LIQUIDITY STANDARDS (MISCELLANEOUS AMENDMENTS NO 2) INSTRUMENT 2011

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 25 March 2011.

Amendments to the Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

E. The Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU) is amended in accordance with Annex B to this instrument.

Citation

F. This instrument may be cited as the Liquidity Standards (Miscellaneous Amendments No 2) Instrument 2011.

By order of the Board
24 March 2011

Annex A

Amendments to the Glossary of definitions

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

low frequency liquidity reporting firm	any of the following: (a) a *simplified ILAS BIPRU firm*; or (b) a *standard ILAS BIPRU firm* whose most recent *annual report and accounts* show balance sheet assets of less than £1 billion (or its equivalent in foreign currency translated into sterling at the balance sheet date); or (c) a *standard ILAS BIPRU firm* that meets the following conditions: (i) it does not have any *annual report and accounts* and it has been too recently established to be required to have produced any; (ii) it has submitted a projected balance sheet to the *FSA* as part of an application for a *Part IV permission* or a variation of one; and (iii) the most recent such balance sheet shows that the *firm* will meet the size condition set out in (b) in all periods covered by those projections. In respect of an *incoming EEA firm* or *third country BIPRU firm* that is also a *standard ILAS BIPRU firm* and which reports on the basis of its branch operation in the *United Kingdom*, if the balance sheet assets attributable to the *UK branch* can be determined from the *firm's* most recent *annual report and accounts* (or, if applicable, the projected balance sheet) or any *data item* submitted by the *firm*, then ~~Paragraphs~~ paragraphs (b) and (c) apply at the level of the ~~*firm*~~ *branch* rather than of the ~~*branch*~~ *firm* ~~in the case of any *firm* reporting on the basis of the activities of its branch operation in the *United Kingdom*~~.

Annex B

Amendments to the Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)

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

TP 29 Liquid assets buffer scalar: simplified ILAS BIPRU firms

Application			
29.1	R	*BIPRU* TP 29 applies to ~~a *firm* which on 1 June 2010 is~~ a *simplified ILAS BIPRU firm*.	
Duration of transitional provisions			
29.2	R	*BIPRU* TP 29 applies from 1 December 2009 until ~~30 September 2013~~ 31 December 2015.	
Transitional provisions			
29.3	R	A *simplified ILAS BIPRU firm* falling into *BIPRU* TP 29.1 must ensure that:	
		(1)	at all times between 1 October 2010 and ~~30 September 2011~~ 28 February 2012, its liquid assets buffer is no less than 30% of the amount of its *simplified buffer requirement*;
		(2)	at all times between ~~1 October 2011~~ 1 March 2012 and ~~30 September 2012~~ 30 June 2013, its liquid assets buffer is no less than 50% of its *simplified buffer requirement*; and
		(3)	at all times between ~~1 October 2012~~ 1 July 2013 and ~~30 September 2013~~ 31 December 2015, its liquid assets buffer is no less than 70% of its *simplified buffer requirement*.
29.4	G	The effect of *BIPRU* TP 29.3 is that a *firm* that is a *simplified ILAS BIPRU firm* ~~as at 1 December 2009~~ has a transitional period until 31 December 2015 ~~of three years within which~~ to build up its liquid assets buffer so that at the end of that period it holds in its buffer assets equal to 100% of its *simplified buffer requirement*.	
29.5	G	In relation to a *firm* which becomes a *simplified ILAS BIPRU firm* after ~~1 December 2009 and before 1 October 2010~~ 25 March 2011, the *FSA* will consider as part of that *firm's simplified ILAS waiver* application ~~whether it is appropriate~~ how to apply the scalar approach described in *BIPRU* TP 29.3 to the *firm* in question ~~and if so from what date that approach should apply~~. ~~Where the *FSA* agrees that the scalar approach is appropriate, it~~ The FSA will incorporate the scalar into the terms of the *firm's simplified ILAS waiver*.	