



# Financial Services and Markets Act 2000

## 2000 CHAPTER 8

### [<sup>F1</sup>PART 9C

#### PRUDENTIAL REGULATION OF FCA INVESTMENT FIRMS

#### *[<sup>F1</sup>Rules*

##### Textual Amendments

**F1** Pt. 9C inserted (1.7.2021) by [Financial Services Act 2021 \(c. 22\)](#), s. 49(5), [Sch. 2 para. 1](#); S.I. 2021/671, reg. 4(b)

#### **143C Duty to make rules applying to FCA investment firms**

- (1) In the exercise of its power to make general rules, the FCA must make rules applying to FCA investment firms which impose the following types of prudential requirements—
- (a) requirements relating to the types and amounts of capital and liquid assets that such firms must hold in order to manage the risks specified in or under subsection (2);
  - (b) requirements relating to the management of risks arising from the strength or extent of such firms' relationships with, or direct exposure to, a single client or group of connected clients;
  - (c) reporting requirements related to requirements described in paragraph (a) or (b);
  - (d) public disclosure requirements related to requirements described in paragraph (a) or (b);
  - (e) requirements in respect of governance arrangements related to the risks specified in or under subsection (2);
  - (f) requirements in respect of remuneration policies and practices related to the risks specified in or under subsection (2).
- (2) The risks referred to in subsection (1)(a), (e) and (f) are—

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- (a) the risks to consumers (as defined in section 1G) arising from FCA investment firms,
  - (b) the risks to the integrity of the UK financial system arising from FCA investment firms,
  - (c) the risks to which FCA investment firms are exposed, and
  - (d) any other risks specified by the Treasury by regulations.
- (3) General rules made for the purpose of subsection (1) may, among other things—
- (a) impose requirements to be satisfied on an individual basis or on a consolidated basis;
  - (b) impose requirements relating to the processes for consolidation;
  - (c) make provision relating to transactions between an FCA investment firm and a member of its group, including provision requiring the disclosure of information;
  - (d) provide for exceptions from requirements;
  - (e) make provision by reference to the capital requirements regulation, to an instrument made under the capital requirements regulation or to Directive 2013/36/EU UK law, as amended from time to time.

<sup>F2</sup>(4) .....

**Textual Amendments**

**F2** S. 143C(4) omitted (1.1.2024) by virtue of [The Financial Services and Markets Act 2023 \(Consequential Amendments\) Regulations 2023 \(S.I. 2023/1410\)](#), regs. 1(2), **2(3)**

**Modifications etc. (not altering text)**

**C1** S. 143C: power to amend conferred (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), ss. **67(1)(a)**, 86(3); S.I. 2023/779, reg. 4(ss)

**143D Duty to make rules applying to parent undertakings**

- (1) In the exercise of its power to make general rules, the FCA must make rules applying to authorised parent undertakings of FCA investment firms which impose the following types of prudential requirements—
- (a) requirements relating to the types and amounts of capital and liquid assets that such undertakings must hold in order to manage the risks specified in or under subsection (2);
  - (b) requirements relating to the management of risks arising from the strength or extent of such undertakings' relationships with, or direct exposure to, a single client or group of connected clients;
  - (c) reporting requirements related to requirements described in paragraph (a) or (b);
  - (d) public disclosure requirements related to requirements described in paragraph (a) or (b);
  - (e) requirements in respect of governance arrangements related to the risks specified in or under subsection (2);
  - (f) requirements in respect of remuneration policies and practices related to the risks specified in or under subsection (2).

