

SCHEDULES

SCHEDULE 3

PRUDENTIAL REGULATION OF CREDIT INSTITUTIONS ETC

PART 2

PRA'S POWERS IN RELATION TO CERTAIN HOLDING COMPANIES

2 Part 12B of the Financial Services and Markets Act 2000 (approval of certain
holding companies by the PRA) is amended as follows.

3 Before section 192O insert—

“Interpretation”.

4 (1) Section 192O(1) (interpretation) is amended as follows.

(2) Omit the definition of “section 192V rules”.

(3) After that definition insert—

““section 192XA rules” means rules made under section 192XA;”.

5 Before section 192P insert—

“Approval”.

6 Omit section 192V (rules imposing consolidated or sub-consolidated
requirements).

7 After section 192X insert—

“Rules

192XA Rules applying to holding companies

(1) The PRA may make rules described in subsection (2) applying to financial
holding companies and mixed financial holding companies that are—

- (a) approved under section 192R, or
- (b) designated under section 192T(2)(c),

where it appears to the PRA to be necessary or expedient to make the rules
for the purpose of advancing any of its objectives.

(2) Those rules are—

- (a) rules imposing requirements to be complied with by holding
companies on a consolidated or sub-consolidated basis;

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- (b) rules imposing requirements which, in the PRA’s opinion, are likely to mitigate group risk;
 - (c) rules imposing reporting requirements related to requirements described in paragraph (a) or (b);
 - (d) rules imposing public disclosure requirements related to requirements described in paragraph (a) or (b);
 - (e) rules imposing requirements in respect of governance arrangements;
 - (f) rules imposing requirements in respect of remuneration policies and practices.
- (3) Subject to subsection (4), rules made under this section may not modify, amend or revoke any retained direct EU legislation, except retained direct EU legislation which takes the form of PRA rules.
- (4) Rules made under this section may include provision that modifies the capital requirements regulation or an instrument made under that regulation (but may not amend or revoke provisions of that regulation or such an instrument).
- (5) Rules made under this section may make provision by reference to the capital requirements regulation, to instruments made under that regulation or to [Directive 2013/36/EU](#) UK law, as amended from time to time.
- (6) Section 137H (rules about remuneration) applies where the PRA makes rules under this section prohibiting persons, or persons of a specified description, from being remunerated in a specified way as it applies where the PRA makes general rules imposing such a prohibition.
- (7) Section 137I (Treasury direction to consider compliance with remuneration policies) applies where the PRA makes rules under this section requiring financial holding companies or mixed financial holding companies, or a specified description of such companies, to act in accordance with a remuneration policy as it applies where the PRA makes general rules imposing such requirements on authorised persons, but as if—
- (a) the references in that section to authorised persons were references to financial holding companies or mixed financial holding companies, and
 - (b) subsection (7) of that section were omitted.
- (8) Section 141A (power to make consequential amendments of references to rules etc) applies to the exercise by the PRA of its power to make, alter or revoke rules under this section as it applies in relation to the exercise by the PRA of its power to make, alter or revoke rules under Part 9A.
- (9) In this section—
- “governance arrangements” includes organisational structure, lines of responsibility and internal control mechanisms;
 - “group risk” means the risk that the financial position of a financial holding company or mixed financial holding company or of a member of its group may be adversely affected—
 - (a) by its relationships, whether financial or non-financial, with other members of the group, or

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- (b) by matters which affect the financial position of the group, or of a group which forms part of that group, taken as a whole (including, for example, reputational contagion).

192XB Procedural provision

- (1) For provision about the making of section 192XA rules that are CRR rules, see Part 9D.
- (2) The following provisions of Part 9D apply in relation to section 192XA rules that are not CRR rules as if they were CRR rules—
 - (a) section 144C (matters to consider when making rules);
 - (b) section 144D (explanation to accompany consultation on rules);
 - (c) section 144E(1) and (4) to (7) (exceptions from sections 144C and 144D).

192XC Disapplication or modification of rules in individual cases

- (1) This section applies to a section 192XA rule if, or to the extent that, section 192XA rules provide for it to apply to the rule.
- (2) The PRA may, on the application of or with the consent of a person who is subject to section 192XA rules, give the person a permission that enables the person—
 - (a) not to apply the section 192XA rule, or
 - (b) to apply the section 192XA rule with the modifications specified in the permission.
- (3) The PRA may—
 - (a) give permission under this section subject to conditions, and
 - (b) revoke or vary permission under this section.

Disciplinary measures”.

8 In section 192Y(1) (power to impose penalty or issue censure), for paragraph (d) substitute—

“(d) the capital requirements regulation or an instrument made under that regulation.””