

# Glossary



**G** Guidance on the Glossary of definitions

1. The *rules* and *guidance* for interpreting the *Handbook* are to be found in ■ GEN 2 (Interpreting the Handbook)
2. The *guidance* in the following paragraphs reminds the reader of some practical points for interpreting *Handbook* text.
3. Each sourcebook or manual has a reference code of two or more letters, usually a contraction or abbreviation of its title (for example, *GEN* stands for the General Provisions and *COBS* for the Conduct of Business sourcebook). The meaning of each of these codes is given in the *Glossary*.
4. Expressions used in the *Handbook* which are defined in the *Glossary* appear in the text in italic type (■ GEN 2.2.7 R (1) (Use of defined expressions)). An expression which is not shown in the text in italics has its natural meaning unless the context otherwise requires (■ GEN 2.2.9 G).
5. An expression which appears in the text in italics, but is not itself defined in the *Glossary*, should be read in the same sense as the expression to which it relates (for example, "*advice on investments*" and "*advise on investments*" are related to "*advising on investments*", so the reader should refer to the definition of "*advising on investments*" for their meaning). (■ GEN 2.2.7 R (2) and ■ GEN 2.2.8 G).
6. The words "in writing", unless the contrary intention appears, mean in legible form and capable of reproduction on paper; they include electronic communication (■ GEN 2.2.14 R (References to writing)).
7. The Interpretation Act 1978 applies to the *Handbook*, so (unless the contrary intention appears):
  - (1) the singular includes the plural, and the plural the singular (■ GEN 2.2.12 G (3));
  - (2) the masculine includes the feminine (■ GEN 2.2.12 G (3));
  - (3) a reference to a statutory provision is a reference to it as amended from time to time (■ GEN 2.2.12 G (2)); under ■ GENPRU 2.2.13 G (Cross-references in the Handbook) the same applies to a provision in the Handbook.
8. Many of the defined expressions in the *Glossary* are used or defined in the *Act* or in a statutory instrument made under it. In these cases, the *Glossary* refers to the statutory provision which is the source of the *Handbook* definition. Where there is a short statutory definition, the *Glossary* sets out the definition in full. Where the statutory definition

is long, the *Glossary* gives a summary of it, and states that it is a summary.

1986 Act

FCA PRA

(in BSOCS) the Building Societies Act 1986.









*ABCP internal assessment approach*

**FCA** **PRA**

the method for calculating the *risk weighted exposure amount* for a *securitisation position* in relation to an *asset backed commercial paper programme* as set out in ■ BIPRU 9.12.20 R.

*ABCP programme*

**FCA** **PRA**

(for the purposes of ■ BIPRU 9 (Securitisation)) an *asset backed commercial paper programme*.

*accepted channel for dissemination of information*

**FCA** **PRA**

(in relation to any *prescribed market*) an approved channel of communication by which information concerning *investments* traded on the market is formally disseminated to other market users on a structured and equitable basis.

*accepted market practice*

**FCA** **PRA**

(as defined in section 130A(3) of the *Act*) practices that are reasonably expected in the financial market or markets in question and are accepted by the *FCA* or, in the case of a market situated in another *EEA State*, the competent authority of that *EEA State* within the meaning of the *Market Abuse Directive*.

*accepting deposits*

**FCA** **PRA**

the *regulated activity*, specified in article 5 of the *Regulated Activities Order* (Accepting deposits), which is in summary: accepting *deposits* if:

- (a) money received by way of *deposit* is lent to others; or
- (b) any other activity of the *person* accepting the *deposit* is financed, wholly or to a material extent, out of the capital of or interest on money received by way of *deposit*.

*accident*

**FCA** **PRA**

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 1 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of the *person* insured or, in the case of a contract made under section 140, 140A or 140B of the Local Government Act 1972 (or, in Scotland, section 86(1) of the Local Government (Scotland) Act 1973), a *person* for whose benefit the contract is made:

- (a) sustaining injury as the result of an accident or of an accident of a specified class; or
- (b) dying as a result of an accident or an accident of a specified class; or
- (c) becoming incapacitated in consequence of disease or of disease of a specified class;

including contracts relating to industrial injury and occupational disease but excluding contracts within paragraph 2 of Part I of Schedule 1 to the *Regulated Activities Order* (Sickness) and contracts within paragraph IV of Part II of that Schedule (Permanent health).

*account*

**FCA** **PRA**

(in relation to a *dormant account*) has the meaning given in section 9 of the Dormant Bank and Building Society Accounts Act 2008, which is in summary:

- (a) an account which has at all times consisted only of *money* and is provided by a *bank* or *building society* as part of its activity of *accepting deposits*; and
- (b) in relation to a *building society*, it includes an *account* representing *shares* in the *society*, other than:

- (i) preferential *shares*; or

*accountable functions*

**FCA** **PRA**

(ii) deferred *shares* within the meaning given in section 119(1) of the Building Societies Act 1986.

(1) (in the *FCA Handbook* and in relation to an *approved person*) the functions described in ■ **APER 1.1A.2 P**, which are in summary:

- (a) *FCA controlled functions*;
- (b) *PRA controlled functions*; and
- (c) any other functions in relation to the carrying on of a *regulated activity*;

in relation to the *authorised persons* in relation to which that *person* is an *approved person*.

(2) (in the *PRA Handbook* and in relation to an *approved person*) the functions described in ■ **APER 1.1B.2 P**, which are in summary:

- (a) *PRA controlled functions*;
- (b) *FCA controlled functions* that are *significant-influence functions*; and
- (c) any other *significant-influence functions*;

in relation to the *PRA-authorised persons* in relation to which that *person* is an *approved person*.

*accountable significant-influence function*

**FCA** **PRA**

(in the *FCA Handbook*) any *accountable function* that is a *significant-influence function*.

*accounting reference date*

**FCA** **PRA**

(1) (except in *COLL*):

(a) (in relation to a *company* incorporated in the *United Kingdom* under the Companies Acts) the accounting reference date of that *company* determined in accordance with section 391 of the Companies Act 2006;

(b) (in relation to any other body) the last *day* of its financial year.

(2) (in *COLL*): the date stipulated in the *prospectus* on which the *annual accounting period* of an *authorised fund* ends.

*accredited body*

**FCA** **PRA**

any of the following bodies recognised by the *FCA* for the purpose of providing the independent verification required under ■ **TC 2.1.27 R**:

- (a) CFA Society of the UK;
- (b) The Chartered Insurance Institute;
- (c) The Institute of Financial Planning;
- (d) The Chartered Institute for Securities and Investment;
- (e) The Chartered Institute of Bankers in Scotland;
- (f) The ifs School of Finance; [Note: The ifs School of Finance acts through its Institute of Financial Services]
- (g) The Institute of Chartered Accountants in England and Wales;
- (h) The Pensions Management Institute.

*accumulating with-profits policy*

**FCA** **PRA**

a *with-profits insurance contract* which has a readily identifiable current benefit, whether or not this benefit is currently realisable, which is adjusted by an amount explicitly related to the amount of any *premium* payment and to which additional benefits are added in respect of participation in profits

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|--|---|
|  | by additions directly related to the current benefit or a policy with similar characteristics.  |
| <i>accumulation unit</i>   | a <i>unit</i> in respect of which income is credited periodically to <i>capital property</i> under ■ COLL 6.8.3 R (Income allocation and distribution).   |
| <b>FCA</b> <b>PRA</b>  |   |
| <i>ACD</i>   | <i>authorised corporate director</i> .  |
| <b>FCA</b> <b>PRA</b>  |   |
| <i>Act</i>   | the <u>Financial Services and Markets Act 2000</u> .  |
| <b>FCA</b> <b>PRA</b>  |   |
| <i>acting as the depositary or sole director of an open-ended investment company</i> | the <i>regulated activity</i> , specified in article 51(1)(c) of the <i>Regulated Activities Order</i> (Establishing etc a collective investment scheme), of acting as the depositary or sole director of an <i>open-ended investment company</i> . |
| <b>FCA</b> <b>PRA</b>  |   |
| <i>acting as trustee of an authorised unit trust scheme</i>                          | the <i>regulated activity</i> , specified in article 51(1)(b) of the <i>Regulated Activities Order</i> (Establishing etc a collective investment scheme), of acting as a <i>trustee</i> of an <i>authorised unit trust scheme</i> .                 |
| <b>FCA</b> <b>PRA</b>  |   |
| <i>actuarial body</i>  | the Institute of Actuaries or the Faculty of Actuaries.   |
| <b>FCA</b> <b>PRA</b>  |   |
| <i>actuarial function</i>  | (in the <i>PRA Handbook</i> ) <i>PRA controlled function</i> CF12 in the <i>table of PRA controlled functions</i> , described more fully in ■ SUP 4.3.13 R and ■ SUP 10B.8.1 R  |
| <b>FCA</b> <b>PRA</b>  | .   |
| <i>actuarial health insurance</i>  | (in the context of the <i>rules</i> in ■ INSPRU 1.1 concerning the calculation of the <i>general insurance capital requirement</i> ), health insurance which meets all the conditions set out in ■ INSPRU 1.1.72 R.                                 |
| <b>FCA</b> <b>PRA</b>  |   |
| <i>actuarial investigation</i>   | an investigation to which ■ IPRU-INS rule 9.4 applies.  |
| <b>FCA</b> <b>PRA</b>  |   |
| <i>actuarial valuation date</i>  | the date as at which the <i>mathematical reserves</i> are calculated.   |
| <b>FCA</b> <b>PRA</b>  |   |

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| <p><i>actuary</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>a fellow of an <i>actuarial body</i> or (in connection with <i>general insurance business</i>) a Fellow of the Casualty Actuarial Society who is a member of an <i>actuarial body</i>.</p>  |
| <p><i>actuating purpose</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                      | <p>a purpose which motivates or incites a <i>person</i> to act.</p>  |
| <p><i>adequate public disclosure</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                             | <p>(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) disclosure made in accordance with the procedure laid down in Articles 102(1) and 103 of the <i>Consolidated Admissions and Reporting Directive</i>.</p>  |
| <p><i>administering a home finance transaction</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>any of the <i>regulated activities</i> of <i>administering a regulated mortgage contract</i>, <i>administering a home purchase plan</i>, <i>administering a home reversion plan</i> or <i>administering a regulated sale and rent back agreement</i>.</p>   |
| <p><i>administering a home purchase plan</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                     | <p>the <i>regulated activity</i>, specified in article 63F(2) of the <i>Regulated Activities Order</i>, which is in summary: administering a <i>home purchase plan</i> where the plan was entered into by way of business on or after 6 April 2007.</p>  |
| <p><i>administering a home reversion plan</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                    | <p>the <i>regulated activity</i>, specified in article 63B(2) of the <i>Regulated Activities Order</i>, which is in summary: administering a <i>home reversion plan</i> where the plan was entered into on or after 6 April 2007.</p>  |
| <p><i>administering a regulated lifetime mortgage contract</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>the <i>regulated activity</i>, specified in article 61(2) of the <i>Regulated Activities Order</i>, which is in summary: administering a <i>regulated mortgage contract</i> (which is a <i>lifetime mortgage</i>) where the contract was entered into on or after 31 October 2004.</p>  |
| <p><i>administering a regulated mortgage contract</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>the <i>regulated activity</i>, specified in article 61(2) of the <i>Regulated Activities Order</i>, which is in summary: administering a <i>regulated mortgage contract</i> where the contract was entered into on or after 31 October 2004.</p>  |
| <p><i>administering a regulated sale and rent back agreement</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>the <i>regulated activity</i>, specified in article 63J(2) of the <i>Regulated Activities Order</i>, which is in summary any of the following:</p> <ul style="list-style-type: none"> <li>(a) notifying the agreement seller of changes in payment due under a <i>regulated sale and rent back agreement</i> or of other matters of which that <i>agreement</i> requires him to be notified;</li> <li>(b) taking any necessary steps for the purpose of making payments to the agreement seller under that <i>agreement</i>; and</li> </ul> |

(c) taking any necessary steps for the purposes of collecting or recovering payments due under that *agreement* from the agreement seller;

but a *person* is not to be treated as administering a *regulated sale and rent back agreement* because he has, or exercises, a right to take action for the purposes of enforcing that *agreement* (or to require that such action is or is not taken);

and in relation to a *person* who acquires obligations or rights under a *regulated sale and rent back agreement*, an activity is a specified kind of activity for the purposes of this definition only if the *agreement* was entered into by the agreement provider (rather than the obligations or rights acquired) on or after 1 July 2009.

administering a  
specified  
benchmark

FCA

The *regulated activity*, specified in article 63O(1)(b) of the *Regulated Activities Order*, which means:

- (1) administering the arrangements for determining a *specified benchmark*, or
- (2) collecting, analysing or processing information or expressions of opinion for the purpose of determining a *specified benchmark*, or
- (3) determining a *specified benchmark* through the application of a formula or other method of calculation to the information or expressions of opinion provided for that purpose.

administrative  
expenses

FCA PRA

has the meaning set out in the *insurance accounts rules*.

administrative  
functions

FCA PRA

- (a) (in relation to managing *investments*):
  - (i) arranging settlement;
  - (ii) monitoring and processing corporate actions;
  - (iii) *client* account administration, liaison and reporting, including valuation and performance measurement;
  - (iv) *ISA* or *CTF* administration;
  - (v) *investment trust savings scheme* administration;
- (b) (in relation to *effecting* or carrying out *life policies*):
  - (i) new business administration;
  - (ii) *policy* alterations including surrenders and *policy* loans;
  - (iii) preparing *projections*;
  - (iv) processing claims including pension payments;
  - (v) fund switching;
- (c) (in relation to the operation of a *stakeholder pension scheme*):
  - (i) new business administration;
  - (ii) receipt of or alteration to contributions;
  - (iii) preparing *projections* and annual statements;
  - (iv) administration of transfers;
  - (v) handling claims, including pension payments;
  - (vi) fund allocation and switching.

*admissible asset*

**FCA** **PRA**

(1) (for the purpose of the *rules* in *GENPRU* and *INSPRU* as they apply to *members* of the *Society* of Lloyd's, the *Society* and *managing agents* ) an asset that , subject to paragraphs (2) and (3) of ■ *GENPRU 2 Annex 7 R*, falls into one or more categories in paragraph (1) of ■ *GENPRU 2 Annex 7 R* as modified by ■ *GENPRU 2.3.34 R*.

(2) otherwise:

(a) (in relation to an *insurer* which is not a *pure reinsurer*) an asset that, subject to paragraphs (2) and (3) of ■ *GENPRU 2 Annex 7 R*, falls into one or more categories in paragraph (1) of ■ *GENPRU 2 Annex 7 R* ; or

(b) (in relation to a *pure reinsurer*) an asset the holding of which is consistent with compliance by the *firm* with ■ *INSPRU 3.1.61A R*.

(in *LR*) *admission* of *securities* to the *official list*.

*admission or admission to listing*

**FCA** **PRA**

*admission to trading*

**FCA** **PRA**

(1) (in *LR*) *admission* of *securities* to trading on an *RIE's market for listed securities*.

(2) (in *PR* and *DTR*) *admission* to trading on a *regulated market*.

(3) (elsewhere in the *Handbook*)(in relation to an *investment* and an exchange) the process by which the exchange permits members of the exchange to enter into transactions in that *investment* under and subject to the rules of the exchange.

*advanced IRB approach*

**FCA** **PRA**

one of the following:

(a) (in relation to the *sovereign, institutional and corporate IRB exposure class*) the approach under the *IRB approach* under which a *firm* supplies its own estimates of *LGD* and *conversion factors*;

(b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with ■ *BIPRU 8* (Group risk - consolidation); or

(c) when the reference is to the rules of or administered by a *regulatory body* other than the *appropriate regulator*, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.

*advanced measurement approach*

**FCA** **PRA**

one of the following:

(a) the adjusted method of calculating the *operational risk capital requirement* set out in ■ *BIPRU 6.5* (Operational risk: advanced measurement approaches);

(b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with ■ *BIPRU 8* (Group risk - consolidation); or

(c) when the reference is to the rules of or administered by a *regulatory body* other than the *appropriate regulator*, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.

*advanced prudential calculation approach*

**FCA** **PRA**

one of the following:

(a) the *IRB approach*; or

(b) the *advanced measurement approach*; or

(c) the *VaR model approach*; or

*advanced prudential calculation approach permission*

FCA PRA

- (d) the *CAD 1 model approach*; or
- (e) the *master netting agreement internal models approach*; or
- (f) the *CCR internal model method*;

including, in each case, whatever corresponds to that approach under the rules of or administered by a *regulatory body* other than the *appropriate regulator*.

one of the following:

- (a) an *IRB permission*; or
- (b) an *AMA permission*; or
- (c) a *VaR model permission*; or
- (d) a *CAD 1 model waiver*; or
- (e) a *master netting agreement internal models approach permission*; or
- (f) a *CCR internal model method permission*.

