

## RECLASSIFICATION OF AVAILABLE-FOR-SALE DEBT INSTRUMENT 2009

### **Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
    - (a) section 138 (General rule-making power);
    - (b) section 150(2) (Actions for damages); and
    - (c) section 156 (General supplementary powers); and
  - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

### **Commencement**

- C. This instrument comes into force on 6 August 2009.

### **Amendments to the Handbook**

- D. The General Prudential sourcebook (GENPRU) is amended in accordance with Annex A to this instrument.
- E. The Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU) is amended in accordance with Annex B to this instrument.

### **Citation**

- F. This instrument may be cited as the Reclassification of Available-For-Sale Debt Instrument 2009.

By order of the Board  
23 July 2009

**Annex A****Amendments to the General Prudential sourcebook (GENPRU)**

In this Annex, underlining indicates new text.

## 1.3.36 R Adjustments to accounting values

(1) ...

(2) A *BIPRU firm* must not recognise either:

- (a) the fair value reserves related to gains or losses on cash flow hedges of financial instruments measured at amortised cost; or
- (b) any unrealised gains or losses on debt instruments held, or formerly held, in the available-for-sale category.

...

## Annex B

**Amendments to the Prudential sourcebook for Mortgage and Home Finance Firms, and  
Insurance Intermediaries (MIPRU)**

In this Annex, underlining indicates new text.

4.4.2 R Table: Items which are eligible to contribute to the capital resources of a firm

	Item	Additional explanation
...		
3.	Reserves (Note 1)	...
		For the purposes of calculating capital resources, a <i>firm</i> must make the following adjustments to its reserves, where appropriate:
		(1) a <i>firm</i> must deduct any unrealised gains or, where applicable, add back in any unrealised losses on debt instruments held, <u>or formerly held</u> , in the available-for-sale financial assets category;
		...
...		