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STATUTORY INSTRUMENTS

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**1992 No. 3218**

**The Banking Coordination (Second  
Council Directive) Regulations 1992**

**PART II**

**RECOGNITION OF EUROPEAN INSTITUTIONS**

*Preliminary*

**European institutions**

**3.—(1)** In these Regulations “European institution” means a European authorised institution or a European subsidiary.

(2) A credit institution is a European authorised institution for the purposes of these Regulations if—

- (a) it is incorporated in or formed under the law of another member State;
- (b) its principal place of business is in that State;
- (c) it is for the time being authorised to act as a credit institution by the relevant supervisory authority in that State; and
- (d) the requirements of paragraph 1 of Schedule 2 to these Regulations have been complied with in relation to its carrying on of an activity or its establishment of a branch.

(3) A financial institution is a European subsidiary for the purposes of these Regulations if—

- (a) it is incorporated in or formed under the law of another member State;
- (b) it is a 90 per cent. subsidiary undertaking of a credit institution which—
  - (i) is incorporated in or formed under the law of that State; and
  - (ii) is a European authorised institution or a quasi-European authorised institution;
- (c) the conditions mentioned in paragraph (6) below are fulfilled in relation to it; and
- (d) the requirements of paragraph 1 of Schedule 2 to these Regulations have been (and continue to be) complied with in relation to its carrying on of an activity or its establishment of a branch.

(4) In these Regulations “quasi-European institution” means an institution—

- (a) which is not a European institution; but
- (b) which would be such an institution if the requirements of paragraph 1 of Schedule 2 to these Regulations had been (and continued to be) complied with in relation to its carrying on of an activity or its establishment of a branch;

and “quasi-European authorised institution” and “quasi-European subsidiary” shall be construed accordingly.

(5) For the purposes of paragraph (3)(b) above, any two or more European authorised institutions or quasi-European authorised institutions which—

- (a) are incorporated in or formed under the law of the same member State; and
- (b) hold voting rights in the same undertaking,

shall be regarded as a single institution; and in these Regulations “parent undertaking”, in relation to an institution which is a European subsidiary or quasi-European subsidiary by virtue of this paragraph, shall be construed accordingly.

(6) The conditions referred to in paragraph (3)(c) above are—

- (a) that each home-regulated activity stated in the institution’s recognition notice is carried on by it in its home State;
- (b) that the constituent instrument of the institution permits it to carry on each such activity;
- (c) that the consolidated supervision of the institution’s parent undertaking or, if more than one, any of them effectively includes supervision of the institution; and
- (d) that the institution’s parent undertaking has guaranteed or, if more than one, they have jointly and severally guaranteed, with the consent of the relevant supervisory authority in its or their home State, the institution’s obligations;

and in this paragraph “recognition notice”, in relation to an institution, means a notice given by it in accordance with paragraph 2 of Schedule 2 to these Regulations.

(7) In these Regulations “home-regulated activity”, in relation to a European institution or quasi-European authorised institution, means any listed activity—

- (a) in relation to which a supervisory authority in its home State has regulatory functions; and
- (b) which, in the case of a European subsidiary, it is carrying on its home State.

(8) Schedule 2 to these Regulations (which contains requirements to be complied with by or in relation to European institutions) shall have effect.

### **Authorised and permitted activities**

4.—(1) For the purposes of these Regulations a European authorised institution is authorised to carry on in its home State any listed activity which its authorisation as a credit institution authorises it to carry on.

(2) For the purposes of these Regulations a European subsidiary is permitted to carry on in its home State any listed activity which it is lawful for it to carry on, and it is carrying on, in that State.

