
STATUTORY INSTRUMENTS

1996 No. 1669

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

**PART I
GENERAL**

Meaning of “closely linked” etc.

2.—(1) This regulation has effect for the purposes of these Regulations and the following Acts, namely—

- (a) the Banking Act;
- (b) the Building Societies Act;
- (c) the Friendly Societies Act; and
- (d) the Insurance Companies Act;

and subject to the modifications referred to in paragraph (3) below, expressions used in paragraph (2) below which are also used in Part VII of the Companies Act 1985 have the same meanings as in that Part.

(2) An undertaking is closely linked with—

- (a) any person who is or, if he were an undertaking, would be its parent undertaking;
- (b) any undertaking which is its subsidiary undertaking;
- (c) any undertaking which is or, if any person falling within sub-paragraph (a) above were an undertaking, would be a fellow subsidiary undertaking; and
- (d) any person in accordance with whose directions or instructions its directors are accustomed to act;

and any reference to an undertaking’s close links with any person shall be construed accordingly.

(3) For the purpose of determining any question arising under paragraph (2) above, sections 258 to 260 of and Schedule 10A to the Companies Act 1985 shall have effect with the modifications specified in Schedule 1 to these Regulations.

(4) An undertaking which is closely linked with any person is closely linked with that person by control if, and only if, it would still be closely linked with that person if subsection (4) of section 258 of the Companies Act 1985, and paragraph 3 of Schedule 1 to these Regulations, were omitted.