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- (2) The risks referred to in subsection (1)(a), (e) and (f) are—
  - (a) the risks to consumers (as defined in section 1G) arising from FCA investment firms, from parent undertakings of FCA investment firms and from FCA investment firms belonging to groups,
  - (b) the risks to the integrity of the UK financial system arising from FCA investment firms, from parent undertakings of FCA investment firms and from FCA investment firms belonging to groups,
  - (c) the risks to which FCA investment firms are exposed by virtue of their relationship with their parent undertaking, and
  - (d) any other risks specified by the Treasury by regulations.
- (3) The FCA must make rules applying to non-authorised parent undertakings of FCA investment firms which impose requirements described in subsection (1), where such rules appear to it to be necessary or expedient for the purpose of advancing one or more of its operational objectives.
- (4) Rules made for the purpose of subsection (1) or under subsection (3) may, among other things—
  - (a) impose requirements to be satisfied on an individual basis or on a consolidated basis;
  - (b) impose requirements relating to the processes for consolidation;
  - (c) make provision relating to transactions between a parent undertaking of an FCA investment firm and a member of its group, including provision requiring the disclosure of information;
  - (d) provide for exceptions from requirements;
  - (e) make provision by reference to the capital requirements regulation, to an instrument made under the capital requirements regulation or to Directive 2013/36/EU UK law, as amended from time to time.
- <sup>F3</sup>(5) .....
- <sup>F4</sup>(6) .....
- (7) Section 137H (rules about remuneration) applies where the FCA makes rules under subsection (3) prohibiting persons, or persons of a specified description, from being remunerated in a specified way as it applies where the FCA makes general rules imposing such a prohibition.
- (8) Section 137I (Treasury direction to consider compliance with remuneration policies) applies where the FCA makes rules under subsection (3) requiring non-authorised parent undertakings, or non-authorised parent undertakings of a specified description, to act in accordance with a remuneration policy as it applies where the FCA makes general rules imposing such requirements on authorised persons, but as if—
  - (a) the references in that section to authorised persons were references to non-authorised parent undertakings of FCA investment firms, and
  - (b) subsection (7) of that section were omitted.
- (9) Section 141A (power to make consequential amendments of references to rules etc) applies to the exercise by the FCA of its power to make, alter or revoke rules under subsection (3) as it applies in relation to the exercise by the FCA of its power to make, alter or revoke rules under Part 9A.
- (10) This section is subject to section 143E.

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### Textual Amendments

- F3** S. 143D(5) omitted (1.1.2024) by virtue of [The Financial Services and Markets Act 2023 \(Consequential Amendments\) Regulations 2023](#) (S.I. 2023/1410), regs. 1(2), **2(4)**
- F4** S. 143D(6) omitted (1.1.2024) by virtue of [The Financial Services and Markets Act 2023 \(Consequential Amendments\) Regulations 2023](#) (S.I. 2023/1410), regs. 1(2), **2(4)**

### Modifications etc. (not altering text)

- C2** S. 143D: power to amend conferred (29.8.2023) by [Financial Services and Markets Act 2023](#) (c. 29), **ss. 67(1)(b)**, 86(3); S.I. 2023/779, reg. 4(ss)

## 143E Powers to make rules applying to parent undertakings

- (1) Subsections (1) and (3) of section 143D do not require the FCA to make rules applying to parent undertakings of FCA investment firms which belong to a group which includes a relevant body, but the FCA may make rules described in those subsections applying to such parent undertakings.
- (2) In subsection (1), “relevant body” means—
  - (a) an undertaking (as defined in section 1161(1) of the Companies Act 2006) that has its head office in the United Kingdom and that has permission under Part 4A to accept deposits, other than—
    - (i) an undertaking that also has permission under Part 4A to effect or carry out contracts of insurance, or
    - (ii) a credit union within the meaning of section 1 of the Credit Unions Act 1979;
  - (b) an investment firm that is for the time being designated by the PRA under article 3 of the Financial Services and Markets Act 2000 (PRA-regulated Activities) Order 2013 (S.I. 2013/556).
- (3) The FCA may make rules applying to parent undertakings of FCA investment firms which impose requirements for the disclosure of information about such undertakings' branches and subsidiary undertakings outside the United Kingdom.
- (4) The FCA's powers to make rules under subsections (1) and (3) are powers to do so—
  - (a) in relation to authorised parent undertakings, in exercise of its power to make general rules, and
  - (b) in relation to non-authorised parent undertakings, where such rules appear to it to be necessary or expedient for the purpose of advancing one or more of its operational objectives.
- (5) Section 143D(4) [<sup>F5</sup>applies] in relation to rules made by the FCA in exercise of the powers conferred by, or described in, this section as [<sup>F6</sup>it applies] in relation to rules made in the performance of the FCA's duties under that section.
- (6) Section 143D <sup>F7</sup>... (7), (8) and (9) apply in relation to rules made under this section applying to non-authorised parent undertakings as they apply in relation to rules made under section 143D(3).