### *Effect of recognition*

### **Authorisations and licences not required**

5.—(1) Subject to paragraph (2) below, nothing in the following enactments, namely—

- (a) section 3 of the Banking Act (restriction on acceptance of deposits);
- (b) sections 3 and 4 of the Financial Services Act (restrictions on carrying on investment business);
- (c) sections 21, 39(1) and 147(1) of the Consumer Credit Act (Consumer Credit Act businesses needing a licence); and
- (d) section 2 of the Insurance Companies Act(1) (restriction on carrying on insurance business),

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(1) 1982 c. 50; section 2 has been amended by S.I.1987/2130.

shall prevent a European institution from carrying on in the United Kingdom any listed activity which it is authorised or permitted to carry on in its home State.

(2) In relation to a European institution in respect of which a prohibition under these Regulations is in force—

- (a) paragraph (1)(a) above shall not apply if the prohibition is under regulation 9 below;
- (b) paragraph (1)(b) above shall not apply if the prohibition is under regulation 15 below; and
- (c) paragraph (1)(c) above shall not apply if the prohibition is under regulation 18 below.

### **Procedural requirements for carrying on listed activities**

6.—(1) A European institution shall not—

- (a) carry on in the United Kingdom by the provision of services any home-regulated activity; or

(b) establish a branch in the United Kingdom for the purpose of carrying on such an activity, unless the requirements of paragraph 1 of Schedule 2 to these Regulations have been (and, in the case of a European subsidiary, continue to be) complied with in relation to its carrying on of the activity or, as the case may be, its establishment of the branch.

(2) A European institution shall not change the requisite details of a branch established by it in the United Kingdom unless the requirements of paragraph 4 of Schedule 2 to these Regulations have been complied with in relation to its making of the change.

(3) An institution which contravenes paragraph (1) or (2) above shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale; but such a contravention shall not invalidate any transaction.

(4) In proceedings brought against an institution for an offence under paragraph (3) above it shall be a defence for the institution to show that it took all reasonable precautions and exercised all due diligence to avoid the commission of the offence.

### *Effect of non-recognition*

### **Prohibition on carrying on certain listed activities**

7.—(1) A quasi-European authorised institution shall not—

- (a) carry on in the United Kingdom by the provision of services any home-regulated activity; or

(b) establish a branch in the United Kingdom for the purpose of carrying on such an activity.

(2) An institution which contravenes paragraph (1) above shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale; but such a contravention shall not invalidate any transaction.

(3) In proceedings brought against an institution for an offence under paragraph (2) above it shall be a defence for the institution to show that it took all reasonable precautions and exercised all due diligence to avoid the commission of the offence.

### *Functions of Bank*

### **Duty to prepare for supervision**

8.—(1) In any case where—

(a) the Bank receives from the relevant supervisory authority in an institution's home State a notice given in accordance with paragraph 3 of Schedule 2 to these Regulations; and

(b) the notice states that the institution intends to establish a branch in the United Kingdom,

the Bank shall, before the expiry of the period of two months beginning with the day on which it received the notice, draw to the attention of the institution such provisions of these Regulations, the relevant Acts or regulations or rules made under those Acts as, having regard to the activities mentioned in the notice, the Bank considers appropriate.

(2) In any case where the Bank receives from the relevant supervisory authority in an institution's home State such a notice as is mentioned in paragraph (1) above—

- (a) the Bank shall also, before the expiry of the said period of two months, consider whether the situation as respects the institution is such that the powers conferred by paragraph (2) of regulation 9 below are likely to become exercisable; and
- (b) if it considers that the situation is such as is mentioned in sub-paragraph (a) above, the Bank may impose, as soon as the requirements of paragraph 1 of Schedule 2 to these Regulations have been complied with in relation to the institution, such restriction under regulation 10 below as appears to it desirable.

(3) In any case where the Bank receives from an institution a notice given in accordance with paragraph 4 of Schedule 2 to these Regulations, the Bank shall, before the expiry of the period of one month beginning with the day on which it received the notice, draw to the attention of the institution such provisions of these Regulations, the relevant Acts or regulations or rules made under those Acts as, having regard to the proposed change mentioned in the notice, the Bank considers appropriate.

