
STATUTORY INSTRUMENTS

2022 No. 286

The Taxation of Banks (Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011) Regulations 2022

PART 3

Amendment to the Corporation Tax Act 2010

6. Part 7A of the Corporation Tax Act 2010 (banking companies)⁽¹⁾ is amended as follows.

7.—(1) Section 269B (meaning of “banking company”) is amended as follows.

(2) In subsection (6A), for paragraph (a) substitute—

“(a) it is an FCA investment firm that meets the conditions in subsection (6B), or”.

(3) After subsection (6A) insert—

“(6B) An FCA investment firm meets the conditions in this subsection if it has a permanent minimum capital requirement of £750,000 and is not—

- (a) a limited activity firm,
- (b) a limited licence firm,
- (c) a local firm, or
- (d) a matched principal trading firm.

(6C) In subsection (6B)—

“limited activity firm” means an investment firm that—

- (a) deals on own account only for the purpose of fulfilling or executing a client order or for the purpose of gaining entrance to a clearing and settlement system or a recognised exchange when acting in an agency capacity or executing a client order; or
- (b) meets all the following conditions—
 - (i) it does not hold client money or securities;
 - (ii) it undertakes only dealing on own account;
 - (iii) it has no external customers; and

⁽¹⁾ Sections 269B, 269BA, 269BB, 269BC and s269BE were inserted by paragraph 1 of Schedule 2(1) to the Finance Act 2015. Section 269B(5) was substituted by section 20(10)(a) of the Finance (No. 2) Act 2015. Section 269B(6A) was inserted by section 20(10)(b) of the Finance (No. 2) Act 2015. Section 269BA was inserted by paragraph 1 of Schedule 2(1) to the Finance Act 2015. Section 269BA(1)(f) was amended by section 20(11) of the Finance (No. 2) Act 2015. Sections 269BA(1A) and (1B) were inserted by section 56(8) of the Finance Act 2016. Section 269BC(8) was amended by section 20(12)(a) of the Finance Act (No. 2) 2015. Section 269BC(9) was amended by section 20(12)(b) of the Finance (No. 2) Act 2015. Sections 269BE(1A) to 269(1D) were added by section 134(4)(b) of the Finance Act 2021.

- (iv) its execution and settlement transactions take place under the responsibility of a clearing institution and are guaranteed by that clearing institution;

“limited licence firm” means an investment firm that is not authorised to provide the investment services and activities of—

- (a) dealing on own account; or
- (b) underwriting of financial instruments or placing of financial instruments on a firm commitment basis;

“local firm” means a firm—

- (a) dealing on own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets, or
- (b) dealing for the accounts of other members of those markets and being guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such a firm is assumed by clearing members of the same markets;

“matched principal trading firm” means an investment firm that executes investors’ orders for financial instruments and meets the following conditions—

- (a) the firm only holds financial instruments for its own account as a result of its failure to match investors’ orders precisely;
- (b) the total market value of all such positions is no more than 15% of the firm’s initial capital;
- (c) such positions are incidental and provisional in nature and strictly limited to the time required to carry out the transaction in question.

(6D) In determining, for the purposes of subsection (6B), whether an FCA investment firm has a permanent minimum capital requirement of £750,000, any transitional provision in the FCA Handbook is to be disregarded.”.

8.—(1) Section 269BA (excluded entities) is amended as follows.

(2) In subsection (1)—

- (a) omit paragraph (f);
- (b) before paragraph (g) insert—

“(fa) a commodity and emission allowance dealer;”.

(3) In subsection (1A)(c), for “both an IFPRU 730k firm and a full scope IFPRU investment firm” substitute “an FCA investment firm that meets the conditions in section 269B(6B)”.

9. Section 269BB (relevant regulated activities), after paragraph (d) insert—

“(da) article 25DA (operating an organised trading facility), but only where dealing on own account in relation to sovereign debt instruments for which there is no liquid market (within the meaning of the FCA Handbook);”.

10.—(1) Section 269BC (banking companies: supplementary definitions) is amended as follows.

(2) After subsection (4), insert—

“(4A) “FCA investment firm” has the meaning given by section 143A of FISMA 2000.”.

(3) In subsection (7), for “PRA Handbook” substitute “PRA Rulebook”.

(4) In subsection (8) omit—

““exempt IFPRU commodities firm”;

“full scope IFPRU investment firm”;

“IFPRU 730k firm”;

(5) After subsection (8) insert—

“(8A) The following terms have the meaning given by the FCA Handbook -

“commodity and emission allowance dealer”;

“dealing on own account”;

“financial instrument”;

“initial capital”;

“investment firm”;

“market value”;

“permanent minimum capital requirement”.”.

(6) In subsection (10), for “an IFPRU 730k firm and a full scope IFPRU investment firm” substitute “an FCA investment firm that meets the conditions in section 269B(6B)”.

(7) In subsection (11)—

(a) for “subsection (7)” substitute “this Chapter”;

(b) in the definition of “the PRA Handbook”, for “Handbook”, in each place, substitute “Rulebook”.

11. In section 269BE (powers to amend), in each of subsections (1)(b) and (2), for “PRA Handbook” substitute “PRA Rulebook”.