
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 4

Amendment to Schedule 19 to the Finance Act 2011

15.—(1) Paragraph 70 (definitions)(1) is amended as follows.

(2) In sub-paragraph (1)—

(a) at the appropriate place insert—

““FCA investment firm” has the meaning given by section 143A of FISMA 2000;”;

(b) for the definition of “investment bank” substitute—

““investment bank” has the meaning given by sub-paragraph (1A);”;

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

(3) After sub-paragraph (1) insert—

“(1A) In this Schedule, “investment bank” means an entity which—

(a) is an FCA investment firm that meets the conditions in sub-paragraph (1B), or

(b) is designated by the Prudential Regulation Authority under article 3 of the Financial Services and Markets Act 2000 (PRA-regulated Activities) Order 2013 (S.I. 2013/556) (dealing in investments as principal: designation by PRA).

(1B) An FCA investment firm meets the conditions in this sub-paragraph 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.

(1C) In sub-paragraph (1B)—

“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

(1) Paragraph 70 was amended by [S.I. 2016/874](#), [SI 2013/636](#), paragraphs 14(2) to 14(8) of Schedule 9(1) to the Finance Act 2018, paragraph 30 of Schedule 9(2) to the Finance Act 2018 and section 20(3) of the Finance (No. 2) Act 2015.

- (b) meets all the following conditions—
 - (i) it does not hold client monies or securities;
 - (ii) it undertakes only dealing on own account;
 - (iii) it has no external customers; and
 - (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 (including in the course of operating an organised trading facility) 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.

(1D) In determining, for the purposes of sub-paragraph (1B), 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.”

(4) In sub-paragraph (2), for “Handbook” substitute “Rulebook”.

(5) In sub-paragraph (2A), for the list of terms substitute—

- ““commodity and emission allowance dealer”;
- “dealing on own account”;
- “financial instrument”;
- “initial capital”;
- “investment firm”;
- “market value”;
- “permanent minimum capital requirement”.”.

(6) In sub-paragraph (3), for “an IFPRU 730k firm and a full scope IFPRU investment firm” substitute “an FCA investment firm that meets the conditions in sub-paragraph (1B)”.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.