(4) Nothing in this regulation shall require the Bank to draw to the attention of an institution any provision which, in connection with the same notice, has been or will be drawn to its attention under regulation 14 below.

(5) In this regulation and regulation 9 below "the relevant Acts" means the Banking Act(2), the Financial Services Act(3), the Consumer Credit Act(4) and the Insurance Companies Act(5).

### **Power to prohibit the acceptance of deposits**

**9.—**(1) In this regulation "prohibition" means a prohibition on accepting deposits in the United Kingdom.

(2) Subject to paragraph (3) and regulation 11 below, the Bank may impose a prohibition on a European institution if—

- (a) the institution is a European authorised institution which has established a branch in the United Kingdom and it appears to the Bank that the branch is not or may not be maintaining or, as the case may be, will not or may not maintain adequate liquidity;
- (b) the Bank is informed by the relevant supervisory authority in the institution's home State that it has failed to take any or sufficient steps to cover risks arising from its open positions on financial markets in the United Kingdom;
- (c) it appears to the Bank that the institution has failed to comply with any obligation imposed on it by these Regulations or by or under any of the relevant Acts;
- (d) the Bank is informed by a supervisory authority in the institution's home State that it has failed to comply with any obligation imposed on it by or under any rule of law in

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(2) 1987 c. 22.

(3) 1986 c. 53.

(4) 1974 c. 39.

(5) 1982 c. 50.

force in that State for purposes connected with the implementation of the Second Council Directive(6);

- (e) it appears to the Bank that it has been provided with false, misleading or inaccurate information by or on behalf of the institution or by or on behalf of a person who is or is to be a director, controller or manager of the institution; or
  - (f) it appears to the Bank that the situation as respects the institution is such that, if it were authorised by the Bank under the Banking Act, the Bank could revoke the authorisation.
- (3) The Bank may not impose a prohibition on a European institution on the ground mentioned in paragraph (2)(f) above unless—
- (a) the Bank has requested the relevant supervisory authority in the institution’s home State to take all appropriate measures for the purpose of securing that the institution remedies the situation; and
  - (b) the Bank is satisfied either—
    - (i) that that authority has failed or refused to take measures for that purpose; or
    - (ii) that the measures taken by that authority have proved inadequate for that purpose.
- (4) Any prohibition imposed under this regulation may be withdrawn by written notice served by the Bank on the institution concerned; and any such notice shall take effect on such date as is specified in the notice.
- (5) In the case of a European institution which is a member of a self-regulating organisation, the reference in paragraph (2)(c) above to any obligation imposed by or under the relevant Acts shall be taken to include a reference to any obligation imposed by the rules of that organisation.
- (6) In this regulation “controller”, “director” and “manager” have the same meanings as in the Banking Act.
- (7) Schedule 3 to these Regulations (which makes supplemental provision with respect to prohibitions imposed under this regulation and restrictions imposed under regulation 10 below) shall have effect.

### **Power to restrict listed activities**

**10.—**(1) In this regulation “restriction” means a direction that a European institution or former European institution—

- (a) may not carry on in the United Kingdom any home-regulated activity (other than the acceptance of deposits) which is specified in the direction; or
  - (b) may not carry on in the United Kingdom, otherwise than in accordance with such condition or conditions as may be specified in the direction, any homeregulated activity which is so specified.
- (2) Where it appears to the Bank that the situation as respects a European institution is such that the powers conferred by paragraph (2) of regulation 9 above are exercisable, the Bank may, instead of or as well as imposing a prohibition, impose such restriction as appears to it desirable.
- (3) Where it appears to the Bank that the situation as respects a former European authorised institution is such that the powers conferred by paragraph (2) of regulation 9 above would be exercisable if the institution were still a European authorised institution, the Bank may impose such restriction as appears to it desirable.
- (4) Subsection (4) of section 12 of the Banking Act (examples of conditions that may be imposed) applies for the purposes of this regulation as it applies for the purposes of that section.