*advertisement*

FCA PRA

(in PR and ■ LR 4) (as defined in the *PD Regulation*) announcements:

- (a) relating to a specific offer to the public of securities or to an admission to trading on a regulated market; and
- (b) aiming to specifically promote the potential subscription or acquisition of securities.

*adviser*

FCA PRA

(1) (except in *IPRU(INV) 13*) an individual who is: a *representative*, an *appointed representative* or a *tied agent*

(2) (in *IPRU(INV) 13*) a *financial adviser*.

*adviser charge*

FCA PRA

any form of charge payable by or on behalf of a *retail client* to a *firm* in relation to the provision of a *personal recommendation* by the *firm* in respect of a *retail investment product* (or any related service provided by the *firm*) which:

- (a) is agreed between that *firm* and the *retail client* in accordance with the *rules* on adviser charging and remuneration (■ COBS 6.1A); and
- (b) is not a *consultancy charge*.

*advising on a home finance transaction*

FCA PRA

any of the *regulated activities* of *advising on regulated mortgage contracts*, *advising on a home purchase plan*, *advising on a home reversion plan* or *advising on a regulated sale and rent back agreement*.

*advising on a home purchase plan*

FCA PRA

the *regulated activity*, specified in article 53C of the *Regulated Activities Order*, which is in summary: advising a *person* if the advice:

- (a) is given to him in his capacity as a *home purchaser* or potential *home purchaser*; and
- (b) is advice on the merits of his:
  - (i) entering into a particular *home purchase plan*; or
  - (ii) varying the terms of a *home purchase plan* entered into by him on or after 6 April 2007 in such a way as to vary his obligations under that plan.

*advising on a home reversion plan*

**FCA** **PRA**

the *regulated activity*, specified in article 53B of the *Regulated Activities Order*, which is in summary: advising a *person* if the advice:

- (a) is given to him in his capacity as *reversion occupier* or plan provider or potential *reversion occupier* or potential plan provider; and
- (b) is advice on the merits of his:
  - (i) entering into a particular *home reversion plan*; or
  - (ii) varying the terms of a *home reversion plan* entered into by him on or after 6 April 2007 in such a way as to vary his obligations under that plan.

*advising on a regulated sale and rent back agreement*

**FCA** **PRA**

the *regulated activity*, specified in article 53D of the *Regulated Activities Order*, which is in summary: advising a *person* if the advice:

- (a) is given to a *person* in his capacity as:
  - (i) an agreement seller or potential agreement seller; or
  - (ii) an agreement provider or potential agreement provider; and
- (b) is advice on the merits of his doing either of the following:
  - (i) entering into a particular *regulated sale and rent back agreement*; or
  - (ii) varying the terms of a *regulated sale and rent back agreement* entered into on or after 1 July 2009 by him as agreement seller or agreement provider, in such a way as to vary his obligations under that *agreement* and in relation to a *person* who acquires obligations or rights under a *regulated sale and rent back agreement*, an activity is a specified kind of activity for the purposes of this part of the definition only if the *agreement* was entered into by the agreement provider (rather than the obligations or rights acquired) on or after 1 July 2009.

*advising on investments*

**FCA** **PRA**

the *regulated activity*, specified in article 53 of the *Regulated Activities Order* (Advising on investments), which is in summary: advising a *person* if the advice is:

- (a) given to the *person* in his capacity as an investor or potential investor, or in his capacity as agent for an investor or a potential investor; and
- (b) advice on the merits of his doing any of the following (whether as principal or agent):
  - (i) *buying, selling*, subscribing for or underwriting a particular *investment* which is a *security* or *relevant investment* (that is, any *designated investment, funeral plan contract, pure protection contract, general insurance contract* or right to or interests in a *funeral plan contract*); or
  - (ii) exercising any right conferred by such an *investment* to *buy, sell*, subscribe for or underwrite such an *investment*.

*advising on investments (except pension transfers and pension opt-outs)*

**FCA** **PRA**

*advising on investments* except in respect of *pension transfers* and *pension opt-outs*.



advising on pension transfers and pension opt-outs

FCA PRA

advising on *investments* in respect of *pension transfers* and *pension opt-outs*.

advising on regulated mortgage contracts

FCA PRA

the *regulated activity*, specified in article 53A of the *Regulated Activities Order*, which is in summary: advising a *person* if the advice:

(a) is given to the *person* in his capacity as a borrower or potential borrower; and

(b) is advice on the merits of his:

(i) entering into a particular *regulated mortgage contract*; or

(ii) varying the terms of a *regulated mortgage contract* entered into by him on or after 31 October 2004 in such a way as to vary his obligations under that contract.

advising on syndicate participation at Lloyd's

FCA PRA

the *regulated activity*, specified in article 56 of the *Regulated Activities Order* (Advice on syndicate participation at Lloyd's), of advising a *person* to become, or continue or cease to be, a member of a particular Lloyd's *syndicate*.

affected person

FCA PRA

(in *COLL*):

(a) (in relation to an *ICVC*):

(i) the *ICVC*;

(ii) its *depository*;

(iii) a *director* of the *ICVC*;

(iv) any *investment adviser* of the *ICVC*;

(v) any *associate* of any *person* in (a)(i), (ii), (iii) or (iv);

(vi) the auditor of the *scheme*;

(b) (in relation to an *AUT*):

(i) the *manager*;

(ii) the *trustee*;

(iii) any *investment adviser* of the *manager*;

(iv) any *associate* of any *person* in (b)(i), (ii) or (iii);

(v) the auditor of the *scheme*.

affiliated company

FCA PRA

(in relation to a *person*) an *undertaking* in the same *group* as that *person*.

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AFM

FCA PRA

*authorised fund manager*.

*agent*

FCA PRA

(in relation to *payment services* or *electronic money*) a *person* who acts on behalf of a *payment institution* or an *electronic money institution* in providing *payment services*.

[Note: article 4(22) of the *Payment Services Directive*]

*agreeing to carry on a regulated activity*

FCA PRA

the *regulated activity*, specified in article 64 of the *Regulated Activities Order* (Agreeing to carry on specified kinds of activity), of agreeing to carry on an activity specified in Part II of that Order other than:

- (a) *accepting deposits*;
- (aa) *issuing electronic money*;
- (b) *effecting contracts of insurance*;
- (c) *carrying out contracts of insurance*;
- (d) *establishing, operating or winding up a collective investment scheme*;
- (e) *acting as trustee of an authorised unit trust scheme*;
- (f) *acting as the depositary or sole director of an open-ended investment company*;
- (g) *establishing, operating or winding up a stakeholder pension scheme*;
- (h) *establishing, operating or winding up a personal pension scheme*.

*aircraft*

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 5 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), upon aircraft or upon the machinery, tackle, furniture or equipment of aircraft.

*aircraft liability*

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 11 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), against damage arising out of or in connection with the use of aircraft, including third-party risks and carrier's liability.

*all price risk measure*

FCA PRA

(in ■ BIPRU 7.10 (Use of a Value at Risk Model)) has the meaning in ■ BIPRU 7.10.116A R (Capital calculations for VaR models), which is, in relation to a *business day*, the *all price risk measure* required under the provisions in ■ BIPRU 7.10 about *specific risk* for the *correlation trading portfolio*.

*allocation period*

FCA PRA

a single 24-hour period or, with the agreement of each *professional client* concerned, a period spanning five consecutive *business days*, during which an aggregated *series of transactions* may be *executed*.

*allotment*

FCA PRA

(as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) the process or processes by which the number of *relevant securities* to be received by investors who have previously subscribed or applied for them is determined.

*alternative debenture*

FCA PRA

the *investment* specified in article 77A of the *Regulated Activities Order* (Alternative finance investment bonds).

*alternative projection*

FCA PRA

(in COBS) a *projection* calculated on the basis described in paragraph 1.5R of the *projection rules* (■ COBS 13 Annex 2), rather than in accordance with the remainder of those *rules*.

*alternative standardised approach*

**FCA** **PRA**

one of the following:

- (a) a version of the *standardised approach* to *operational risk* under which a *firm* uses different indicators for certain business lines as referred to in ■ BIPRU 6.4.19 R (The alternative standardised approach);
- (b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with ■ BIPRU 8 (Group risk - consolidation); or
- (c) when the reference is to the rules of or administered by a *regulatory body* other than the *appropriate regulator*, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.

AMA

**FCA** **PRA**

the *advanced measurement approach*.

AMA permission

**FCA** **PRA**

an *Article 129 implementing measure*, a *requirement* or a *waiver* that requires a *BIPRU firm* or an *institution* to use the *advanced measurement approach* to *operational risk* on a solo basis or, if the context requires, a consolidated basis.

*ancillary activity*

**FCA** **PRA**

an activity which is not a *regulated activity* but which is:

- (a) carried on in connection with a *regulated activity*; or
- (b) held out as being for the purposes of a *regulated activity*.

*ancillary insurance services undertaking*

**FCA** **PRA**

(in relation to any *undertaking* in a *consolidation group*, *sub-group* or other group of *persons*) an *undertaking* complying with the following conditions:

- (a) its principal activity consists of:
  - (i) owning or managing property; or
  - (ii) managing data-processing services; or
  - (iii) any other similar activity;
- (b) the activity in (a) is ancillary to the principal activity of one or more *insurance undertakings*; and
- (c) those *insurance undertakings* are also members of that *consolidation group*, *sub-group* or other group of *persons*.

*ancillary risk*

**FCA** **PRA**

(in relation to an *insurer* with *permission* under the *Act* to insure a principal risk belonging to one *class* (as defined for the purposes of *INSPRU* and *SUP*) of *general insurance business*) a risk included in another such class which is:

- (a) connected with the principal risk,
- (b) concerned with the object which is covered against the principal risk, and
- (c) the subject of the same contract insuring the principal risk.

However, the risks included in *classes* 14, 15 and 17 may not be treated as risks ancillary to other classes, except that the risk included in *class* 17 (legal expenses insurance) may be regarded as an ancillary risk of *class* 18 where:

- (d) the conditions laid down in (a) to (c) are fulfilled, and
- (e) the principal risk relates solely to assistance provided for *persons* who fall into difficulties while travelling, while away from home or while away from their permanent residence or where it concerns disputes or risks arising out of, or in connection with, the use of sea-going vessels.

ancillary  
service

FCA PRA

any of the services listed in Section B of Annex I to *MiFID* , that is:

- (a) safekeeping and administration of *financial instruments* for the account of *clients*, including custodianship and related services such as cash/collateral management;
- (b) granting credits or loans to an investor to allow him to carry out a transaction in one or more *financial instruments*, where the firm granting the credit or loan is involved in the transaction;
- (c) advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- (d) foreign exchange services where these are connected to the provision of *investment services*;
- (e) *investment research* and financial analysis or other forms of general recommendation relating to transactions in *financial instruments*;
- (f) services related to underwriting; and
- (g) *investment services and activities* as well as ancillary services within (a) to (f), above, related to the underlying of the *derivatives* included under Section C - 5, 6, 7 and 10, that is (in accordance with that Annex and Recital 21 to, and Article 39 of, the *MiFID Regulation*):
  - (i) commodities;
  - (ii) climatic variables;
  - (iii) freight rates;
  - (iv) emission allowances;
  - (v) inflation rates or other official economic statistics;
  - (vi) telecommunications bandwidth;
  - (vii) commodity storage capacity;
  - (viii) transmission or transportation capacity relating to commodities, where cable, pipeline or other means;
  - (ix) an allowance, credit, permit, right or similar asset which is directly linked to the supply, distribution or consumption of energy derived from renewable resources;
  - (x) a geological, environmental or other physical variable;
  - (xi) any other asset or right of a fungible nature, other than a right to receive a service, that is capable of being transferred;
  - (xii) an index or measure related to the price or value of, or volume of transactions in any asset, right, service or obligation;

where these are connected to the provision of *investment services* or ancillary services.

[Note: article 4(1)(3) of *MiFID*]

(1) (in accordance with Article 4(21) of the *Banking Consolidation Directive* (Definitions) and subject to (2)) and in relation to an *undertaking* in a *consolidation group*, *sub-group* or another group of *persons*) an *undertaking* complying with the following conditions:

- (a) its principal activity consists of:
  - (i) owning or managing property; or
  - (ii) managing data-processing services; or

ancillary  
services  
undertaking

FCA PRA

|  |   |
|--|---|
| <p>(iii) any other similar activity;</p> <p>(b) the activity in (a) is ancillary to the principal activity of one or more <i>credit institutions</i> or <i>investment firms</i>; and</p> <p>(c) those <i>credit institutions</i> or <i>investment firms</i> are also members of that <i>consolidation group</i>, <i>sub-group</i> or group.</p> <p>(2) (for the purpose of ■ GENPRU 1.3 (Valuation) and ■ INSPRU 6.1 (Group Risk: Insurance Groups) an <i>undertaking</i> in (1) and an <i>ancillary insurance services undertaking</i>.</p> | <p>(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) the exercise of an <i>overallotment facility</i> or of a <i>greenshoe option</i> by <i>investment firms</i> or <i>credit institutions</i>, in the context of a <i>significant distribution</i> of <i>relevant securities</i>, exclusively for facilitating <i>stabilisation</i> activity.</p>  |
| <p><i>ancillary stabilisation</i></p> <p>FCA PRA</p>   |   |
| <p><i>announceable information</i></p> <p>FCA PRA</p>  | <p>information which is usually the subject of a public announcement, although not subject to any formal disclosure requirement.</p>  |
| <p><i>annual accounting period</i></p> <p>FCA PRA</p>  | <p>(1) [deleted]</p> <p>(2) (in <i>COLL</i>): the period determined in accordance with ■ COLL 6.8.2 R (3) to ■ COLL 6.8.2 R (7) (<i>Accounting periods</i>).</p>  |
| <p><i>Annual Accounts</i></p> <p>FCA PRA</p>   | <p>(1) the Council Directive of 19 December 1991 concerning the annual accounts and consolidated accounts of <i>insurance undertakings</i> (No. 91/674/EEC).</p> <p>(2) (in <i>UPRU</i>) accounts prepared to comply with :</p> <p>(a) the Companies Acts 1985 to 1989, and their equivalent in Northern Ireland, where these provisions are applicable; or</p> <p>(b) the Companies Act 2006; or</p> <p>(c) other statutory obligations.</p> |
| <p><i>annual audited fixed expenditure</i></p> <p>FCA PRA</p>  | <p>(in <i>UPRU</i>) has the meaning given in ■ UPRU 2.1.3 R (<i>Annual audited fixed expenditure</i>).</p>  |
| <p><i>annual bonus</i></p> <p>FCA PRA</p>  | <p>(in relation to a <i>with-profits insurance contract</i>) a discretionary addition to <i>policy</i> benefits under a <i>with-profits insurance contract</i> made by a <i>long-term insurer</i> as a result of the annual <i>actuarial investigation</i>.</p>   |
| <p><i>annual budget</i></p> <p>FCA PRA</p>   | <p>the annual budgeted costs of operating the <i>Financial Ombudsman Service</i>.</p>   |
| <p><i>annual eligible income</i></p> <p>FCA PRA</p>  | <p>(in <i>FEES</i>) (in relation to a <i>firm</i> and a <i>class</i>) the annual income (as described in ■ FEES 6 Annex 3 R ) for the <i>firm's</i> last financial year ended in the year to 31 December preceding the date for submission of the information under ■ FEES 6.5.13 R attributable to that <i>class</i>. A <i>firm</i> must calculate <i>annual eligible income</i> from such annual income in one of the following ways:</p>   |

|   |  |
|---|--|
| <p><i>annual financial statements</i><br/>FCA PRA</p>     | <p>(a) only include such annual income if it is attributable to business conducted with or for the benefit of <i>eligible claimants</i> and is otherwise attributable to compensatable business; or</p> <p>(b) include all such annual income.</p>   |
| <p><i>annual income</i><br/>FCA PRA</p>                   | <p>the financial statements in respect of the year ending on the <i>firm's</i> annual accounting reference date, which is the date to which a corporate <i>firm's</i> accounts are prepared for the purposes of the Companies Acts, or, where the <i>firm</i> is not subject to the Companies Acts, the equivalent date chosen by the <i>firm</i> and notified to the <i>FCA</i> or <i>PRA</i> as the case may be.</p> <p>(in MIPRU)<br/>the income referred to in ■ MIPRU 4.3</p>   |
| <p><i>annual income allocation date</i><br/>FCA PRA</p>   | <p>the date in any year stated in the most recently published <i>prospectus</i> as the date on or before which, in respect of each <i>annual accounting period</i>, an allocation of income is to be made.</p>   |
| <p><i>annual percentage rate</i><br/>FCA PRA</p>          | <p>the annual percentage rate of charge for a contract as calculated in accordance with ■ MCOB 10 (Annual percentage rate).</p>  |
| <p><i>annual report and accounts</i><br/>FCA PRA</p>      | <p>(a) (in relation to a <i>company</i> incorporated in the <i>United Kingdom</i>) an annual report and annual accounts as those terms are defined in:</p> <p style="padding-left: 20px;">(i) section 262(1) of the Companies Act 1985, together with an auditor's report prepared in relation to those accounts under section 235 of the same Act where these provisions are applicable; or</p> <p style="padding-left: 20px;">(ii) section 471 of the Companies Act 2006 together with an auditor's report prepared in relation to those accounts under sections 495 to 497 of the same Act;</p> <p>(b) (in relation to any other body) any similar or analogous <i>documents</i> which it is required to prepare whether by its constitution or by the law under which it is established.</p> |
| <p><i>annual statement provisions</i><br/>FCA PRA</p>     | <p>(in MCOB) in relation to a:</p> <p style="padding-left: 20px;">(a) <i>regulated mortgage contract</i>, ■ MCOB 7.5;</p> <p style="padding-left: 20px;">(b) <i>home purchase plan</i>, ■ MCOB 7.8.3 R to ■ MCOB 7.8.6 R; and</p> <p style="padding-left: 20px;">(c) <i>instalment reversion plan</i>, ■ MCOB 9.9.1 R to ■ MCOB 9.9.3 R (2)(c).</p>  |
| <p><i>annualised net written premiums</i><br/>FCA PRA</p> | <p>(for the purposes of ■ INSPRU 1.4 ) in relation to a <i>financial year</i>, the <i>net written premiums</i> received during that <i>financial year</i>, except that in relation to a <i>financial year</i> that has been validly extended beyond, or shortened from, a period of 12 months, the amount of <i>net written premiums</i> is the amount determined in accordance with the formula: <math>NWP \times 365/D</math> where:</p> <p style="padding-left: 20px;">(1) NWP is the amount of <i>net written premiums</i> received in the financial year; and</p> <p style="padding-left: 20px;">(2) D is the number of days in that <i>financial year</i>.</p>   |
| <p>APER<br/>FCA PRA</p>                                   | <p>the part of the <i>Handbook</i> in High Level Standards which has the title Statements of Principle and Code of Practice for Approved Persons.</p>  |

*applicable asset*

**FCA** **PRA**

- (a) in relation to *MiFID business*, a *financial instrument*; or
- (b) in relation to *safeguarding and administering investments* that is not *MiFID business*, a *designated investment*.

