to its <i>financial sector</i> under the table in paragraph 6.8.</p>

## Annex C

### Amendments to the Interim Prudential sourcebook for Investment Businesses

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

IPRU(INV), Chapter 14 (Consolidated supervision for investment businesses)

...

14.2.4(1) G *A firm's parent is a financial holding company if it is either a financial institution or a securities and futures firm that is subject to the financial rules in Chapter 3 and that is a broad scope firm (but not a venture capital firm) and if its subsidiary undertakings carryies out mainly listed activities, activities of a credit institution or activities undertaken by a Chapter 3 broad scope firm or if its main business is to acquire holdings in companies undertaking these activities. ...*

...

14.5.2 R Financial resources requirements for individual entities in the group are:

- (1) for *firms* regulated by the *FSA*, their regulatory capital requirement under *FSA* rules;
- (2) for entities regulated by an *EEA regulator* or one of the regulators listed in *IPRU(INV)* 10-App 59 or *IPRU(BANK)* CS Appendix D and which is subject to the local regulatory capital requirement of that regulator, ~~their~~ that local regulatory capital requirement; and
- (3) for other entities in the group, a notional financial resources requirement calculated as if the entity were regulated by the *FSA*.

...

APPENDIX 14(1) (INTERPRETATION)

Glossary of defined terms for Chapter 14

...

*financial holding company* an undertaking that satisfies the following conditions:

(a) it is:

(i) a financial institution; or

(ii) a firm falling within IPRU(INV) rule 14.1.1(1);

(b) ~~its the subsidiary undertakings of which~~ are either exclusively or mainly;

(i) *credit institutions*;

(ii) *investment firms*;

(iii) *broad scope firms or undertakings carrying on activities which (if they were firms doing those activities in the United Kingdom) would make them broad scope firms*; and

(iv) *financial institutions*;

one of which at least is a *credit institution*, a *firm falling within IPRU(INV) rule 14.1.1(1)* or an *investment firm*; and

(c) ~~which~~ it is not a *mixed financial holding company* within the meaning of *PRU 8.4*.