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#### Textual Amendments

- F5** Word in s. 143E(5) substituted (1.1.2024) by [The Financial Services and Markets Act 2023 \(Consequential Amendments\) Regulations 2023 \(S.I. 2023/1410\)](#), regs. 1(2), **2(5)(a)(i)**
- F6** Words in s. 143E(5) substituted (1.1.2024) by [The Financial Services and Markets Act 2023 \(Consequential Amendments\) Regulations 2023 \(S.I. 2023/1410\)](#), regs. 1(2), **2(5)(a)(ii)**
- F7** Word in s. 143E(6) omitted (1.1.2024) by virtue of [The Financial Services and Markets Act 2023 \(Consequential Amendments\) Regulations 2023 \(S.I. 2023/1410\)](#), regs. 1(2), **2(5)(b)**

### 143F Part 9C rules

- (1) In this Act, “Part 9C rules” means rules made, or to be made, by the FCA—
  - (a) in the performance of its duties under section 143C or 143D, or
  - (b) in exercise of the powers conferred by, or described in, section 143E.
- (2) The FCA must publish a list of all Part 9C rules in force in the way appearing to the FCA to be best calculated to bring it to the attention of people likely to be affected by the rules.
- (3) The FCA's opinion as to whether a rule is a Part 9C rule is conclusive for all purposes.

### 143G Matters to consider when making Part 9C rules

- (1) When making Part 9C rules, the FCA must, among other things, have regard to—
  - (a) any relevant standards set by an international standard-setting body, [<sup>F8</sup>and]
  - <sup>F9</sup>(b) .....
  - <sup>F10</sup>(c) .....
  - (d) any other matter specified by the Treasury by regulations.
- <sup>F11</sup>(2) .....
- (3) When making Part 9C rules, the FCA must consider, and consult the Treasury about, the likely effect of the rules on relevant equivalence decisions.
- (4) For the purpose of this section, an equivalence decision is “relevant” if the Treasury have, by notice in writing, informed the FCA that it is relevant for that purpose.
- (5) In this section—

“equivalence decision” means a decision as to whether the law and practice of one country or territory is equivalent to the law and practice of another country or territory, either generally or as it relates to a particular matter;

“territory” includes the European Union and any other international organisation or authority comprising countries or territories.
- (6) This section is subject to section 143I.

#### Textual Amendments

- F8** Word in s. 143G(1) inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), ss. **28(8)(a)(i)**, 86(3); S.I. 2023/779, reg. 4(s)
- F9** S. 143G(1)(b) omitted (29.8.2023) by virtue of [Financial Services and Markets Act 2023 \(c. 29\)](#), ss. **28(8)(a)(ii)**, 86(3); S.I. 2023/779, reg. 4(s)

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- F10** S. 143G(1)(c) omitted (29.8.2023) by virtue of [Financial Services and Markets Act 2023 \(c. 29\)](#), **ss. 28(8)(a)(ii)**, 86(3); S.I. 2023/779, reg. 4(s)
- F11** S. 143G(2) omitted (29.8.2023) by virtue of [Financial Services and Markets Act 2023 \(c. 29\)](#), **ss. 28(8)(b)**, 86(3); S.I. 2023/779, reg. 4(s)

**Modifications etc. (not altering text)**

- C3** S. 143G(1)(c) excluded (1.7.2021) by [Financial Services Act 2021 \(c. 22\)](#), s. 49(5), **Sch. 2 para. 22(a)**; S.I. 2021/671, **reg. 4(b)**
- C4** S. 143G: power to amend conferred (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), **ss. 67(1)(c)**, 86(3); S.I. 2023/779, reg. 4(ss)

### 143H Explanation to accompany consultation on rules

- (1) A draft of proposed Part 9C rules published in accordance with section 138I(1)(b) must be accompanied by—
- (a) an explanation of the provision that the FCA has considered it appropriate to include in the rules given the risks specified in or under section 143C(2) or 143D(2), and
  - (b) an explanation of the ways in which having regard to the matters specified in or under section 143G(1) has affected the proposed rules,
- (as well as being accompanied by the information listed in section 138I(2)).
- (2) If the FCA makes the proposed Part 9C rules, it must publish—
- (a) a summary of the purpose of the proposed rules, and
  - (b) explanations complying with subsection (1),
- (as well as the information required by section 138I(4) and (5)).
- (3) This section is subject to section 143I.