*applicable provisions*

**FCA** **PRA**

the *Host State* rules with which:

- (a) an *incoming EEA firm* is required to comply when carrying on a *permitted activity* through a *branch* or by providing services (as applicable) in the *United Kingdom*, as defined in paragraphs 13(4) and 14(4) of Part II of Schedule 3 to the *Act* (Exercise of passport rights by EEA firms); or
- (b) a *UK firm* is required to comply when conducting business through a *branch* (in accordance with paragraph 19(13) of Part III of Schedule 3 to the *Act* (Exercise of passport rights by UK firms)) or by providing services (as applicable) in another *EEA State*.

*applicable sectoral consolidation rules*

**FCA** **PRA**

(in respect of a *financial sector* and in accordance with paragraph 6.9 of **■ GENPRU 3 Annex 1 R** (Applicable sectoral consolidation rules)) the *appropriate regulator's sectoral rules* about capital adequacy and solvency on a consolidated basis applicable to that *financial sector* under the table in paragraph 6.10 of **■ GENPRU 3 Annex 1 R**.

*applicable sectoral rules*

**FCA** **PRA**

(in respect of a *financial sector*) *applicable sectoral consolidation rules* for that *financial sector* and the *appropriate regulator's sectoral rules* about capital adequacy and solvency for:

- (a) the *banking and investment services sector* as set out in paragraph 6.2 of **■ GENPRU 3 Annex 1 R**; or
- (b) *insurance undertakings*;

which of those sets of *rules* apply for the purpose of a particular calculation depends on the nature of that calculation.

*applicant*

**FCA** **PRA**

- (1) (in *LR*) an *issuer* which is applying for *admission* of *securities*.
- (2) (in *PR*) an applicant for approval of a *prospectus* or *supplementary prospectus* relating to *transferable securities*.

*appointed representative*

**FCA** **PRA**

(in accordance with section 39 of the *Act* (other than an *authorised person*) who:

- (a) is a party to a contract with an *authorised person* (his *principal*) which:
  - (i) permits or requires him to carry on business of a description prescribed in the *Appointed Representatives Regulations*; and
  - (ii) complies with such requirements as are prescribed in those *Regulations*; and

- (b) is someone for whose activities in carrying on the whole or part of that business his *principal* has accepted responsibility in writing;

and who is therefore an *exempt person* in relation to any *regulated activity* comprised in the carrying on of that business for which his *principal* has accepted responsibility.

*Appointed Representatives Regulations*

**FCA** **PRA**

the Financial Services and Markets Act 2000 (Appointed Representatives) Regulations 2001 (SI 2001/1217).

*apportionment and oversight function*

**FCA** **PRA**

*FCA controlled function* CF8 in Parts 1 and Part 2 of the *table of FCA controlled functions*, described more fully in **■ SUP 10A.7.1 R** .

*appropriate actuary*

**FCA** **PRA**

an *actuary* appointed under **■ SUP 4.4.1 R** (Appointment of an appropriate actuary).

*appropriate charges information*

**FCA** **PRA**

(in COBS) information about charges which is calculated and presented in accordance with the charges *rules* in **■ COBS 13.4.1 R** and **■ COBS 13 Annexes 3** or **■ 4**.

*appropriate position risk adjustment*

**FCA** **PRA**

- (1) (in relation to a *position* treated under **■ BIPRU 7.6** (Option PRR)) the percentage figure applicable to that *position* under the table in **■ BIPRU 7.6.8 R** (Appropriate Position Risk Adjustment);
- (2) (for any other purpose and in relation to a *position*) the *position risk adjustment* applicable to that position under BIPRU 7 (Market risk).

*appropriate regulator*

**FCA** **PRA**

- (1) in the *FCA Handbook*, the *FCA*; and in the *PRA Handbook*, the *PRA*;
- (2)
  - (a) in **■ SUP 11** "appropriate regulator" has the meaning given in section 178 of the *Act*, and
  - (b) in **■ SUP 18** "appropriate regulator" has the meaning given in section 103A of the *Act*.

*appropriate UK regulator*

**FCA** **PRA**

- (1) in relation to an *EEA firm* (in accordance with Schedule 3 paragraph 13(4) and 14(4) to the *Act*), whichever of the *FCA* or *PRA* is the *competent authority* for the purposes of the relevant *Single Market Directive*;
- (2) in relation to a *UK firm* (in accordance with Schedule 3 paragraph 18A to the *Act*),
  - (a) the *PRA*, where the *firm* is a *PRA-authorised person*; and
  - (b) in any other case, the *FCA*.
- (3) in relation to a *Treaty firm* (in accordance with section 35(2A) of the *Act*),
  - (a) in the case of a *PRA-authorised person*, the *PRA*; and
  - (b) in any other case, the *FCA*.

*appropriate valuer*

**FCA** **PRA**

(in *COLL* ) a *person* who complies with the *requirements* of **■ COLL 5.6.18 R** (7) (Investment in property) or **■ COLL 8.4.11 R** (4) ( Investment in property) .

*approve*

**FCA** **PRA**

(in relation to a *financial promotion*) approve the content of the *financial promotion* for the purposes of section 21 of the *Act* (Restrictions on financial promotion).



*approved bank*

FCA PRA

(except in *COLL* ) (in relation to a *bank* account opened by a firm):

- (a) if the account is opened at a branch in the *United Kingdom*:
  - (i) the Bank of England; or
  - (ii) the central bank of a member state of the *OECD*; or
  - (iii) a *bank*; or
  - (iv) a *building society* ; or
  - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the *OECD*; or
- (b) if the account is opened elsewhere:
  - (i) a bank in (a); or
  - (ii) a *credit institution* established in an *EEA State* other than the *United Kingdom* and duly authorised by the relevant *Home State* regulator; or
  - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
- (c) a bank supervised by the South African Reserve Bank; or
- (d) any other bank that:
  - (i) is subject to regulation by a national banking regulator;
  - (ii) is required to provide audited accounts;
  - (iii) has minimum net assets of £5 million (or its equivalent in any other currency at the relevant time) and has a surplus revenue over expenditure for the last two financial years; and
  - (iv) has an annual audit report which is not materially qualified.

(in *COLL* ) any person falling within (a-c).*approved collateral*

FCA PRA

any form of security for the discharge of any liability arising from a *contingent liability investment* (other than a guarantee) which:

- (a) (in relation to an *on-exchange* transaction) is acceptable under the rules of the relevant exchange or *clearing house*; and
- (b) (in relation to an *OTC* transaction) would be acceptable for a similar transaction to the relevant exchange or *clearing house*.

*approved counterparty*

FCA PRA

any of the following:

- (a) an *approved credit institution*; or
- (b) a *firm* whose *permission* includes *dealing in investments as principal* with respect to *derivatives* which are not *listed*; or
- (c) a *MiFID investment firm* whose authorisation (as referred to in article 5 of *MiFID*) authorises it to carry on activities of the kind referred to in (b); or
- (d) in respect of a transaction involving a new issue of *securities* which are to be *listed*, the *issuer* or a *MiFID investment firm* acting on behalf of the *issuer*.

*approved credit institution*

FCA PRA

a *credit institution* recognised or permitted under the law of an *EEA State* to carry on any of the activities set out in Annex 1 to the *Banking Consolidation Directive*.

*approved  
depository*

**FCA** **PRA**

any *depository*:

- (a) which is subject to regulation by a national *regulatory body* in connection with its custody services;
- (b) which is required to prepare audited accounts;
- (c) whose latest annual audit report is not materially qualified; and
- (d) which
  - (i) has minimum net assets of £5 million (or its equivalent in any other currency at the relevant time) and has surplus revenue over expenditure for the last two financial years; or
  - (ii) if not, nevertheless has adequate financial resources for its business.

*approved  
derivative*

**FCA** **PRA**

(1) (in *COLL* ) a derivative which is traded or *dealt* in on an eligible derivatives market.

(2) (in *INSPRU*) a *derivative* in respect of which the conditions in **■** *INSPRU* 3.2.5 R are met.

*approved  
financial  
institution*

**FCA** **PRA**

any of the following:

- (a) the European Central Bank;
- (b) the central bank of an *EEA State*;
- (c) the International Bank for Reconstruction and Development;
- (d) the European Bank for Reconstruction and Development;
- (e) the International Finance Corporation;
- (f) the International Monetary Fund;
- (g) the Inter-American Development Bank;
- (h) the African Development Bank;
- (i) the Asian Development Bank;
- (j) the Caribbean Development Bank;
- (k) the European Investment Bank;
- (l) the *EU*; and
- (m) the European Atomic Energy Community.

*approved index*

**FCA** **PRA**

in relation to *permitted links*:

- (a) an index that is:
  - (i) calculated independently;
  - (ii) published at least once every week;
  - (iii) based on constituents that are *permitted links*; and
  - (iv) calculated on a basis that is made available to the public, and that includes both the rules for including and excluding constituents and the rules for valuation which must use an arithmetic average of the value of the constituents; or
- (b) a national index of retail prices published by or under the authority of a government, or by a body recognised under the national legislation, of a *Zone A country*; or
- (c) an index that is:

*approved money-market instrument*

FCA PRA

- (i) based on constituents that are *permitted links*; and
- (ii) in respect of which a *derivative* contract is *listed* ; or
- (d) the average earnings index when used for the purposes of orders made under section 148 of the Social Security Administration Act 1992 by the Department for Work and Pensions.

(in accordance with ■ COLL 5.2.7F R) a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

*approved person*

FCA PRA

a *person* in relation to whom the *FCA* or the *PRA* has given its approval under section 59 of the *Act* (Approval for particular arrangements) for the performance of a *controlled function*.

*approved quasi-derivative*

FCA PRA

a *quasi-derivative* in respect of which the conditions in ■ INSPRU 3.2.5 R are met.

*approved reinsurance to close*

FCA PRA

- (a) a *reinsurance to close* effected before 1 January 2005; or
- (b) an agreement under which *members* of a *syndicate* in one *syndicate year* ("the reinsured *members*") agree with the *members* of that *syndicate* in a later *syndicate year* or the *members* of one other *syndicate* ("the reinsuring *members*") that the reinsuring *members* will discharge, or procure the discharge of, or indemnify the reinsured *members* against, all known and unknown *insurance business* liabilities of the reinsured *members* arising out of the *insurance business* carried on by the reinsured *members* in that *syndicate year* that is:
  - (i) effected after 1 January 2005; and
  - (ii) not a balance transfer between two *syndicate years* where the *syndicate* has only one *member* and the *member* is the same in each of those years ; or
- (c) an agreement under which *members* of a *syndicate* in one *syndicate year* ("the reinsured *members*") agree with a *subsidiary* of the *Society* that that *subsidiary* will discharge, or procure the discharge of, or indemnify the reinsured *members* against, all known and unknown *insurance business* liabilities of the reinsured *members* arising out of the *insurance business* carried on by the reinsured *members* in that *syndicate year* ("the reinsured liabilities") and where:
  - (i) that *subsidiary* is wholly owned by the *Society* and if from time to time the *subsidiary* has an *asset* or cash flow deficiency such that the *subsidiary* is unable to meet any of the liabilities which it has reinsured, the *Society* is legally obliged to pay to the *subsidiary* a sum equal to that deficiency; and
  - (ii) at the effective date of the agreement, the relevant *syndicate year* has been open for at least two years after the date at which it would normally have been closed in accordance with the policies and practices in relation to the *syndicate* concerned.

*approved reporting mechanism*

FCA PRA

a trade-matching or reporting system approved by the *FCA* in accordance with Section 412A of the *Act*.

*approved security*

**FCA** **PRA**

(1) (in *COLL* ) a *transferable security* that is admitted to *official listing* in an *EEA State* or is traded on or under the rules of an *eligible securities* market (otherwise than by the specific permission of the market authority).

(2) (in *INSPRU* ) any of the following:

(a) any *security* issued or guaranteed by, or the repayment of the principal of which, or the interest on which, is guaranteed by, and any loans to or deposits with, any government, public or local authority or nationalised industry or undertaking, which belongs to a *Zone A country*;

(b) any loan to, or deposit with, an *approved financial institution*;

(c) any *debenture* issued before 31 December 1994 by the Agricultural Mortgage Corporation Limited or the Scottish Agricultural Securities Corporation Limited.

(3) (in *COBS*) any of the following:

(a) any *security* issued or guaranteed by, or the repayment of the principal of which, or the interest on which is guaranteed by, and any loan to or deposit with, any government, public or local authority or nationalised industry or undertaking that belongs to *Zone A* as defined in the *Banking Consolidation Directive*; or

(b) any loan to, or deposit with, an *approved financial institution*; or

(c) debentures issued before 31 December 1994 by the Agricultural Mortgage Corporation Ltd or the Scottish Agricultural Securities Corporation Ltd.

*approved stock lending transaction*

**FCA** **PRA**

a *stock lending* transaction in respect of which the conditions in **■** *INSPRU* 3.2.36 R have been met.

*APR*

**FCA** **PRA**

*annual percentage rate*.

*APR rules*

**FCA** **PRA**

**■** *MCOB* 10.

*arrangement*

**FCA** **PRA**

(as defined in section 59(10) of the *Act* (Approval for particular arrangements)) any kind of arrangement for the performance of a function of an *authorised person* ("A") which is entered into by A or any contractor of his with another *person*, including, in particular, that other *person's* appointment to an office, his becoming a partner, or his employment (whether under a contract of service or otherwise).

*arranging*

**FCA** **PRA**

(a) (except in relation to a *home finance transaction* ) *arranging (bringing about) deals in investments, making arrangements with a view to transactions in investments* or *agreeing to carry on either of those regulated activities*.

(b) (in relation to a *regulated mortgage contract*) *arranging (bringing about) regulated mortgage contracts, making arrangements with a view to regulated mortgage contracts* or *agreeing to carry on either of those regulated activities*;

*arranging (bringing about) a home finance transaction*

(c) (in relation to a *home purchase plan*) *arranging (bringing about) a home purchase plan, making arrangements with a view to a home purchase plan or agreeing to carry on either of those regulated activities.*

(d) (in relation to a *home reversion plan*) *arranging (bringing about) a home reversion plan, making arrangements with a view to a home reversion plan or agreeing to carry on either of those regulated activities.*

any of the *regulated activities* of *arranging (bringing about) a regulated mortgage contract, arranging (bringing about) a home purchase plan, arranging (bringing about) a home reversion plan or arranging (bringing about) a regulated sale and rent back agreement.*

FCA PRA

*arranging (bringing about) a home purchase plan*

the *regulated activity*, specified in article 25C(1) of the *Regulated Activities Order*, which is in summary: making arrangements for another person to:

- (a) enter into a *home purchase plan* as *home purchaser*; or
- (b) vary the terms of a *home purchase plan* entered into by him as *home purchaser* on or after 6 April 2007.