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(6) Council Directive [89/646/EEC](#) (OJNo. L386, 30.12.89).

(5) Any restriction imposed under this regulation—

- (a) may be withdrawn; or
- (b) may be varied with the agreement of the institution concerned,

by written notice served by the Bank on the institution; and any such notice shall take effect on such date as is specified in the notice.

(6) An institution which fails to comply with a restriction shall be guilty of an offence and liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

(7) The fact that a restriction has not been complied with (whether or not constituting an offence under paragraph (6) above) shall not invalidate any transaction but, in the case of a European institution, shall be a ground for the imposition of a prohibition under regulation 9 above.

(8) In this regulation “former European authorised institution” means an institution which was formerly a European authorised institution and continues to have a liability in respect of any deposit for which it had a liability when it was a European authorised institution.

### **Limitations on Bank’s powers**

**11.**—(1) This regulation applies where it appears to the Bank that the situation as respects a European institution is such that the Bank’s power—

- (a) to impose a prohibition or restriction on the institution; or
- (b) to vary otherwise than with the agreement of the institution any restriction imposed on the institution,

is exercisable by virtue of regulation 9(2)(a) above, or by virtue of any failure to comply with a requirement imposed under section 39 of the Banking Act (information and production of documents) for statistical purposes.

(2) The Bank shall require the institution in writing to remedy the situation.

(3) If the institution fails to comply with the requirement under paragraph (2) above within a reasonable time, the Bank shall give a notice to that effect to the relevant supervisory authority in the institution’s home State requesting that authority—

- (a) to take all appropriate measures for the purpose of ensuring that the institution remedies the situation; and
- (b) to inform the Bank of the measures it proposes to take or has taken or the reasons for not taking any such measures.

(4) Subject to paragraph (5) below, the Bank shall not take any steps to impose a prohibition or restriction on a European institution, or to vary otherwise than with the agreement of a European institution any restriction imposed on the institution, unless it is satisfied—

- (a) that the relevant supervisory authority has failed or refused to take measures for the purpose mentioned in sub-paragraph (a) of paragraph (3) above; or
- (b) that the measures taken by that authority have proved inadequate for that purpose.

(5) Where the Bank considers that the prohibition, restriction or variation should be imposed as a matter of urgency, it may take steps to impose the prohibition, restriction or variation—

- (a) before complying with paragraphs (2) and (3) above; or
- (b) where it has complied with those paragraphs, without being satisfied as mentioned in paragraph (4) above;

but in such a case the Bank shall, at the earliest opportunity, inform the relevant supervisory authority in the institution’s home State and the European Commission of the steps taken.

(6) In any case where—

- (a) by virtue of paragraph (5) above, the Bank has imposed a prohibition or restriction on a European institution, or varied a restriction imposed on such an institution, before complying with paragraphs (2) and (3) above or, as the case may be, before it is satisfied as mentioned in paragraph (4) above; and
- (b) the European Commission decides under the Second Council Directive that the Bank must withdraw or vary the prohibition, restriction or variation,

the Bank shall in accordance with the decision withdraw or vary the prohibition, restriction or variation.

(7) In any case where—

- (a) the Bank has given notice to a European institution under paragraph 2 of Schedule 3 to these Regulations of a proposal to impose a prohibition or restriction or vary a restriction;
- (b) the prohibition, restriction or variation has not taken effect; and
- (c) the European Commission decides under the Second Council Directive that the Bank must withdraw or vary the notice,

the Bank shall in accordance with the decision withdraw or vary the notice.

(8) This regulation shall not apply—

- (a) as respects the imposition of a restriction in pursuance of regulation 8(2) above; or
- (b) in any case where regulation 12 below applies.

#### **Prohibition or restriction on information from supervisory authority**

**12.**—(1) This regulation applies where in the case of a European institution—

- (a) the Bank is informed by the relevant supervisory authority in the institution's home State that it has failed to take any or sufficient steps to cover risks arising from its open positions on financial markets in the United Kingdom; or
- (b) the Bank is informed by a supervisory authority in that State that the institution is failing to comply with an obligation imposed by or under any rule of law in force in that State for purposes connected with the implementation of the Second Council Directive.