**Modifications etc. (not altering text)**

- C5** S. 143H(1)(b) modified (1.7.2021) by [Financial Services Act 2021 \(c. 22\)](#), s. 49(5), **Sch. 2 para. 22(b)**; S.I. 2021/671, **reg. 4(b)**

### 143I Exceptions from sections 143G and 143H

- (1) Sections 143G and 143H do not apply where the FCA makes Part 9C rules—
- (a) in order to comply with a direction given by the Financial Policy Committee of the Bank of England under section 9H of the Bank of England Act 1998 (directions requiring macro-prudential measures), or
  - (b) in order to act in accordance with a recommendation made by that Committee under section 9Q of that Act (recommendations about the exercise of the FCA's functions).
- (2) Section 143H does not apply in relation to Part 9C rules if the FCA considers that the delay involved in complying with that section would be prejudicial to the interests of consumers (as defined in section 425A).
- (3) If the FCA proposes Part 9C rules that change existing Part 9C rules and the changes consist of or include changes which, in the FCA's opinion, are not material—

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- (a) the explanations described in section 143H(1) are not required in relation to the rules to the extent that they make those changes, but
  - (b) the draft of the rules must be accompanied by a statement of the FCA's opinion.
- (4) If the FCA makes Part 9C rules that change existing Part 9C rules and the changes consist of or include changes which, in the FCA's opinion, are not material—
  - (a) the summary and explanations described in section 143H(2) are not required in relation to the rules to the extent that they make those changes, but
  - (b) the FCA must publish a statement of its opinion.
- (5) For the purposes of this section, whether a change to Part 9C rules is material is to be determined by the FCA by reference to, among other things, the risks specified in or under section 143C(2) or 143D(2) and the matters specified in or under section 143G(1).]

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act applied (with modifications) by [S.I. 2023/1347 reg. 8](#)
- Act power to apply conferred (temp. until 15.5.2039) by [2014 c. 21 s. 79\(4\)](#)
- Act power to apply conferred (temp. until 15.5.2039) by [2014 c. 21 s. 81\(10\)](#)

**Whole provisions yet to be inserted into this Act (including any effects on those provisions):**

- Pt. 17 Ch. 3B inserted by [2023 c. 29 s. 64\(3\)](#)
- Pt. 20C inserted by [2016 c. 14 s. 30\(3\)](#)
- s. 31(1)(aa) inserted by [2021 c. 22 s. 22\(2\)](#)
- s. 32A inserted by [2021 c. 22 s. 22\(3\)](#)
- s. 32A power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- s. 36A and cross-heading inserted by [2021 c. 22 s. 22\(4\)](#)
- s. 71J and cross-heading inserted by [2021 c. 22 Sch. 8 para. 4](#)
- s. 86(9A) inserted by [S.I. 2019/707 reg. 8\(9\)](#) (This amendment not applied to legislation.gov.uk. Reg. 8(6)-(10) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 13(c))
- s. 87A(11) inserted by [S.I. 2019/707 reg. 10\(5\)](#) (This amendment not applied to legislation.gov.uk. Reg. 10(4)(5) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 15(b))
- s. 124(10)(c)(i) word omitted by [S.I. 2019/310 reg. 5\(11\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(11)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(e))
- s. 129(7)(a) word inserted by [S.I. 2019/310 reg. 5\(12\)\(a\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(12)(a)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(f))
- s. 129(7)(c) omitted and word by [S.I. 2019/310 reg. 5\(12\)\(a\)\(ii\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(12)(a)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(f))
- s. 214(5A) inserted by [2021 c. 22 Sch. 8 para. 8](#)
- s. 261E(A1) inserted by [2023 c. 29 s. 64\(2\)\(a\)](#)
- s. 367A inserted by [2021 c. 22 Sch. 8 para. 10](#)
- s. 395(13)(h)(i) inserted by [2021 c. 22 Sch. 8 para. 12\(2\)\(c\)](#)
- s. 395(13)(bc)-(be) word inserted by [2021 c. 22 Sch. 8 para. 12\(2\)\(b\)](#)
- s. 395(14) inserted by [2021 c. 22 Sch. 8 para. 12\(3\)](#)
- s. 427A(3) words substituted by [2002 c. 40 Sch. 17 para. 59](#) (This amendment not applied to legislation.gov.uk. The Financial Services and Markets Act 2000 does not contain a section 427A.)
- Sch. 1ZA para. 32(c) and word inserted by [2021 c. 22 Sch. 8 para. 18](#)
- Sch. 2A para. 19(2)(b)(iia) inserted by [2023 c. 29 Sch. 10 para. 19\(a\)](#)
- Sch. 2A2B power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 2A power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 2B inserted by [2021 c. 22 Sch. 7](#)
- Sch. 2B power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 11A para. 5(3) inserted by [S.I. 2019/707 reg. 38\(5\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 38(2)-(5)(7)(8) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 20)



- Sch. 17A para. 12 words substituted by [S.I. 2019/662 reg. 13\(1\)](#) (This amendment not applied to [legislation.gov.uk](#). Reg. 13(1) substituted (25.6.2020) by S.I. 2020/646, regs. 1(2)(c), 11(3))