FCA PRA

*arranging (bringing about) a home reversion plan*

the *regulated activity*, specified in article 25B(1) of the *Regulated Activities Order*, which is in summary: making arrangements for another *person* to:

- (a) enter into a *home reversion plan* as *reversion occupier* or as plan provider; or
- (b) vary the terms of a *home reversion plan* entered into by him as *reversion occupier* or as plan provider on or after 6 April 2007.

FCA PRA

*arranging (bringing about) a regulated sale and rent back agreement*

the *regulated activity*, specified in article 25E(1) of the *Regulated Activities Order*, which is in summary making arrangements:

- (a) for another *person* to enter into a *regulated sale and rent back agreement* as an agreement seller or as an agreement provider; or
- (b) for another *person* to vary the terms of a *regulated sale and rent back agreement*, entered into on or after 1 July 2009 by him as agreement seller or agreement provider, in such a way so as to vary his obligations under that agreement and in relation to a *person* who acquires obligations or rights under a *regulated sale and rent back agreement*, an activity is a specified kind of activity for the purposes of this part of the definition only if the agreement was entered into by the agreement provider (rather than the obligations or rights acquired) on or after 1 July 2009;

FCA PRA

including making arrangements with a view to a *person* who participates in the arrangements *entering into a regulated sale and rent back agreement* as agreement seller or agreement provider.

*arranging (bringing about) deals in investments*

the *regulated activity*, specified in article 25(1) of the *Regulated Activities Order*, which is in summary: making arrangements for another *person* (whether as *principal* or agent) to *buy, sell, subscribe for or underwrite a particular investment* which is:

- (a) a *designated investment*; or
- (b) a *funeral plan contract*; or
- (c) the *underwriting capacity of a Lloyd's syndicate*; or
- (d) *membership of a Lloyd's syndicate*; or
- (da) a *pure protection contract*; or

FCA PRA

*arranging (bringing about) regulated mortgage contracts*

**FCA** **PRA**

*arranging deals in contracts of insurance written at Lloyd's*

**FCA** **PRA**

*arranging qualifying credit*

**FCA** **PRA**

*arranging safeguarding and administration of assets*

**FCA** **PRA**

*arrears*

**FCA** **PRA**

*Article 129 implementing measure*

**FCA** **PRA**

*Article 129 permission*

**FCA** **PRA**

(db) a *general insurance contract*; or

(e) *rights to or interests in investments* in (b), (c) or (d).

the *regulated activity*, specified in article 25A(1) of the *Regulated Activities Order*, which is in summary: making arrangements for another *person* to:

(a) enter into a *regulated mortgage contract* as borrower; or

(b) vary the terms of a *regulated mortgage contract* entered into by him as borrower on or after 31 October 2004.

(see also *arranging* (in relation to *regulated mortgage contracts*) and *making arrangements with a view to regulated mortgage contracts*.)

the *regulated activity*, specified in article 58 of the *Regulated Activities Order* (Arranging deals in contracts of insurance written at Lloyd's), carried on by the *Society of Lloyd's* of arranging deals in *contracts of insurance* written at Lloyd's.

the *controlled activity*, specified in paragraph 10A of Schedule 1 to the *Financial Promotion Order*, of making arrangements:

(a) for another *person* to enter as borrower into an agreement for the provision of *qualifying credit*; or

(b) for a borrower under a *regulated mortgage contract*, entered into on or after 31 October 2004, to vary the terms of that contract.

that part of *safeguarding and administering investments* which consists solely of arranging for one or more other *persons* to carry on both:

(a) the safeguarding of assets belonging to another; and

(b) the administration of those assets.

(in relation to a *regulated mortgage contract* or a *home purchase plan*) either:

(a) a shortfall (equivalent to two or more regular payments) in the accumulated total payments actually made by the *customer* measured against the accumulated total amount of payments due to be received from the *customer*; or

(b) remaining in breach, for more than one month, of an agreed borrowing limit or of an obligation to pay or repay where the loan or *home purchase plan* does not have a regular payment or repayment plan.

any:

(a) measure taken by the *appropriate regulator* under regulations 7-9 of the *Capital Requirements Regulations 2006*; or

(b) corresponding measure taken by another *competent authority* to apply an *Article 129 permission* as referred to in the last paragraph of Article 129(2) of the *Banking Consolidation Directive*.

a permission of the type referred to in Article 129(2) of the *Banking Consolidation Directive* (permission to apply the *IRB approach*, the *AMA approach* or the *CCR internal model method* on a consolidated basis) or Article 37(2) of the *Capital Adequacy Directive* (permission to apply the *VaR*

Article 129  
procedure

FCA PRA

*model approach* on a consolidated basis) excluding an *Article 129 implementing measure*.

the procedure described in Article 129(2) of the *Banking Consolidation Directive* (permission to apply the *IRB approach*, the *AMA approach* or the *CCR internal model method* on a consolidated basis) or that applies under Article 37(2) of the *Capital Adequacy Directive* (permission to apply the *VaR model approach* on a consolidated basis) for the purpose of applying for and granting or refusing an *Article 129 permission* or the procedure for varying or revoking an *Article 129 permission* in accordance with the *Banking Consolidation Directive* or the *Capital Adequacy Directive*.

Article 134  
relationship

FCA PRA

(in accordance with Article 134 of the *Banking Consolidation Directive*) a relationship of one of the following kinds:

(a) where a *person* exercises a significant influence over one or more *persons*, but without holding a *participation* or other capital ties in these *persons* and without being a *parent undertaking* of these *persons*; or

(b) where two or more *persons* are placed under single management other than pursuant to a contract or clauses of their memoranda or articles of association.

article 9  
default

FCA PRA

(as defined in article 2(2) of the *compensation transitionals order*) any of the following:

(a) the passing of a resolution for the voluntary winding up of an authorised insurance company within the meaning of section 3 of the Policyholders Protection Act 1975 in circumstances falling within section 5(1)(a) of that Act;

(b) the making by the court of an order for the winding up of such a company in accordance with section 5(1)(b) of that Act;

(c) the appointment of a provisional liquidator in the circumstances falling within section 15 of that Act in respect of such a company;

(d) such a company becoming a company in financial difficulties within the meaning of section 16 of that Act;

(e) a *participating deposit-taker* becoming insolvent for the purposes of Part II of the Banking Act 1987;

(f) a *participating institution* becoming insolvent within the meaning of section 25A of the Building Societies Act 1986;

(g) the beginning of a dissolution or transfer of engagements of a *member society* in accordance with rule 9(2) of the Rules of the Friendly Societies Protection Scheme.

assessable  
mutual

FCA PRA

(for the purposes of ■ INSPRU 1.4) a *mutual* where the *insurance business* carried on by the *mutual* is limited to the provision of *insurance business* to its members and whose articles of association, rules or bye-laws provide for the calling of additional contributions from members to meet *claims*.

## asset

FCA PRA

(in *RCB*) (as defined in Regulation 1(2) of the *RCB Regulations*) any property, right, entitlement or interest.

asset backed  
commercial  
paper  
programme

FCA PRA

(for the purposes of ■ BIPRU 9 (Securitisation) and in accordance with Part 1 of Annex IX of the *Banking Consolidation Directive* (Securitisation definitions)) a programme of *securitisations* (within the meaning of paragraph (2) of the definition of securitisation) the securities issued by which predominantly take the form of commercial paper with an original maturity of one year or less.

*asset backed security*

**FCA** **PRA**

(as defined in the *PD Regulation*) securities which:

(a) represent an interest in assets, including any rights intended to assure servicing, or the receipt or timeliness of receipts by holders of assets of amounts payable thereunder; or

(b) are secured by assets and the terms of which provide for payments which relate to payments or reasonable projections of payments calculated by reference to identified or identifiable assets.

*asset identification rules*

**FCA** **PRA**

*rules* made by the *appropriate regulator* which require an *authorised person* who has *permission* to *effecting* or *carry out contracts of insurance* to identify assets which belong to him and which are maintained in respect of a particular aspect of his business.

*asset management company*

**FCA** **PRA**

a management company within the meaning of Article 2(1)(b) of the *UCITS Directive*, as well as an *undertaking* the registered office of which is outside the *EEA* and which would require authorisation in accordance with Article 6(1) of the *UCITS Directive* if it had its registered office within the *EEA*.

*asset pool*

**FCA** **PRA**

(in *RCB*) (as defined in Regulation 1(2) of the *RCB Regulations*) an asset pool within the meaning of Regulation 3 of the *RCB Regulations*.

*asset pool monitor*

**FCA** **PRA**

a *person* appointed under regulation 17A of the *RCB Regulations*.

*asset-related capital requirement*

**FCA** **PRA**

a component of the calculation of the *ECR* for a *firm* carrying on *general insurance business* as set out in *INSRU 2.2*.

*assistance*

**FCA** **PRA**

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 18 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), providing either or both of the following benefits:

(a) assistance (whether in cash or in kind) for *persons* who get into difficulties while travelling, while away from home or while away from their permanent residence;

(b) assistance (whether in cash or in kind) for *persons* who get into difficulties otherwise than as in (a).

*assisting in the administration and performance of a contract of insurance*

**FCA** **PRA**

the *regulated activity*, specified in article 39A of the *Regulated Activities Order* (Assisting in the administration and performance of a contract of insurance) of assisting in the administration and performance of a contract of insurance.



associate

FCA PRA

(1) (in LR) (in relation to a *director, substantial shareholder, or person exercising significant influence*, who is an individual):

(a) that individual's spouse, civil partner or child (together "the individual's family");

(b) the trustees (acting as such) of any trust of which the individual or any of the individual's family is a beneficiary or discretionary object (other than a trust which is either an *occupational pension scheme* or an *employees' share scheme* which does not, in either case, have the effect of conferring benefits on persons all or most of whom are related parties;

(c) any *company* in whose *equity securities* the individual or any member or members (taken together) of the individual's family or the individual and any such member or members (taken together) are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they are (or would on the fulfilment of the condition or the occurrence of the contingency be) able:

(i) to exercise or control the exercise of 30% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or

(ii) to appoint or remove *directors* holding a majority of voting rights at board meetings on all, or substantially all, matters;

(d) any partnership whether a limited partnership or *limited liability partnership* in which the individual or any member or members (taken together) of the individual's family are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they hold or control or would on the fulfilment of the condition or the occurrence of the contingency be able to hold or control:

(i) a voting interest greater than 30% in the partnership; or

(ii) at least 30% of the partnership.

For the purpose of paragraph (c), if more than one *director* of the *listed company*, its *parent undertaking* or any of its *subsidiary undertakings* is interested in the *equity securities* of another *company*, then the interests of those *directors* and their *associates* will be aggregated when determining whether that *company* is an associate of the *director*.

(2) (in LR) (in relation to a *substantial shareholder* or *person exercising significant influence*, which is a *company*):

(a) any other *company* which is its *subsidiary undertaking* or *parent undertaking* or fellow *subsidiary undertaking* of the *parent undertaking*;

(b) any *company* whose *directors* are accustomed to act in accordance with the *substantial shareholder's* or *person exercising significant influence's*, directions or instructions ;

(c) any *company* in the capital of which the *substantial shareholder* or *person exercising significant influence* and any other *company* under paragraph (1) or (2) taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) able to exercise power of the type described in paragraph (1)(c)(i) or (ii) of this definition.

(3) (except in LR)(in relation to a *person* ("A")):

|   |   |
|---|---|
| <p><i>associated call option</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(a) an <i>affiliated company</i> of A;</p> <p>(b) an <i>appointed representative</i> of A, or a <i>tied agent</i> of A, or of any <i>affiliated company</i> of A;</p> <p>(c) any other <i>person</i> whose business or domestic relationship with A or his <i>associate</i> might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.</p>   |
| <p><i>associated instrument</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a right to acquire a particular amount of the <i>relevant security</i> or of any <i>associated security</i> at a future date at a particular <i>price</i>.</p> <p>(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) any of the following <i>financial instruments</i> (including those which are not admitted to trading on a <i>regulated market</i>, or for which a request for admission to trading on such a market has not been made, provided that the relevant competent authorities have agreed to standards of transparency for transactions in such <i>financial instruments</i>):</p> <p>(a) contracts or rights to subscribe for, acquire or dispose of <i>relevant securities</i>;</p> <p>(b) financial derivatives on <i>relevant securities</i>;</p> <p>(c) where the <i>relevant securities</i> are convertible or exchangeable debt instruments, the securities into which such convertible or exchangeable debt instruments may be converted or exchanged;</p> <p>(d) instruments which are issued or guaranteed by the <i>issuer</i> or guarantor of the <i>relevant securities</i> and whose market price is likely to materially influence the price of the <i>relevant securities</i>, or vice versa; and</p> <p>(e) where the <i>relevant securities</i> are <i>securities</i> equivalent to <i>shares</i>, the <i>shares</i> represented by those <i>securities</i> (and any other <i>securities</i> equivalent to those <i>shares</i>).</p> |
| <p><i>at the money</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>(for the purposes of <b>■</b> BIPRU 7 (Market risk) and in relation to an <i>option</i> or <i>warrant</i>) the strike price of that <i>option</i> or <i>warrant</i> being equal to the current market value of the underlying instrument.</p>  |
| <p><i>attached shares</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>(in CREDS) means any shares in the <i>credit union</i> (other than any <i>deferred shares</i>):</p> <p>(a) (in relation to a <i>Great Britain credit union</i>) the withdrawal of which is not permitted by section 7(5) of the Credit Unions Act 1979 or (in relation to a <i>Northern Ireland credit union</i>) the withdrawal of which is not permitted by article 23(4) of the Credit Unions (Northern Ireland) Order 1985; or</p> <p>(b) (in relation to a <i>Great Britain credit union</i>) the withdrawal of which is not permitted by the terms of a loan made to a member; or</p> <p>(c) the withdrawal of which is not permitted without seeking and obtaining the permission of the committee of management of the <i>credit union</i>.</p> <p>In relation to a <i>Great Britain credit union</i>, paragraph (c) is relevant only where the <i>credit union</i> made a loan to the holder of the shares before the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 came into force.</p>   |
| <p><i>auction platform</i></p>                                    | <p>a platform on which auctions of <i>emissions allowances</i> are held in accordance with the <i>auction regulation</i>.</p>   |

FCA

auCTION  
regulation

Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community.

FCA

auCTION  
regulation  
bidding

the *regulated activity of bidding in emissions auctions* where it is carried on by:

- (a) a *firm* that is exempt from *MiFID* under article 2(1)(i); or
- (b) a *MiFID investment firm* (other than a *UCITS investment firm*) on behalf of its *clients* in relation to a *two-day emissions spot*.

FCA PRA

Audit Directive

Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

FCA PRA

AUT

an *authorised unit trust scheme*.

FCA PRA

authorisation

authorisation as an *authorised person* for the purposes of the *Act*.

FCA PRA

authorisation  
order

an order made by the *FCA* :

- (a) in relation to an *AUT* under section 243 of the *Act* (Authorisation orders);
- (b) in relation to an *ICVC* under regulation 14 of the *OEIC Regulations* (Authorisation);

FCA PRA

as a result of which the *AUT* becomes authorised or the body becomes incorporated as an *ICVC* under regulation 3 of the *OEIC Regulations* (Open-ended investment company).

authorised  
central  
counterparty

a *CCP* authorised or recognised under *EMIR*.

authorised  
corporate  
director

the director of an *ICVC* who is the *authorised corporate director* of the *ICVC* in accordance with ■ COLL 6.5.3 R (Appointment of an ACD) including, if relevant, an *EEA UCITS management company*.

FCA PRA

authorised  
electronic  
money  
institution

(in accordance with regulation 2(1) of the *Electronic Money Regulations*):

- (a) a *person* included by the *FCA* in the *Financial Services Register* as an *authorised electronic money institution* pursuant to regulation 4(1)(a) of the *Electronic Money Regulations*; or
- (b) a *person* deemed to have been granted authorisation by virtue of regulation 74 of the *Electronic Money Regulations*.

FCA PRA

authorised  
fund

an *ICVC* or an *AUT*.

FCA PRA

*authorised  
fund manager*

**FCA** **PRA**

an ACD or an *authorised unit trust manager*.

*authorised  
insurance  
company*

**FCA** **PRA**

(In COMP) (in accordance with the *compensation transitionals order*) a *person* who was, at any time before *commencement*, authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business of any class in the *United Kingdom*.

*authorised  
payment  
institution*

**FCA** **PRA**

(in accordance with regulation 2(1) of the *Payment Services Regulations*) a *person* included by the *FCA* in the *Financial Services Register* as an authorised payment institution pursuant to regulation 4(1)(a), or a *person* deemed to have been granted authorisation by virtue of regulation 121 of the *Payment Services Regulations*.

*authorised  
person*

**FCA** **PRA**

(in accordance with section 31 of the *Act* (Authorised persons)) one of the following:

- (a) a *person* who has a *Part 4A permission* to carry on one or more *regulated activities*;
- (b) an *incoming EEA firm*;
- (c) an *incoming Treaty firm*;
- (d) a *UCITS qualifier*;
- (e) an *ICVC*;
- (f) the *Society of Lloyd's*.

