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STATUTORY INSTRUMENTS

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**1996 No. 1669**

**The Financial Institutions (Prudential  
Supervision) Regulations 1996**

**PART VI**

**INSURANCE COMPANIES**

**Restrictions on issue of authorisation by Secretary of State**

**18.**—(1) After subsection (1A) of section 5 of the Insurance Companies Act (submission of proposals etc.) there shall be inserted the following subsections—

“(1B) The Secretary of State shall not issue an authorisation under section 3 above to an applicant which is a UK or non-EC company if it appears to him that—

- (a) the applicant is an undertaking which is closely linked with any person; and
- (b) the applicant’s close links with that person, or any matters relating to any non-EEA laws or administrative provisions to which that person is subject, are such as would prevent the effective exercise by the Secretary of State of his functions under this Act in relation to the applicant;

and in this subsection “non-EEA laws” means laws of a country or territory outside the European Economic Area and “non-EEA administrative provisions” shall be construed accordingly.

(1C) The Secretary of State shall not issue an authorisation under section 3 above to an applicant—

- (a) which is incorporated in the United Kingdom;
- (b) whose head office is outside the United Kingdom;
- (b) whose business is not restricted to business to which subsection (5) below applies; and
- (d) which is not excluded from each Directive mentioned in that subsection by Article 3 of that Directive.”

(2) In the following provisions, namely—

- (a) subsection (2)(b) of section 11 of that Act (withdrawal of authorisation in respect of new business); and
  - (b) subsection (2)(e) of section 37 of that Act (grounds on which powers are exercisable),
- for the words “section 7, 8 or 9” there shall be substituted the words “section 5(1B) or (1C), 7, 8 or 9”.