(2) The Bank shall as soon as practicable send a copy of the information received by it to every other authority which it knows is a connected UK authority.

(3) The Bank shall also—

- (a) consider whether to exercise its powers under regulation 9 or 10 above; and
- (b) notify its decision, and any action which it has taken or intends to take, to the supervisory authority and to every other authority which it knows is a connected UK authority.

#### **Obligation of Bank where institution ceases to be a European institution etc.**

**13.** Where the Bank is informed that—

- (a) an institution has ceased to be a European institution; or
- (b) a European institution has ceased to carry on any particular home-regulated activity in the United Kingdom,

the Bank shall inform every other authority which it knows is a connected UK authority of that fact.

## *Functions of Board*

### **Duty to prepare for supervision**

14.—(1) In any case where—

- (a) the Board receives from the Bank under paragraph 3 of Schedule 2 to these Regulations a copy of a notice given in accordance with that paragraph; and
- (b) the notice states that the institution concerned intends to establish a branch in the United Kingdom for the purpose of carrying on a home-regulated activity appearing to the Board to constitute investment business,

the Board shall, before the expiry of the period of two months beginning with the day on which the Bank received the notice, draw to the attention of the institution such provisions of these Regulations, the Financial Services Act or rules or regulations made under that Act as, having regard to the activities mentioned in the notice, it considers appropriate.

(2) In any case where—

- (a) the Board receives from the Bank under paragraph 4 of Schedule 2 to these Regulations a copy of a notice given in accordance with that paragraph; and
- (b) the institution concerned is, or as a result of the proposed change mentioned in the notice will be, carrying on in the United Kingdom a home-regulated activity appearing to the Board to constitute investment business,

the Board shall, before the expiry of the period of one month beginning with the day on which the Bank received the notice, draw to the attention of the institution such provisions of these Regulations, the Financial Services Act or rules or regulations made under that Act as, having regard to the proposed change mentioned in the notice, it considers appropriate.

### **Power to prohibit the carrying on of investment business**

15.—(1) If it appears to the Board that a European institution—

- (a) has contravened or is likely to contravene any provision of the Financial Services Act<sup>(7)</sup> or any rules or regulations made under it;
- (b) in purported compliance with any such provision, has furnished it with false, inaccurate or misleading information;
- (c) has contravened or is likely to contravene any prohibition or requirement imposed under that Act; or
- (d) has failed to comply with any statement of principle issued under that Act,

it may impose on the institution a prohibition under this regulation, that is to say, a prohibition on carrying on, or purporting to carry on, home-regulated investment business in the United Kingdom.

(2) Where the institution is a member of a recognised self-regulating organisation—

- (a) the reference in paragraph (1) above to rules made under the Financial Services Act shall be taken to include a reference to the rules of that organisation; and
- (b) the reference in that paragraph to any prohibition or requirement imposed under that Act shall be taken to include a reference to any prohibition or requirement imposed by virtue of the rules of that organisation.

(3) A prohibition under this regulation—

- (a) may be absolute; or

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(7) 1986 c. 60.



(b) may be limited, that is to say, imposed for a specified period or until the occurrence of a specified event or until specified conditions are complied with;

and any period, event or conditions specified in the case of a limited prohibition may be varied by the Board on the application of the institution concerned.

(4) Any prohibition imposed under this regulation may be withdrawn by written notice served by the Board on the institution concerned; and any such notice shall take effect on such date as is specified in the notice.

(5) Schedule 4 to these Regulations (which makes supplemental provision with respect to prohibitions imposed under this regulation) shall have effect.