(see also ■ GEN 2.2.18 R for the position of an *authorised partnership* or unincorporated association which is dissolved.)

*authorised  
primary dealer*

**FCA** **PRA**

(as defined in article 2(1)(n) of the *short selling regulation*) a natural or legal person who has signed an agreement with a *sovereign issuer* or who has been formally recognised as a primary dealer by or on behalf of a *sovereign issuer* and who, in accordance with that agreement or recognition, has committed to dealing as principal in connection with primary and secondary market operations relating to debt issued by that *sovereign issuer*.

*authorised  
primary dealer  
exemption*

**FCA** **PRA**

an exemption from articles 7, 13 and 14 of the *short selling regulation* for the activities of an *authorised primary dealer* pursuant to article 17 of the *short selling regulation*.

*authorised  
professional  
firm*

**FCA** **PRA**

a *professional firm* which is an *authorised person*.

*authorised UK  
representative*

**FCA** **PRA**

(in relation to a *firm*) a *person* resident in the *United Kingdom* who is authorised to act generally, and to accept service of any *document*, on behalf of the *firm*.

*authorised unit  
trust manager*

a *manager* of an *AUT*.

FCA PRA

*authorised unit trust scheme*

(as defined in section 237(3) of the *Act* (Other definitions)) a *unit trust scheme* which is authorised for the purposes of the *Act* by an *authorisation order*.

FCA PRA

*authorised Voluntary Jurisdiction participant*

a participant in the *Voluntary Jurisdiction* who is an *authorised person*.

FCA PRA

*automatic enrolment scheme*

a scheme that meets the conditions in Part 1 of the Pensions Act 2008. In summary this is a qualifying *occupational pension scheme* or qualifying *personal pension scheme* that enables automatic enrolment arrangements to take place.

FCA PRA

AVC

a voluntary contribution arrangement paid by a member of an *occupational pension scheme* under the terms of the scheme or of a separate contract.

FCA PRA

*average outstanding electronic money*

(in accordance with regulation 2(1) of the *Electronic Money Regulations*) the average total amount of financial liabilities related to *electronic money* in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month.

FCA PRA



|   |  |
|---|--|
| <p><i>backtesting exception</i><br/>FCA PRA</p>         | <p>(in ■ BIPRU 7.10 (Use of a value at risk model)) an exception (excluding a <i>specific risk backtesting exception</i>) arising out of backtesting a <i>VaR model</i> as more fully defined in ■ BIPRU 7.10.103 R.</p>   |
| <p><i>backwardation</i><br/>FCA PRA</p>                 | <p>a situation in which <i>futures</i> prices are lower than cash prices.</p>  |
| <p><i>balance</i><br/>FCA PRA</p>                       | <p>(in relation to a <i>person's account</i>) has the meaning given in section 8 of the Dormant Bank and Building Society Accounts Act 2008, which is in summary the amount owing to the <i>person</i> in respect of the <i>account</i> at any particular time, after the appropriate adjustments have been made for such things as interest due and fees and charges payable. In relation to a time after a transfer of the <i>balance</i> to a <i>dormant account fund operator</i>, the adjustments include those that would fall to be made but for the transfer or transfers.</p>   |
| <p><i>balancing amount</i><br/>FCA PRA</p>              | <p>in respect of a <i>syndicate</i>, any part of the <i>capital resources</i> that:</p> <ul style="list-style-type: none"> <li>(a) the <i>managing agent</i> of the <i>syndicate</i> has assessed to be necessary to support the <i>insurance business</i> carried on by the <i>members</i> of the <i>syndicate</i> through the <i>syndicate</i>, including those <i>capital resources</i> required to support the risks arising at <i>syndicate</i> level that affect that business; but</li> <li>(b) are not managed by or at the direction of the <i>managing agent</i> of the <i>syndicate</i>.</li> </ul>   |
| <p><i>Balancing and Settlement Code</i><br/>FCA PRA</p> | <p>the document designated by the Secretary of State and adopted by the National Grid Company plc as the Balancing and Settlement Code as modified from time to time in accordance with the terms of the transmission licence granted under section 6(1)(b) of the Electricity Act 1989 in respect of England and Wales, or any subsequent similar instrument or arrangements.</p>   |
| <p><i>bank</i><br/>FCA PRA</p>                          | <p>(a) a <i>firm</i> with a <i>Part 4A permission</i> which includes <i>accepting deposits</i>, and:</p> <ul style="list-style-type: none"> <li>(i) which is a <i>credit institution</i>; or</li> <li>(ii) whose <i>Part 4A permission</i> includes a <i>requirement</i> that it comply with the rules in <i>GENPRU</i> and <i>BIPRU</i> relating to banks ;</li> </ul> <p>but which is not a <i>building society</i>, a <i>friendly society</i> or a <i>credit union</i>;</p> <p>(b) an <i>EEA bank</i> which is a <i>full credit institution</i>.</p>  |
| <p><i>Bank Accounts Directive</i><br/>FCA PRA</p>       | <p>Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions.</p>   |
| <p><i>banking and investment group</i><br/>FCA PRA</p>  | <p>a group of <i>persons</i> (at least one of which is an <i>EEA regulated entity</i> that is a <i>credit institution</i> or an <i>investment firm</i>) who:</p> <ul style="list-style-type: none"> <li>(a) form a group in respect of which the consolidated capital adequacy requirements for the <i>banking sector</i> or the <i>investment services sector</i> under: <ul style="list-style-type: none"> <li>(i) the <i>appropriate regulator's sectoral rules</i>; or</li> <li>(ii) the <i>sectoral rules</i> of another <i>competent authority</i>; apply; or</li> </ul> </li> <li>(b) would form such a group if the scope of those <i>sectoral rules</i> were amended as described in paragraph 3.1 of ■ GENPRU 3 Annex 2 R (removing restrictions relating to place of incorporation or head office of members of those <i>financial sectors</i>).</li> </ul> |

*banking and investment services conglomerate*

FCA PRA

a *financial conglomerate* that is identified in paragraph 4.3 of ■ GENPRU 3 Annex 1 R (Types of financial conglomerate) as a *banking and investment services conglomerate*.

*banking and investment services sector*

FCA PRA

(in relation to a *financial sector* in a *consolidation group* or a *financial conglomerate* and in accordance with ■ GENPRU 3.1 (Cross sector groups)), the *investment services sector* and the *banking sector* taken together.

*Banking Consolidation Directive*

FCA PRA

the Directive of the European Parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (No 2006/48/EC).

*banking customer*

FCA PRA

(in BCOBS):

- (a) a *consumer*;
- (b) a *micro-enterprise*; or
- (c) a *charity* which has an annual income of less than £1 million.

A natural person acting in a capacity as a trustee is a *banking customer* if he is acting for purposes outside his trade, business or profession.

*Banking Ombudsman scheme*

FCA PRA

the *former scheme* set up, on a voluntary basis, to handle complaints against those banks which subscribed to it.

*banking sector*

FCA PRA

a sector composed of one or more of the following entities:

- (a) a *credit institution*;
- (b) a *financial institution*; and
- (c) an *ancillary services undertaking* that is not an *ancillary insurance services undertaking*.

*base capital resources requirement*

FCA PRA

an amount of *capital resources* that an *insurer* must hold as set out in ■ GENPRU 2.1.30 R (Table: Base capital resources requirement for an insurer) or a *BIPRU firm* must hold under ■ GENPRU 2.1.41 R (Base capital resources requirement for a BIPRU firm) and ■ GENPRU 2.1.48 R (Table: Base capital resources requirement for a BIPRU firm) or, as the case may be, ■ GENPRU 2.1.60 R (Calculation of the base capital resources requirement for banks authorised before 1993).

*base costs*

FCA PRA

*management expenses* which are not attributable to any particular *class*.

*base costs levy*

FCA PRA

a levy, forming part of the *management expenses levy*, to meet the *base costs* in the financial year of the *compensation scheme* to which the levy relates, each *participant firm's* share being calculated in accordance with ■ FEES 6.4.5 R.



|   |   |
|---|---|
| <p><i>base currency</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>(1) (in <i>COLL</i> ) the currency specified:</p> <p style="padding-left: 20px;">(a) in the <i>instrument of incorporation</i> of an <i>ICVC</i> as the currency in which its accounts are to be prepared; or</p> <p style="padding-left: 20px;">(b) in the <i>trust deed</i> of an <i>AUT</i> as the base currency of the <i>AUT</i>.</p> <p>(2) (in <i>GENPRU</i> and <i>BIPRU</i>) (in relation to a <i>firm</i>) the currency in which that <i>firm's</i> books of account are drawn up.</p> |
| <p><i>base prospectus</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>          | <p>(in <i>Part 6 rules</i>) a base prospectus referred to in <span style="color: #000080;">■</span> PR 2.2.7 R.</p>   |
| <p><i>basic advice</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>the <i>regulated activity</i>, specified in article 52B of the <i>Regulated Activities Order</i> (Providing basic advice on stakeholder products) which is, in summary, providing advice on <i>stakeholder products</i> using a process that involves putting pre-scripted questions to a <i>retail client</i> .</p>   |
| <p><i>basic indicator approach</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>the approach to calculating the <i>ORCR</i> set out in <span style="color: #000080;">■</span> BIPRU 6.3 (Operational risk: Basic indicator approach).</p>  |
| <p><i>basis risk</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>the risk that the relationship between two financial variables will change, particularly between two sorts of interest rate or between a hedge and the position it ostensibly hedges.</p>  |
| <p><i>BCD</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                      | <p><i>Banking Consolidation Directive</i>.</p>  |
| <p><i>BCD credit institution</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>a <i>credit institution</i> that has its registered office (or, if it has no registered office, its head office) in an <i>EEA State</i>, excluding an institution to which the <i>BCD</i> does not apply under article 2 of the <i>BCD</i> (see also <i>full BCD credit institution</i>).</p>  |
| <p><i>BCOBS</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                    | <p>the Banking: Conduct of Business sourcebook.</p>   |
| <p><i>bearer certificate</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>       | <p>(in <i>COLL</i> ) a certificate or other documentary evidence of title, for which provision is made in the <i>instrument constituting the scheme</i>, which indicates that:</p> <p style="padding-left: 20px;">(a) the <i>holder</i> of the document is entitled to the <i>units</i> specified in it; and</p> <p style="padding-left: 20px;">(b) no entry will be made on the <i>register</i> identifying the <i>holder</i> of those <i>units</i>.</p>   |
| <p><i>bearer form</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>              | <p>(in relation to a <i>client's</i> certificate, <i>share</i> transfer or other <i>document</i>) in a form signed by the <i>client</i> so that it enables a <i>designated investment</i> or <i>deposit</i> to which it relates to be sold, transferred, surrendered or dealt with in any other way without the need to obtain further written instructions and allows the <i>firm</i> access to the sale proceeds.</p>   |
| <p><i>behaviour</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                | <p>any kind of conduct, including action or inaction.</p>   |
| <p><i>BENCH</i></p>   | <p>Guide for Benchmark Activities (BENCH)</p>   |

FCA

*benchmark administration function*

FCA-controlled function CF50 in the *table of FCA-controlled functions* which is the function of acting in the capacity of a *person* who is responsible for oversight of a *firm's* compliance with ■ MAR 8.3 (requirements for *benchmark administrators*).

FCA

*benchmark administrator*

A person carrying out the *regulated activity* of *administering a specified benchmark*.

FCA

*benchmark submission*

The information or expression of opinion provided to a *benchmark administrator* for the purpose of determining a *specified benchmark* as defined in article 63O(2)(a) of the *Regulated Activities Order*

FCA

*benchmark submission function*

FCA-controlled function CF40 in the *table of FCA-controlled functions* which is the function of acting in the capacity of a *person* who is responsible for oversight of a *firm's* compliance with ■ MAR 8.2 (benchmark manager).

FCA

*benchmark submitter*

A person carrying out the *regulated activity* of *providing information in relation to a specified benchmark*.

FCA

*bid price*

the price at which a *person* could sell a *unit* in a *dual-priced authorised fund* or a *security*.

FCA PRA

*bidding in emissions auctions*

the *regulated activity*, specified in article 24A of the *Regulated Activities Order* (Bidding in emissions auctions), which is in summary the reception, transmission or submission of a bid at an auction of an *emissions auction product* conducted on an *auction platform*.

FCA PRA

*biofuel*

liquid or gaseous fuel produced from *biomass*.

FCA PRA

*biofuel collective investment scheme*

a *collective investment scheme*, the property of which consists only of property which is *biofuel* or a *biofuel investment* or cash awaiting investment.

FCA PRA

*biofuel investment*

any of the following:

- (a) a *unit* in a *biofuel collective investment scheme*;
- (b) an *option* to acquire or dispose of a *biofuel investment*;
- (c) a *future* where the *commodity* in question is *biofuel*;

FCA PRA

*biomass*

FCA PRA

(d) a *contract for differences* where the property in question is *biofuel* or a *biofuel investment* or the index or other factor in question is linked to or otherwise dependent upon fluctuations in the value or price of *biofuel* or any *biofuel investments*;

(e) *rights to or interests in investments* in (a) to (d).

the biodegradable fraction of products, waste and residues from agricultural (including vegetal and animal substances), forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste.

*biomass collective investment scheme*

FCA PRA

a *collective investment scheme*, the property of which consists only of property which is *biomass* or a *biomass investment* or cash awaiting investment.

*biomass investment*

FCA PRA

any of the following:

(a) a *unit* in a *biomass collective investment scheme*;

(b) an *option* to acquire or dispose of a *biomass investment*;

(c) a *future* where the *commodity* in question is *biomass*;

(d) a *contract for differences* where the property in question is *biomass* or a *biomass investment* or the index or other factor in question is linked to or otherwise dependent upon fluctuations in the value or price of *biomass* or any *biomass investments*;

(e) *rights to or interests in investments* in (a) to (d).

BIPRU

FCA PRA

the Prudential sourcebook for Banks, Building Societies and Investment Firms.

*BIPRU 125K firm*

FCA PRA

has the meaning in ■ BIPRU 1.1.19 R (Types of investment firm: BIPRU 125K firm) which in summary is a *BIPRU investment firm* that satisfies the following conditions:

(1) it does not *deal on own account* or underwrite issues of *financial instruments* on a firm commitment basis;

(2) it holds clients' money or securities in relation to *investment services* it provides or is authorised to do so;

(3) it offers one or more of certain specified services;

(4) it is not a *UCITS investment firm* ; and

(5) it does not operate a *multilateral trading facility*.

*BIPRU 50K firm*

FCA PRA

has the meaning in ■ BIPRU 1.1.20 R (Types of investment firm: BIPRU 50K firm) which in summary is a *BIPRU investment firm* that satisfies the following conditions:

(a) it satisfies the conditions in ■ BIPRU 1.1.19 R (1) (does not *deal on own account* or underwrite issues of *financial instruments* on a firm commitment basis) and ■ BIPRU 1.1.19 R (3) (offers one or more of certain specified services);

(b) it does not hold clients' money or securities in relation to *investment services* it provides and it is not authorised to do so;

(c) it is not a *UCITS investment firm* ; and

*BIPRU 730K firm*

**FCA** **PRA**

(d) it does not operate a *multilateral trading facility*.

has the meaning in ■ BIPRU 1.1.21 R (Types of investment firm: BIPRU 730K firm) which in summary is a *BIPRU investment firm* that is not a *UCITS investment firm*, a *BIPRU 50K firm* or a *BIPRU 125K firm*.

*BIPRU firm*

**FCA** **PRA**

has the meaning set out ■ BIPRU 1.1.6 R (The definition of a BIPRU firm), which is in summary a *firm* that is:

- (a) a *building society*; or
- (b) a *bank*; or
- (c) a *full scope BIPRU investment firm*; or
- (d) a *BIPRU limited licence firm*; or
- (e) a *BIPRU limited activity firm*;

but excluding *firms* of the type listed in ■ BIPRU 1.1.7 R (Exclusion of certain types of *firm* from the definition of *BIPRU firm*).

*BIPRU investment firm*

**FCA** **PRA**

has the meaning set out ■ BIPRU 1.1.8 R (Definition of a BIPRU investment firm), which is in summary one of the following types of *BIPRU firm*:

- (a) a *full scope BIPRU investment firm*; or
- (b) a *BIPRU limited licence firm*; or
- (c) a *BIPRU limited activity firm*;

including a *UCITS investment firm* that is not excluded under ■ BIPRU 1.1.7 R (Exclusion of certain types of *firm* from the definition of *BIPRU firm*).

*BIPRU limited activity firm*

**FCA** **PRA**

has the meaning in ■ BIPRU 1.1.17 R (Types of BIPRU investment firm), which is in summary a *limited activity firm* that meets the following conditions:

- (a) it is a *firm*; and
- (b) its head office is in the *United Kingdom* and it is not otherwise excluded from the definition of *BIPRU firm* under ■ BIPRU 1.1.7 R (Exclusion of certain types of *firm* from the definition of *BIPRU firm*).

*BIPRU limited licence firm*

**FCA** **PRA**

has the meaning in ■ BIPRU 1.1.17 R (Types of BIPRU investment firm), which is in summary a *limited licence firm* that meets the following conditions:

- (a) it is a *firm*; and
- (b) its head office is in the *United Kingdom* and it is not otherwise excluded from the definition of *BIPRU firm* under ■ BIPRU 1.1.7 R (Exclusion of certain types of *firm* from the definition of *BIPRU firm*).

*body corporate*

**FCA** **PRA**

(in accordance with section 417(1) of the *Act* (Definitions)) any body corporate, including a body corporate constituted under the law of a country or territory outside the *United Kingdom*.

*bonded investment*

**FCA** **PRA**

a *designated investment* not held by a trustee when acting as a trustee:

- (a) which, except in the case of a *unit*, is one of the following:
  - (i) a *readily realisable security* held for a *customer*, whether or not held under a discretionary arrangement; or
  - (ii) a *designated investment in bearer form*; or
  - (iii) a *designated investment* held by a *nominee company* under the control of the *firm* or a *person* whom the *firm* controls; or

|  |  |
|--|--|
| <p>(iv) a <i>designated investment</i> to which the title is recorded in electronic form;</p> <p>(b) which the <i>firm</i> may <i>sell</i> or procure the sale of without the signature or other action of the <i>customer</i> or an independent third party; and</p> <p>(c) where the proceeds of such a sale are or could be payable to the <i>firm</i> or its <i>associate</i>.</p> | <p>(in LR) (in relation to a <i>property company</i>) the value of a <i>property</i> (which is not classified as a net current asset) before the deduction of mortgages or borrowings as shown in the <i>company's</i> latest annual report and accounts.</p>  |
| <p><i>book value of property</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>(in LR) (in relation to a <i>property company</i>) the value of a <i>property</i> (which is not classified as a net current asset) before the deduction of mortgages or borrowings as shown in the <i>company's</i> latest annual report and accounts.</p>  |
| <p><i>borrow back</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>a feature of a <i>regulated mortgage contract</i> under which the <i>customer</i> has the ability to re-borrow monies paid by him.</p>  |
| <p><i>branch</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>(a) (in relation to a <i>credit institution</i>):</p> <p>(i) a place of business which forms a legally dependent part of a <i>credit institution</i> and which carries out directly all or some of the transactions inherent in the business of <i>credit institutions</i>;</p> <p>(ii) for the purposes of the <i>Banking Consolidation Directive</i>, any number of places of business set up in the same <i>EEA State</i> by a <i>credit institution</i> with headquarters in another <i>EEA State</i> are to be regarded as a single <i>branch</i>;</p> <p>(b) (in relation to an <i>investment firm</i>):</p> <p>(i) a place of business other than the head office which is a part of an <i>investment firm</i>, which has no legal personality and which provides <i>investment services and/or activities</i> and which may also perform <i>ancillary services</i> for which the <i>firm</i> has been authorized;</p> <p>(ii) all the places of business set up in the same <i>EEA State</i> by an <i>investment firm</i> with headquarters in another <i>EEA State</i> are regarded as a single branch;</p> <p>[Note: article 4(1)(26) of MiFID]</p> <p>(c) (in relation to an <i>insurance undertaking</i>) any permanent presence of the <i>insurance undertaking</i> in an <i>EEA State</i> other than that in which it has its head office is to be regarded as a single <i>branch</i>, whether that presence consists of a single office which, or two or more offices each of which:</p> <p>(i) is managed by the <i>insurance undertaking's</i> own staff; or</p> <p>(ii) is an agency of the <i>insurance undertaking</i>; or</p> <p>(iii) is managed by a <i>person</i> who is independent of the <i>insurance undertaking</i>, but has permanent authority to act for the <i>insurance undertaking</i> as an agency would.</p> <p>(d) (in relation to an <i>IMD insurance intermediary</i>):</p> <p>(i) a place of business which is a part of an <i>IMD insurance intermediary</i>, not being the principal place of business, which has no separate legal personality and which provides insurance mediation for which the <i>IMD insurance intermediary</i> has been registered;</p> <p>(ii) for the purposes of the <i>Insurance Mediation Directive</i>, all the places of business set up in the same <i>EEA State</i> by an <i>IMD insurance intermediary</i> with headquarters in another <i>EEA State</i> are to be regarded as a single <i>branch</i>.</p> <p>(e) (in relation to an <i>IMD reinsurance intermediary</i>):</p> |

(i) a place of business which is a part of an *IMD reinsurance intermediary*, not being the principal place of business, which has no separate legal personality and which provides *reinsurance mediation* for which the *IMD reinsurance intermediary* has been registered;

(ii) for the purposes of the *Insurance Mediation Directive*, all the places of business set up in the same *EEA State* by an *IMD reinsurance intermediary* with headquarters in another *EEA State* are to be regarded as a single *branch*.

(f) (in relation to an *EEA UCITS management company*):

(i) a place of business which is a part of an *EEA UCITS management company*, which has no separate legal personality and which provides the services for which the *EEA UCITS management company* has been authorised;

(ii) for the purposes of the *UCITS Directive*, all the places of business set up in the same *EEA State* by an *EEA UCITS management company* with headquarters in another *EEA State* are to be regarded as a single *branch*.

(g) (in accordance with regulation 2(1) of the *Payment Services Regulations*) (in relation to a *payment institution*) a place of business of a *payment institution*, other than its head office, which forms a legally dependent part of the institution and which carries out directly all or some of the transactions inherent in its business. For the purposes of the *Payment Services Regulations*, all places of business set up in the same *EEA State* other than the *United Kingdom* by an *authorised payment institution* are to be regarded as a single *branch*.

[Note: article 4(29) of the *Payment Services Directive*]

(h) (in relation to a person carrying on *auction regulation bidding*) a branch.

*breach*

**FCA** **PRA**

in *DEPP*:

(1) misconduct in respect of which the *FCA* is empowered to take action pursuant to section 66 (Disciplinary powers) of the *Act*; or

(2) a contravention in respect of which the *FCA* is empowered to impose a penalty pursuant to section 91 (Penalties for breach of listing rules) of the *Act*; or

(3) a contravention for the purposes of Part XIV (Disciplinary Measures); or

(4) behaviour amounting to *market abuse*, or to *requiring or encouraging market abuse*, in respect of which the *FCA* takes action pursuant to section 123 (Power to impose penalties in cases of market abuse) of the *Act* ;

(5) a contravention of any directly applicable *EU* regulation made under *MiFID*;

(6) a contravention in respect of which the *FCA* is empowered to take action pursuant to section 131G (Breach of short selling regulation: Power to impose penalty or issue censure) of the *Act*;

(7) a contravention in respect of which the *FCA* is empowered to take action pursuant to section 88A (Disciplinary powers: contravention of s.88(3)(c) or (e)) of the *Act*;

(8) a contravention in respect of which the *FCA* is empowered to take action pursuant to section 89Q (Disciplinary powers: contravention of s.89P(4)(b) or (d)) of the *Act*;

(9) a contravention in respect of which the *FCA* is empowered to take action pursuant to section 192K (Power to impose penalty or issue censure) of the *Act*;

(10) a contravention in respect of which the *FCA* is empowered to take action pursuant to section 249 (Disciplinary measures) of the *Act*;

(11) a contravention in respect of which the *FCA* is empowered to take action pursuant to section 312E (Public censure) or section 312F (Financial penalties) of the *Act*; or

(12) a contravention in respect of which the *FCA* is empowered to take action pursuant to section 345 (Disciplinary measures: *FCA*) of the *Act*.

*break fee arrangement*

**FCA** **PRA**

(in *LR*) an arrangement falling within the definition in ■ LR 10.2.6A R.

*broker*

**FCA** **PRA**

(in *MAR* , *SYSC* and *INSPRU* ) any person when dealing as agent.

*broker fund*

**FCA** **PRA**

(in relation to a fund for which the *firm* is or will be a *broker fund adviser*):

(a) an actual or notional fund of a *long-term insurer* or *overseas long-term insurer*, which contains or will contain contributions made or to be made by a *client* or *clients* of a *firm* in connection with a *life policy* or *policies*;

(b) a fund of a *collective investment scheme*, which contains or will contain cash contributions made or to be made by a *client* or *clients* of a *firm* in connection with the purchase of *units* in the *scheme*.

*broker fund adviser*

**FCA** **PRA**

a *firm* which has, or whose *associate* being an *authorised person* has, an arrangement with a *long-term insurer*, *overseas long-term insurer* or *operator* of a *regulated collective investment scheme*, under which it is to be expected that the *long-term insurer*, *overseas long-term insurer* or *operator* will take into account the advice of that *firm* or its *associate*:

(a) in the case of a *long-term insurer* or *overseas long-term insurer*, on any matter likely to influence the performance of any of the *long-term insurer's* or *overseas long-term insurer's* funds or of any *investment* issued by the *long-term insurer* or *overseas long-term insurer* into which cash contributions of that *firm's customers* have been made;

(b) in the case of an *operator*, on the composition of the property of the *collective investment scheme* into which cash contributions of that *firm's customers* have been made;

in this definition *associate* includes any *authorised person* in respect of whose services the first *firm* receives any benefit or reward, either directly or indirectly, in connection with advice of the kind described in (a) and (b) given to a *long-term insurer* or *overseas long-term insurer* or to a *collective investment scheme operator*.

*brought forward amount*

**FCA** **PRA**

an amount, as defined in ■ *INSPRU* 1.1.51 R, used in the calculation of the *general insurance capital requirement*.

*BSOCS*

**FCA** **PRA**

the Building Societies sourcebook.

*buffer securities restriction*

**FCA** **PRA**

BIPRU 12.6.16R.

*building block*

**FCA** **PRA**

(in *PR* and *LR*) (as defined in the *PD Regulation*) a list of additional information requirements, not included in one of the schedules, to be added to one or more schedules, as the case may be, depending on the type of instrument and/or transaction for which a prospectus or base prospectus is drawn up.

*Building Societies Ombudsman scheme*

**FCA** **PRA**

the *former scheme* set up and recognised under the Building Societies Act 1986 to handle complaints about *building societies*.

*building society*

**FCA** **PRA**

(as defined in section 119(1) of the Building Societies Act 1986) a building society incorporated (or deemed to be incorporated) under that Act.

*business day*

**FCA** **PRA**

(1) (in relation to anything done or to be done in (including to be submitted to a place in) any part of the *United Kingdom*):

(a) (except in *REC*) any *day* which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in that part of the *United Kingdom*;

(b) (in *REC*) (as defined in section 167 of the Companies Act 1989) any *day* which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in any part of the *United Kingdom*.

(2) (in relation to anything done or to be done by reference to a market outside the *United Kingdom*) any *day* on which that market is normally open for business.

*business illustration*

**FCA** **PRA**

an *illustration* for a *regulated mortgage contract* that is for a business purpose.

*business offer document*

**FCA** **PRA**

an *offer document* for a *regulated mortgage contract* that is for a business purpose.

*Business Order*

**FCA** **PRA**

the Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business Order) 2001 (SI 2001/1177).

*Buy-back and Stabilisation Regulation*

**FCA** **PRA**

Commission Regulation (EC) of 22 December 2003 implementing the *Market Abuse Directive* as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003).



*buy-back  
programme*

FCA PRA

(as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) trading in own shares in accordance with Articles 19 to 24 of the *PLC Safeguards Directive*.

*buying*

FCA PRA

(in accordance with article 3(1) of the *Regulated Activities Order (Interpretation)*) any form of buying, including acquiring for valuable consideration.

*byelaw*

FCA PRA

any Byelaw, direction, regulation, or other instrument made using the powers of the *Council* under section 6 of Lloyd's Act 1982 (including any regulation ratified by the *Council* by special resolution) and any condition or requirement made under any such Byelaw, direction, regulation or other instrument.



|  |   |
|--|---|
| <p>CAD<br/>FCA PRA</p>                   | <p><i>Capital Adequacy Directive.</i></p>   |
| <p>CAD 1 model<br/>FCA PRA</p>           | <p>a risk management model of the type described in ■ BIPRU 7.9 (Use of a CAD 1 model).</p>   |
| <p>CAD 1 model approach<br/>FCA PRA</p>  | <p>one of the following</p> <ul style="list-style-type: none"> <li>(a) the approach to calculating part of the <i>market risk capital requirement</i> set out in ■ BIPRU 7.9 (Use of a CAD 1 model);</li> <li>(b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with ■ BIPRU 8 (Group risk - consolidation); or</li> <li>(c) when the reference is to the rules of or administered by a <i>regulatory body</i> other than the <i>appropriate regulator</i>, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.</li> </ul> |
| <p>CAD 1 model waiver<br/>FCA PRA</p>    | <p>a <i>waiver</i> that requires a <i>firm</i> to use the <i>CAD 1 model approach</i> on a solo basis or, if the context requires, a consolidated basis.</p>  |
| <p>CAD Article 22 group<br/>FCA PRA</p>  | <p>a <i>UK consolidation group</i> or <i>non-EEA sub-group</i> that meets the conditions in ■ BIPRU 8.4.9 R (Definition of a CAD Article 22 group).</p>   |
| <p>CAD bank<br/>FCA PRA</p>              | <p>a <i>bank</i> which uses the <i>Capital Adequacy Directive</i> to measure the capital requirement on its trading book.</p>   |
| <p>CAD full scope firm<br/>FCA PRA</p>   | <p>has the meaning set out ■ BIPRU 1.1.13 R (Types of investment firm: CAD full scope firm), which in summary is a <i>CAD investment firm</i> that is not a <i>limited activity firm</i> or a <i>limited licence firm</i>.</p>  |
| <p>CAD investment firm<br/>FCA PRA</p>   | <p>has the meaning set out ■ BIPRU 1.1.14 R (Types of investment firm: CAD investment firm), which in summary is an <i>investment firm</i> that is subject to the requirements imposed by <i>MiFID</i> (or which would be subject to that Directive if its head office were in an <i>EEA State</i>) but excluding a <i>bank</i>, a <i>building society</i>, a <i>credit institution</i>, a <i>local</i> and an <i>exempt CAD firm</i>.</p>  |
| <p>callable contribution<br/>FCA PRA</p> | <p>amounts that <i>members</i> are liable to pay to the <i>Society</i> (or may by resolution of the <i>Society</i> be liable to pay) as contributions to the <i>Central Fund</i>.</p>   |
| <p>cancellation<br/>FCA PRA</p>          | <p>(in <i>COLL</i>) (in relation to <i>units</i>) a cancellation of a <i>unit</i> by an <i>ICVC</i> or by the <i>trustee</i> of an <i>AUT</i>.</p>  |
| <p>cancellation price<br/>FCA PRA</p>    | <p>(in <i>COLL</i>)<br/>(in relation to the <i>cancellation of units</i> in a <i>dual-priced authorised fund</i>) the <i>price</i> for each <i>unit</i> payable by the <i>depository</i> to the <i>authorised fund manager</i> on that <i>cancellation</i>.</p>   |

|  |   |
|--|---|
| <p><i>candidate</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                             | <p>a <i>person</i> in respect of whom an application is made for approval under section 59 of the <i>Act</i> (Approval for particular arrangements) of the performance of an <i>FCA controlled function</i> or a <i>PRA controlled function</i>.</p>  |
| <p><i>capacity transfer market</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>              | <p>any method of transferring capacity in <i>syndicates</i>, including capacity auctions, bilateral arrangements, capacity offers, minority buy-outs and conversion schemes.</p>  |
| <p><i>capital account</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                       | <p>(in <i>COLL</i> ) an account relating to the <i>capital property</i> of an <i>authorised fund</i>.</p>   |
| <p><i>Capital Adequacy Directive</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>the Directive of the European Parliament and the Council of 14 June 2006 on capital adequacy of investment firms and credit institutions (No 2006/49/EC).</p>  |
| <p><i>capital instrument</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                    | <p>(in <i>GENPRU</i>, <i>BIPRU</i> and <span style="color: blue;">■</span> <i>INSPRU 6</i> and in relation to an <i>undertaking</i>) any <i>security</i> issued by or loan made to that <i>undertaking</i> or any other investment in, or external contribution to the capital of, that <i>undertaking</i>.</p>   |
| <p><i>capital market-driven transaction</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>     | <p>(in accordance with point 2 of Part 1 of Annex VIII of the <i>Banking Consolidation Directive</i> (Eligible forms of credit risk mitigation)) any transaction giving rise to an <i>exposure</i> secured by collateral which includes a provision conferring upon the <i>person</i> with the <i>exposure</i> the right to receive margin frequently.</p>  |
| <p><i>capital planning buffer</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>(in <span style="color: blue;">■</span> <i>BIPRU 2.2</i>) the amount and quality of capital resources that a <i>firm</i> should hold at a given time in accordance with the <i>general stress and scenario testing rule</i>, so that the <i>firm</i> is able to continue to meet the <i>overall financial adequacy rule</i> throughout the relevant capital planning period in the face of adverse circumstances, after allowing for realistic management actions.</p> |
| <p><i>capital property</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                      | <p>(in <i>COLL</i> ) the <i>scheme property</i>, other than <i>income property</i> and any amount for the time being standing to the credit of the <i>distribution account</i>.</p>   |
| <p><i>capital redemption</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                    | <p>(in relation to a <i>class of contract of insurance</i>) capital redemption contracts where effected or carried out by a <i>person</i> who does not carry on a banking business, and otherwise carries on the <i>regulated activity</i> of <i>effecting</i> or <i>carrying out contracts of insurance</i>, as specified in paragraph VI of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance).</p>                      |
| <p><i>Capital Requirements Regulations 2006</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>the Capital Requirements Regulations 2006 (SI 2006/3221).</p>  |
| <p><i>capital resources</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                     | <p>(1) in relation to a <i>BIPRU firm</i> or an <i>insurer</i>, the <i>firm's</i> capital resources as calculated in accordance with the <i>capital resources table</i>, including, in relation to a <i>BIPRU firm</i>, as that calculation is adjusted under <span style="color: blue;">■</span> <i>BIPRU 10.5</i> for the purposes of <span style="color: blue;">■</span> <i>BIPRU 10</i> (Large exposures requirements); or</p>  |

capital  
resources  
gearing rules

FCA PRA

(2) (in relation to an *institution* that is an *EEA firm* and not a *BIPRU firm* and which is required to meet the capital resources requirements of the *CRD implementation measures* for its *EEA State* on an individual basis) capital resources calculated under those *CRD implementation measures*; or

(3) (for the purposes of *GENPRU* and *BIPRU*, in relation to an undertaking not falling within (1) or (2) and subject to (4)), capital resources calculated in accordance with (1) on the assumption that:

(a) it is a *BIPRU firm* with a *Part 4A permission*; and

(b) it carries on all its business in the *United Kingdom* and has obtained whatever *permissions* for doing so are required under the *Act*; or

(4) (for the purposes of *GENPRU* and *BIPRU* and in relation to any *undertaking* not falling within (1) or (2) for which the methodology in (3) does not give an answer whose *capital resources* a *BIPRU firm* (the "relevant firm") is required to calculate under a *Handbook rule*) capital resources calculated under (1) on the assumption that it is a *BIPRU firm* of the same category as the relevant firm.