### **Power to restrict the carrying on of investment business**

**16.**—(1) Where it appears to the Board that the situation as respects a European institution carrying on home-regulated investment business in the United Kingdom is such that the power conferred by regulation 15(1) above is exercisable, the Board may, instead of or as well as imposing a prohibition, exercise—

- (a) in relation to the institution; or
- (b) except in the case of the power conferred by section 65 of that Act, in relation to any appointed representative of the institution,

the powers conferred on the Board by Chapter VI of Part I of the Financial Services Act.

(2) Except where they are required to be exercised by virtue of section 128C of that Act<sup>(8)</sup> (enforcement in support of overseas regulatory authority), the powers conferred by that Chapter shall not, subject to paragraph (3) below, be exercisable in relation to—

- (a) a European institution carrying on home-regulated investment business in the United Kingdom which is a member of a recognised self-regulating organisation and is subject to the rules of such an organisation in carrying on all the homeregulated investment business carried on by it; or
- (b) an appointed representative whose principal or, in the case of such a representative with more than one principal, each of whose principals is—
  - (i) a member of a recognised self-regulating organisation; and
  - (ii) subject to the rules of such an organisation in carrying on the home-regulated investment business in respect of which it has accepted responsibility for the appointed representative's activities.

(3) The powers conferred by section 67(1)(b) of the Financial Services Act may on any of the grounds specified in regulation 15(1) above be exercised in relation to a person mentioned in paragraph (2) above at the request of any recognised self-regulating organisation of which he or, in the case of an appointed representative, any of his principals is a member.

### **Limitations on Board's powers**

**17.**—(1) This regulation applies where it appears to the Board that the situation is such that its power—

- (a) to impose a prohibition under regulation 15 above;
- (b) to publish a statement with respect to a European institution under section 60 of the Financial Services Act;
- (c) to make an application with respect to such an institution under section 61(1) of that Act;

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<sup>(8)</sup> Section 128C is amended by paragraph 36 of Schedule 9 to these Regulations.

(d) to impose a prohibition or requirement on such an institution under Chapter VI of Part I of that Act;

(e) to vary a prohibition or requirement imposed on such an institution under that Chapter; or

(f) to refuse an application for the variation or rescission of such a prohibition or requirement, is exercisable by virtue of any contravention of a requirement to furnish information for statistical purposes imposed under that Act.

(2) The Board shall require the institution in writing to remedy the situation.

(3) If the institution fails to comply with the requirement under paragraph (2) above within a reasonable time, the Board shall give a notice to that effect to the relevant supervisory authority in the institution's home State requesting that authority—

- (a) to take all appropriate measures for the purpose of ensuring that the institution concerned remedies the situation which has given rise to the issue of the notice; and
- (b) to inform the Board of the measures it proposes to take or has taken or the reasons for not taking such measures.

(4) Subject to paragraph (5) below, the Board shall not take any such action as is mentioned in sub-paragraphs (a) to (f) of paragraph (1) above with respect to a European institution unless it is satisfied—

- (a) that the relevant supervisory authority has failed or refused to take measures for the purpose mentioned in sub-paragraph (a) of paragraph (3) above; or
- (b) that the measures taken by that authority have proved inadequate for that purpose.

(5) Where the Board decides that it should take action as mentioned in any of subparagraphs (a) to (e) of paragraph (1) above with respect to a European institution as a matter of urgency in order to protect the interests of investors, it may take that action—

- (a) before complying with paragraphs (2) and (3) above; or
- (b) where it has complied with those requirements, before it is satisfied as mentioned in paragraph (4) above;

but in such a case it shall, at the earliest opportunity, inform the relevant supervisory authority in the institution's home State and the European Commission of the action taken.