(1) (in relation to an *insurer*) ■ GENPRU 2.2.29 R, ■ GENPRU 2.2.30 R and ■ GENPRU 2.2.32 R to ■ GENPRU 2.2.41 R.

(2) (in relation to a *bank* or *building society*) ■ GENPRU 2.2.29 R, ■ GENPRU 2.2.30 R, ■ GENPRU 2.2.46 R and ■ GENPRU 2.2.49 R.

(3) (In relation to a *BIPRU investment firm*) ■ GENPRU 2.2.30 R, ■ GENPRU 2.2.46 R and ■ GENPRU 2.2.49 R and ■ GENPRU 2.2.50 R

capital  
resources  
requirement

FCA PRA

an amount of *capital resources* that:

(1) a *BIPRU firm* must hold as set out in the *main BIPRU firm Pillar 1 rules*; or

(2) an *insurer* must hold as set out in ■ GENPRU 2.1.17 R to ■ GENPRU 2.1.23 R.

capital  
resources table

FCA PRA

(in relation to an *insurer* or *BIPRU firm*) the table specified in ■ GENPRU 2.2.19 R (Applicable capital resources calculation) which in summary is as follows:

(1) (in the case of an *insurer*) ■ GENPRU 2 Annex 1 R;

(2) (in the case of a *bank*) ■ GENPRU 2 Annex 2 R;

(3) (in the case of a *building society*) ■ GENPRU 2 Annex 3 R; and

(4) (in relation to a *BIPRU investment firm*) whichever of the tables in ■ GENPRU 2 Annex 4 R, ■ GENPRU 2 Annex 5 R or ■ GENPRU 2 Annex 6 R applies to the *firm* under ■ GENPRU 2.2.19 R.

captive  
reinsurer

FCA PRA

a *pure reinsurer* owned by:

(a) a financial *undertaking* other than an *insurance undertaking* or a *reinsurance undertaking*; or

(b) a *group* of *insurance undertakings* or *reinsurance undertakings* to which the *Insurance Groups Directive* applies; or

(c) a non-financial *undertaking*,

the purpose of which is to provide *reinsurance* cover exclusively for the risks of the *undertaking* or *undertakings* to which it belongs or of an *undertaking* or *undertakings* of the *group* of which that *pure reinsurer* is a member.

*Consolidated Admissions and Reporting Directive*.

CARD

FCA PRA

*carrying out contracts of insurance*

**FCA** **PRA**

the *regulated activity*, specified in article 10(2) of the *Regulated Activities Order* (Effecting and carrying out contracts of insurance), of carrying out a *contract of insurance* as principal.

*cash assimilated instrument*

**FCA** **PRA**

(in accordance with Article 4(35) of the *Banking Consolidation Directive* (Definitions)) a certificate of deposit or other similar instrument issued by a *lending firm*.

*cash component*

**FCA** **PRA**

a *qualifying investment* prescribed in paragraph 8 of the *ISA Regulations* (Qualifying investments for a cash component).

*cash deposit CTF*

**FCA** **PRA**

a *deposit* account held within a *CTF*.

*cash deposit ISA*

**FCA** **PRA**

a *cash component* of an *ISA* which does not include the *qualifying investments* prescribed in paragraphs 8(2)(c), (d), (e) or (f) of the *ISA Regulations*.

*cashback*

**FCA** **PRA**

(in *MCOB*) a cash amount paid by a *mortgage lender* to a *customer* (typically at the beginning of a contract) as an inducement to enter into a *regulated mortgage contract* with the *mortgage lender*.

CASS

**FCA** **PRA**

the Client Assets sourcebook.

*CASS large firm*

**FCA** **PRA**

has the meaning in ■ CASS 1A.2.7 R (CASS firm types).

*CASS medium firm*

**FCA** **PRA**

has the meaning in ■ CASS 1A.2.7 R (CASS firm types).

*CASS operational oversight function*

**FCA** **PRA**

(in the *FCA Handbook*) *FCA controlled function* CF10a in Parts 1 and 2 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.7.9 R .

*CASS resolution pack*

**FCA** **PRA**

those documents and records which are specified in ■ CASS 10.2 and ■ CASS 10.3.

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| <p>CASS <i>small firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                | <p>has the meaning in ■ CASS 1A.2.7 R (CASS firm types).</p>   |
| <p>CAT <i>standards</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                  | <p>the CAT standards for ISAs prescribed by the Treasury on 22 December 1998.</p>  |
| <p><i>category B firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                | <p>a <i>personal investment firm</i>, other than an <i>exempt CAD firm</i>.</p>  |
| <p><i>category B1 firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                               | <p>a <i>category B firm</i> whose <i>permission</i> includes <i>dealing in investments as principal</i>.</p>   |
| <p><i>category B2 firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                               | <p>a <i>category B firm</i> whose <i>permission</i> does not include <i>dealing as principal</i>; and is not subject to a <i>requirement</i> preventing the holding or controlling of <i>client money</i> or <i>custody assets</i>.</p>  |
| <p><i>category B3 firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                               | <p>a <i>category B firm</i>:</p> <ul style="list-style-type: none"> <li>(a) whose <i>permission</i> includes only <i>insurance mediation activity</i> in relation to <i>non-investment insurance contracts</i>, <i>home finance mediation activity</i>, <i>assisting in the administration and performance of a contracts of insurances</i>, <i>arranging transactions in life policies</i> and other insurance contracts, <i>advising on investments</i> and receiving and transmitting, on behalf of investors, orders in relation to <i>securities</i> and <i>units in collective investment schemes</i>; and</li> <li>(b) which is subject to a <i>requirement</i> not to hold or control <i>client money</i> or <i>custody assets</i>.</li> </ul> |
| <p><i>causing dematerialised instructions to be sent</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>the <i>regulated activity</i>, specified in article 45(2) of the <i>Regulated Activities Order</i>, which is in summary: causing dematerialised instructions relating to a <i>security</i> to be sent by means of a relevant system in respect of which an operator is approved under the 1995 Regulations where the <i>person</i> causing them to be sent is a system-participant; in this definition:</p> <ul style="list-style-type: none"> <li>(a) "the 1995 Regulations" means the Uncertificated Securities Regulations 1995 (SI 1995/3272);</li> <li>(b) "dematerialised instruction", "operator" and "system-participant" have the meaning given by regulation 3 of the 1995 Regulations.</li> </ul>  |
| <p>CCP</p>  | <p>as defined in article 2(1) of <i>EMIR</i>.</p>  |
| <p>CCR<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p><i>counterparty credit risk</i></p>   |
| <p>CCR <i>internal model method</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                      | <p>one of the following:</p> <ul style="list-style-type: none"> <li>(a) the method of calculating the amount of an <i>exposure</i> set out in ■ BIPRU 13.6 (CCR internal model method);</li> <li>(b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with ■ BIPRU 8 (Group risk - consolidation); or</li> </ul>  |

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| <p>CCR internal model method permission</p> <p><b>FCA</b> <b>PRA</b></p> | <p>(c) when the reference is to the rules of or administered by a <i>regulatory body</i> other than the <i>appropriate regulator</i>, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.</p> <p>an <i>Article 129 implementing measure</i>, <i>Article 129 permission</i>, a <i>requirement</i> or a <i>waiver</i> that requires a <i>BIPRU firm</i> or an institution to use the <i>CCR internal model method</i>.</p>   |
| <p>CCR mark to market method</p> <p><b>FCA</b> <b>PRA</b></p>            | <p>the method of calculating the amount of an <i>exposure</i> set out in ■ BIPRU 13.4 (CCR mark to market method).</p>  |
| <p>CCR standardised method</p> <p><b>FCA</b> <b>PRA</b></p>              | <p>the method of calculating the amount of an <i>exposure</i> set out in ■ BIPRU 13.5 (CCR standardised method).</p>  |
| <p>ceding insurer's waiver</p> <p><b>FCA</b> <b>PRA</b></p>              | <p>(in <i>FEES</i>) a <i>waiver</i> granted on the application of an <i>insurer</i> that waives or modifies its obligations under any one or more of ■ GENPRU 2 Annex 7 R, ■ INSPRU 1.1.92A R and ■ INSPRU 1.2.28 R in order to enable it to:</p> <p>(a) treat amounts recoverable from an <i>ISPV</i> as:</p> <p style="margin-left: 20px;">(i) an <i>admissible asset</i>; or</p> <p style="margin-left: 20px;">(ii) <i>reinsurance</i> for the purposes of calculating its <i>mathematical reserves</i>; or</p> <p style="margin-left: 20px;">(iii) <i>reinsurance</i> reducing its <i>MCR</i>; or</p> <p>(b) otherwise ascribe a value to such amounts.</p> |
| <p>central assets</p> <p><b>FCA</b> <b>PRA</b></p>                       | <p>the <i>Society's</i> own assets that are available at its discretion to meet a <i>member's</i> liabilities in respect of <i>insurance business</i>.</p>  |
| <p>central bank</p> <p><b>FCA</b> <b>PRA</b></p>                         | <p>(in accordance with Article 4(23) of the <i>Banking Consolidation Directive</i> (Definitions) and for the purposes of <i>GENPRU</i> and <i>BIPRU</i>) includes the European Central Bank unless otherwise indicated.</p>   |
| <p>central counterparty</p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>(in accordance with Part 1 of Annex III of the <i>Banking Consolidation Directive</i> (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) an entity that legally interposes itself between counterparties to contracts traded within one or more financial markets, becoming the buyer to every seller and the seller to every buyer.</p>  |
| <p>Central Fund</p> <p><b>FCA</b> <b>PRA</b></p>                         | <p>the Central Fund established under Lloyd's Central Fund Byelaw (No 4 of 1986) and the New Central Fund established under Lloyd's New Central Fund Byelaw (No 23 of 1996).</p>  |
| <p>certificate representing</p>  | <p>the <i>investment</i> specified in article 80 of the <i>Regulated Activities Order</i> (Certificates representing certain securities), which is in summary: a certificate or other instrument which confers contractual or property rights (other than rights consisting of <i>options</i>):</p>   |



*certain securities*

**FCA** **PRA**

(a) in respect of any *share, debenture, alternative debenture, government and public security* or *warrant* held by a person other than the person on whom the rights are conferred by the certificate or instrument; and

(b) the transfer of which may be effected without requiring the consent of that *person*;

but excluding any certificate or other instrument which confers rights in respect of two or more *investments* issued by different *persons* or in respect of two or more different *government and public securities* issued by the same *person*.

*certificate representing debt securities*

**FCA** **PRA**

(in LR) a *certificate representing certain securities* where the certificate or other instrument confers rights in respect of *debentures, alternative debentures, or government and public securities*.

*certificate representing equity securities*

**FCA** **PRA**

(in LR) a *certificate representing certain securities* where the certificate or other instrument confers rights in respect of *equity securities*.

*certificate representing shares*

**FCA** **PRA**

(in LR) a *certificate representing certain securities* where the certificate or other instrument confers rights in respect of *equity shares*.

*CESR's guidelines on a common definition of European money market funds*

**FCA** **PRA**

the Committee of European Securities Regulators' guidelines on a common definition of European money market funds: 19 May 2010 (CESR/10-049). These are available at [www.esma.europa.eu](http://www.esma.europa.eu)

*CESR's UCITS eligible assets guidelines*

**FCA** **PRA**

The Committee of European Securities Regulators' guidelines concerning eligible assets for investment by undertakings for collective investment in transferable securities (CESR/07-044). These are available at [http://www.fsa.gov.uk/pages/Library/Other\\_publications/EU/eu\\_docs/index.shtml](http://www.fsa.gov.uk/pages/Library/Other_publications/EU/eu_docs/index.shtml)

*CF Arch cru payment scheme*

the requirements included in the *permissions* of Capita Financial Managers Limited, BNY Mellon Trust & Depository (UK) Limited and HSBC Bank plc at their request under section 44 of the *Act* on 31 August 2011.

CFD

**FCA** **PRA**

*contract for differences*.

CFEB

**FCA** **PRA**

the consumer financial education body originally established by the *FSA* under section 6A(1) of the *Act* (Enhancing public understanding of financial matters etc) (as it had effect before the passing of the Financial Services Act 2012) and having the name Money Advice Service.

*CFEB levy*

FCA PRA

the levy payable to the FCA pursuant to ■ FEES 7.2.1 R by the *persons* listed in ■ FEES 1.1.2R(5).

*CFPPFM*

FCA PRA

the consumer-friendly version of a *firm's PPFM*, which must be produced pursuant to ■ COBS 20.4.5 R .

*CFTC*

FCA PRA

the Commodity Futures Trading Commission.

*charge*

FCA PRA

(1) (In *LR*) (in relation to *securitised derivatives*) means any payment identified under the terms and conditions of the *securitised derivatives*

(2) (except in *LR*) any *fee* or charge made to:

(a) a *client* in connection with *designated investment business*;  
or

(b) a *customer* in connection with any *insurance mediation activities* in respect of a *non-investment insurance contract*;

whether levied by the *firm* or any other *person*, including a *mark-up* or *mark-down*.

*chargeable case*

FCA PRA

any *complaint* referred to the *Financial Ombudsman Service*, except where:

(a) the *Ombudsman* considers it apparent from the *complaint*, when it is received, and from any *final response* or *redress determination* which has been issued by the *firm* or *licensee*, that the *complaint* should not proceed because:

(i) the complainant is not an *eligible complainant* in accordance with ■ DISP 2; or

(ii) the *complaint* does not fall within the jurisdiction of the *Financial Ombudsman Service* (as described in ■ DISP 2); or

(iii) the *Ombudsman* considers that the *complaint* should be dismissed without consideration of its merits under ■ DISP 3.3 (Dismissal of complaints without consideration of the merits and test cases); or

(b) the *Ombudsman* considers, at any stage, that the *complaint* should be dismissed under DISP 3.3.4R(2) on the grounds that it is frivolous or vexatious.

*chargeable case (general)*

FCA

a *chargeable case* that is not a *chargeable case (PPI)*.

*chargeable case (PPI)*

FCA

a *chargeable case* that, in the *Ombudsman's* opinion, falls wholly or partly within the scope of ■ DISP App 3 (Handling Payment Protection Insurance Complaints).