(6) In any case where—

- (a) by virtue of paragraph (5) above, the Board has—
  - (i) imposed a prohibition under regulation 15 above;
  - (ii) published a statement with respect to a European institution under section 60 of the Financial Services Act;
  - (iii) made an application under section 61(1) of that Act with respect to such an institution;
  - (iv) imposed on such an institution a prohibition or requirement under Chapter VI of Part I of that Act; or
  - (v) varied a prohibition or requirement imposed on such an institution under that Chapter,

before complying with paragraphs (2) and (3) above or, as the case may be, before it is satisfied as mentioned in paragraph (4) above; and

- (b) the European Commission decides under the Second Council Directive that the Board must withdraw or amend the statement, withdraw the application, or rescind or vary the prohibition or requirement,

the Board shall in accordance with the decision withdraw or amend the statement, withdraw the application, or rescind or vary the prohibition or requirement.

(7) For the purposes of paragraph (6)(b) above the Board shall be taken to withdraw or amend a statement if it publishes a further statement retracting or, as the case may be, correcting it; and the Board shall after publication of the further statement send a copy of it to any person to whom a copy of the previous statement was sent under section 60(5) of the Financial Services Act.

(8) In any case where—

- (a) the Board has, by virtue of sub-paragraph (5) above, given notice to a European institution under subsection (2) of section 60 of the Financial Services Act before complying with paragraphs (2) and (3) above or, as the case may be, before it is satisfied as mentioned in paragraph (4) above;
- (b) the statement to which the notice relates has not been published; and
- (c) the European Commission decides under the Second Council Directive that the Board must not publish the statement, or must publish a different statement under that section,

the Board shall in accordance with the decision withdraw the notice or give a different notice in substitution.

#### *Functions of Director*

#### **Power to prohibit the carrying on of Consumer Credit Act business**

**18.—**(1) If it appears to the Director that paragraph (2) below has been or is likely to be contravened as respects a European institution, he may impose on the institution a prohibition under this regulation, that is to say, a prohibition on carrying on, or purporting to carry on, in the United Kingdom any Consumer Credit Act business which consists of or includes carrying on one or more home-regulated activities.

(2) This paragraph is contravened as respects a European institution if—

- (a) the institution or any of the institution's employees, agents or associates (whether past or present); or
- (b) where the institution is a body corporate, any controller of the institution or an associate of any such controller,

does any of the things specified in paragraphs (a) to (d) of section 25(2) of the Consumer Credit Act(9).

(3) A prohibition under this regulation may be absolute or may be imposed for a specified period or until the occurrence of a specified event or until specified conditions are complied with; and any period, event or conditions specified in the case of a prohibition may be varied by the Director on the application of the institution concerned.

(4) Any prohibition imposed under this regulation may be withdrawn by written notice served by the Director on the institution concerned; and any such notice shall take effect on such date as is specified in the notice.

(5) In this regulation “associate” has the same meaning as in section 25(2) of the Consumer Credit Act and “controller” has the meaning given by section 189(1) of that Act.

(6) Schedule 5 to these Regulations (which makes supplemental provision with respect to prohibitions imposed under this regulation and restrictions imposed under regulation 19 below) shall have effect.

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(9) 1974 c. 39.

### **Power to restrict the carrying on of Consumer Credit Act business**

**19.**—(1) In this regulation “restriction” means a direction that a European institution may not carry on in the United Kingdom, otherwise than in accordance with such condition or conditions as may be specified in the direction, any Consumer Credit Act business which—

- (a) consists of or includes carrying on one or more home-regulated activities; and
- (b) is specified in the direction.

(2) Where it appears to the Director that the situation as respects a European institution is such that the powers conferred by paragraph (1) of regulation 18 above are exercisable, the Director may, instead of imposing a prohibition, impose such restriction as appears to him desirable.

(3) Any restriction imposed under this regulation—

- (a) may be withdrawn; or
- (b) may be varied with the agreement of the institution concerned,

by written notice served by the Director on the institution; and any such notice shall take effect on such date as is specified in the notice.

(4) An institution which contravenes or fails to comply with a restriction shall be guilty of an offence and liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

(5) The fact that a restriction has not been complied with (whether or not constituting an offence under paragraph (4) above) shall be a ground for the imposition of a prohibition under regulation 18 above.