*charging group*

FCA

as defined in ■ FEES 5 Annex 3R Part 3.

charity

FCA PRA

(in *BCOBS* and *BIPRU*) includes:

- (a) in England and Wales, a charity as defined by section 1(1) of the Charities Act 2006;
- (b) in Scotland, a charity as defined by section 106 of the Charities and Trustee Investment (Scotland) Act 2005; or
- (c) in Northern Ireland, a charity as defined by section 1(1) of the Charities Act (Northern Ireland) 2008 or, until that section comes into force, a body which is recognised as a charity for tax purposes by Her Majesty's Revenue and Customs.

chief executive

FCA PRA

- (1) (in relation to an undertaking whose principal place of business is within the *United Kingdom*) the *person* who, alone or jointly with one or more others, is responsible under the immediate authority of the *directors* for the conduct of the whole of its business.
- (2) (in relation to an undertaking whose principal place of business is outside the *United Kingdom*) the *person* who, alone or jointly with one or more others, is responsible for the conduct of its business within the *United Kingdom*.

chief executive function

FCA PRA

- (1) (in the *FCA Handbook*) *FCA controlled function* CF3 in Part 1 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.6.17 R.
- (2) (in the *PRA Handbook*) *PRA controlled function* CF3 in the *table of PRA controlled functions*, described more fully in ■ SUP 10B.6.7 R.

Chinese wall

FCA PRA

an arrangement that requires information held by a *person* in the course of carrying on one part of its business to be withheld from, or not to be used for, *persons* with or for whom it acts in the course of carrying on another part of its business.

circular

FCA PRA

(in *LR*) any document issued to holders of *listed securities* including notices of meetings but excluding *prospectuses*, *listing particulars*, annual reports and accounts, interim reports, proxy cards and dividend or interest vouchers.

CIS administrator

FCA PRA

(in relation to *firm type* in ■ SUP 16.10 (Confirmation of *standing data*)) a *person* responsible for the *administrative functions* of a *collective investment scheme*.

CIS stakeholder product

FCA PRA

the *stakeholder product* specified by regulations 5 (units in certain collective investment schemes) and 7 of the *Stakeholder Regulations*.

CIS trustee

FCA PRA

(in relation to *firm type* in ■ SUP 16.10 (Confirmation of *standing data*)) a *person* holding the property of a *collective investment scheme* on trust for the participants in the *collective investment scheme*.

CIU

FCA PRA

collective investment undertaking.

CIU look through method

FCA PRA

one of the *standard CIU look through method* or the *modified CIU look through method*.

CIU PRR

FCA PRA

the *collective investment undertaking PRR*.

claim

FCA PRA

(1) (in COMP) a valid claim made in respect of a civil liability owed by a *relevant person* to the claimant.(2) (in INSPRU and SUP) a claim under a *contract of insurance*.

claims amount

FCA PRA

an amount, as defined in ■ INSPRU 1.1.47 R, used in the calculation of the *general insurance capital requirement*.

class

FCA PRA

(A) In the FCA Handbook:

(1) (in GENPRU, INSPRU and SUP) (in relation to a *contract of insurance*) any class of *contract of insurance* listed in Schedule 1 to the *Regulated Activities Order* (Contracts of insurance) and references to:(a) *general insurance business class 1, 2 3*, etc. are references to *contracts of insurance* of the kind mentioned in the corresponding numbered paragraph in Part I of Schedule 1 to that Order or, as the context may require, to the *effecting or carrying out of contracts of insurance* of that kind; and(b) *long-term insurance business class I, II, III*, etc. are references to *contracts of insurance* of the kind mentioned in the corresponding numbered paragraph in Part II of Schedule 1 to that Order, as the context may require, to the *effecting or carrying out of contracts of insurance* of that kind.

(2) (in COLL):

(a) a particular class of *units* of an *authorised fund*; or(b) all of the *units* relating to a single *sub-fund*; or(c) a particular class of *units* relating to a single *sub-fund*; or(d) in relation to an *EEA UCITS scheme*, any arrangement equivalent to (a), (b) or (c).(3) (in COBS) a particular category or type of *packaged product*.(4) (in LR) *securities* the rights attaching to which are or will be identical and which form a single issue or issues.

(5) (in FEES) one of the broad classes to which FSCS allocates levies as described in ■ FEES 6.4.7A R, ■ FEES 6.5.6A R and ■ FEES 6 Annex 3AR.

(B) In the PRA Handbook:

(1) (in GENPRU, INSPRU and SUP) (in relation to a *contract of insurance*) any class of *contract of insurance* listed in Schedule 1 to the *Regulated Activities Order* (Contracts of insurance) and references to:(a) *general insurance businessclass 1, 2, 3*, etc. are references to *contracts of insurance* of the kind mentioned in the corresponding numbered paragraph in Part I of Schedule 1 to that Order or, as the context may require, to the *effecting or carrying out of contracts of insurance* of that kind; and(b) *long-term insurance business class I, II, III*, etc. are references to *contracts of insurance* of the kind mentioned in the corresponding numbered paragraph in Part II of Schedule 1 to that Order or, as the context may require, to the *effecting or carrying out of contracts of insurance* of that kind.

|                                      |  |
|--------------------------------------|--|
|                                      | (2) (in <i>COLL</i> ):   |
|                                      | (a) a particular class of <i>units</i> of an <i>authorised fund</i> ; or   |
|                                      | (b) all of the <i>units</i> relating to a single <i>sub-fund</i> ; or  |
|                                      | (c) a particular class of <i>units</i> relating to a single <i>sub-fund</i> ; or   |
|                                      | (d) in relation to an <i>EEA UCITS scheme</i> , any arrangement equivalent to (a), (b) or (c).   |
|                                      | (3) (in <i>COBS</i> ) a particular category or type of <i>packaged product</i> .   |
|                                      | (4) (in <i>LR</i> ) <i>securities</i> the rights attaching to which are or will be identical and which form a single issue or issues.  |
|                                      | (5) (in <i>FEES</i> ) one of the classes to which <i>FSCS</i> allocates levies as described in ■ FEES 6.5.7 R.   |
| <i>class 1 acquisition</i>           | (in <i>LR</i> ) a <i>class 1 transaction</i> that involves an acquisition by the relevant <i>listed company</i> or its <i>subsidiary undertaking</i> .   |
| <b>FCA</b> <b>PRA</b>                |  |
| <i>class 1 circular</i>              | (in <i>LR</i> ) a <i>circular</i> relating to a <i>class 1 transaction</i> .   |
| <b>FCA</b> <b>PRA</b>                |  |
| <i>class 1 disposal</i>              | (in <i>LR</i> ) a <i>class 1 transaction</i> that consists of a disposal by the relevant <i>listed company</i> or its <i>subsidiary undertaking</i> .  |
| <b>FCA</b> <b>PRA</b>                |  |
| <i>class 1 transaction</i>           | (in <i>LR</i> and <i>FEES</i> ) a transaction classified as a class 1 transaction under ■ LR 10.   |
| <b>FCA</b> <b>PRA</b>                |  |
| <i>class 2 transaction</i>           | (in <i>LR</i> ) a transaction classified as a class 2 transaction under ■ LR 10.   |
| <b>FCA</b> <b>PRA</b>                |  |
| <i>class meeting</i>                 | (in <i>COLL</i> ) a separate meeting of <i>holders</i> of a <i>class of units</i> .  |
| <b>FCA</b> <b>PRA</b>                |  |
| <i>class tests</i>                   | (in <i>LR</i> ) the tests set out in ■ LR 10 Annex 1 G (and for certain specialist companies, those tests as modified by ■ LR 10.7), which are used to determine how a transaction is to be classified for the purposes of the <i>listing rules</i> .  |
| <b>FCA</b> <b>PRA</b>                |  |
| <i>clean-up call option</i>          | (for the purposes of ■ BIPRU 9 (Securitisation), in relation to a securitisation (within the meaning of paragraph (2) of the definition of securitisation) and in accordance with Part 1 of Annex IX of the <i>Banking Consolidation Directive</i> (Securitisation definitions)) a contractual option for the <i>originator</i> to repurchase or extinguish the <i>securitisation positions</i> before all of the underlying <i>exposures</i> have been repaid, when the amount of outstanding <i>exposures</i> falls below a specified level. |
| <b>FCA</b> <b>PRA</b>                |  |
| <i>clearing facilitation service</i> | (in relation to a <i>RIE</i> ) any <i>regulated activity</i> carried on by an <i>RIE</i> for the purposes of, or in connection with, the provision by the <i>RIE</i> of services designed to facilitate the provision of clearing services by another person.  |

FCA PRA

*clearing firm*

FCA PRA

a *firm* which assumes primary responsibility (including legal liability) for the execution and settlement of transactions for *clients*.

*clearing house*

FCA PRA

a clearing house through which transactions may be cleared and for the purposes of ■ CASS 7 and ■ CASS 7A, includes an *authorised central counterparty*.

*client*

FCA PRA

(1) (except in *PROF* and except in relation to a *home finance transaction*) has the meaning given in ■ COBS 3.2, that is (in summary and without prejudice to the detailed effect of ■ COBS 3.2) a *person* to whom a *firm* provides, intends to provide or has provided a service in the course of carrying on a *regulated activity*, or in the case of *MiFID* or *equivalent third country business*, an *ancillary service*;

(a) every client is a *customer* or an *eligible counterparty* ;

(b) "client" includes:

(i) a potential client;

(ii) a client of an *appointed representative* of a *firm* with or for whom the *appointed representative* acts or intends to act in the course of business for which the *firm* has accepted responsibility under section 39 of the *Act* (Exemption of appointed representatives) or, where applicable, a client of a *tied agent* of a *firm*;

(iii) a *collective investment scheme* even if it does not have separate legal personality;

(iiiA) any *person* to whom *collective portfolio management* services are provided, irrespective of whether or not it is *authorised*;

(iv) if a *person* ("C1"), with or for whom the *firm* is conducting or intends to conduct *designated investment business*, is acting as agent for another *person* ("C2"), either C1 or C2 in accordance with the *rule* on agent as client ■ COBS 2.4.3 R;

(v) for a *firm* that is *establishing, operating or winding up a personal pension scheme*, a member or beneficiary of that scheme;

(c) "client" does not include:

(i) a trust beneficiary not in (b)(v) ;

(ii) a *corporate finance contact*;

(iii) a *venture capital contact*.

(2) [deleted]

(3) (in *PROF*) (as defined in section 328(8) of the *Act* (Directions in relation to the general prohibition)) (in relation to *members* of a profession providing financial services under Part XX of the *Act* (Provision of Financial Services by Members of the Professions)):

(a) a *person* who uses, has used or may be contemplating using, any of the services provided by the *member* of a profession in the course of carrying on *exempt regulated activities* (including, where the *member* of the profession is acting in his capacity as a trustee,

a *person* who is, has been or may be a beneficiary of the trust); or

(b) a *person* who has rights or interests which are derived from, or otherwise attributable to, the use of any such services by other *persons*; or

(c) a *person* who has rights or interests which may be adversely affected by the use of any such services by *persons* acting on his behalf or in a fiduciary capacity in relation to him.

(4) (in relation to a *regulated mortgage contract*, except in *PROF*) the individual or trustee who is the borrower or potential borrower under that contract.

(5) (in relation to a *home purchase plan*, except in *PROF*) the *home purchaser* or potential *home purchaser*.

(6) (in relation to a *home reversion plan*, except in *PROF*):

(a) the *reversion occupier* or potential *reversion occupier*; or

(b) an individual who is an *unauthorised reversion provider* and who is not, or would not, be required to have *permission to enter into a home reversion plan*.

(7) (in relation to a *dormant account* transferred to a *dormant account fund operator*) a *person* entitled to the *balance* in the *dormant account* held with a *bank* or *building society* which was transferred to a *dormant account fund operator*.

(8) (in relation to a *regulated sale and rent back agreement*, except in *PROF*):

(a) the individual or trustee who is the *SRB agreement seller* or potential *SRB agreement seller*; or

(b) an individual who is an *unauthorised SRB agreement provider* or potential *unauthorised SRB agreement provider* and who does not have, or would not be required to have, *permission to enter into a regulated sale and rent back agreement*.

*client asset rules*

FCA PRA

*client bank account*

FCA PRA

CASS.

(1) (other than in ■ CASS 7 and ■ CASS 7A and principally in ■ CASS 5):

(a) an account at a bank which:

(i) holds the *money* of one or more *clients*;

(ii) is in the name of the *firm*;

(iii) includes in its title an appropriate description to distinguish the *money* in the account from the *firm's money*; and

(iv) is a current or a deposit account; or

(b) a money market deposit of *client money* which is identified as being *client money*.

(2) (in ■ CASS 7 and ■ CASS 7A)

(a) an account at a bank which:

(i) holds the money of one or more *clients*;

(ii) is in the name of the *firm*; and

(iii) is a current or a deposit account; or

*client equity balance*

**FCA** **PRA**

*client money*

**FCA** **PRA**

*client money (insurance) distribution rules*

**FCA** **PRA**

*client money chapter*

**FCA** **PRA**

*client money distribution rules*

**FCA** **PRA**

*client money rules*

(b) a money market deposit account of *client money* which is identified as being *client money*.

the amount which a *firm* would be liable (ignoring any non-cash *collateral* held) to pay to a *client* (or the *client* to the *firm*) in respect of his *margin*ed transactions if each of his open positions was liquidated at the closing or settlement prices published by the relevant exchange or other appropriate pricing source and his account closed. This refers to cash values and does not include non-cash *collateral* or other *designated investments* held in respect of a *margin*ed transaction.

(1)[deleted]

(2) (in **■ CASS 5**) subject to the *client money rules*, *money* of any currency which, in the course of carrying on *insurance mediation activity*, a *firm* holds on behalf of a *client* or which a *firm* treats as *client money* in accordance with the *client money rules* .

(2A) (in **■ ■ CASS 6** , **■ CASS 7**, **■ CASS 7A** and **■ CASS 10** and, in so far as it relates to matters covered by **■ CASS 6** , **■ CASS 7**, or *COBS*) subject to the *client money rules*, *money* of any currency:

(a) that a *firm* receives or holds for, or on behalf of, a *client* in the course of, or in connection with, its *MiFID business*; and/or

(b) which, in the course of carrying on *designated investment business* that is not *MiFID business*, a *firm* holds in respect of any *investment agreement* entered into, or to be entered into, with or for a *client*, or which a *firm* treats as *client money* in accordance with the *client money rules*.

(3) (in *MIPRU* ):

(a) in relation to an *insurance intermediary* when acting as such, *money* which is *client money* in (2);

(b) in relation to a *home finance intermediary* when acting as such, *money* of any currency which in the course of carrying on *home finance mediation activity* , the *firm* holds on behalf of a *client*, either in a bank account or in the form of cash.

(4) (in *UPRU* and *COMP*) *client money* for the purposes of the relevant *client money rules*.

the rules in **■ CASS 5.6** (Client money distribution).

**■ CASS 7.**

**■ CASS 7A.**

(1) [deleted]



FCA PRA

client money  
segregation  
requirements

FCA PRA

client  
transaction  
account

FCA PRA

client's best  
interests rule

FCA PRA

close links

FCA PRA

(2) (in ■ CASS 5) ■ CASS 5.1 to ■ CASS 5.5 .

(3) (in ■ CASS 3, ■ CASS 6, ■ CASS 7, ■ CASS 7A, UPRU and COBS) ■ CASS 7.1 to ■ 7.8 .

■ CASS 7.4.1 R and ■ CASS 7.4.11 R.

(in relation to a *firm* and an exchange, *clearing house* or *intermediate broker*) an account maintained by the exchange, *clearing house* or *intermediate broker*, as the case may be, in respect of transactions in contingent liability investments undertaken by the *firm* with or for its *clients*.

■ COBS 2.1.1 R.

(1) (in relation to *MiFID business*) a situation in which two or more persons are linked by:

(a) participation which means the ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking;

(b) control which means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in Article 1(1) and (2) of Directive 83/349/EEC, or a similar relationship between any person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered a subsidiary of the parent undertaking which is at the head of those undertakings.

[Note: article 4 (1)(31) of *MiFID*]

A situation in which two or more persons are permanently linked to one and the same person by a control relationship is also to be regarded as constituting a close link between such persons.

(2) (except where (1) applies and except in ■ SUP 3 (Auditors) and ■ SUP 4 (Actuaries)) (in accordance with paragraph 3(2) in Schedule 6 to the *Act* (Close links)) the relationship between a *person* ("A") and another *person* ("CL") which exists if:

(a) CL is a *parent undertaking* of A; or

(b) CL is a *subsidiary undertaking* of A; or

(c) CL is a *parent undertaking* of a *subsidiary undertaking* of A; or

(d) CL is a *subsidiary undertaking* of a *parent undertaking* of A; or

(e) CL owns or controls 20% or more of the voting rights or capital of A; or

(f) A owns or controls 20% or more of the voting rights or capital of CL.

(3) (in ■ SUP 3 (Auditors) and ■ SUP 4 (Actuaries)) (in accordance with section 343(8) of the *Act* (Information given by auditor or actuary to a regulator: persons with close links)) the relationship in (2), disregarding (e) and (f).

|   |   |
|---|---|
| <p><i>close matching rules</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>for the purposes of <i>permitted links</i>, the <i>rules</i> in ■ INSPRU 1.1.34 R, ■ INSPRU 3.1.57 R, ■ INSPRU 3.1.58 R, and ■ INSPRU 3.1.59 G.</p>  |
| <p><i>close out</i></p> <p><b>FCA</b> <b>PRA</b></p>                    | <p>(in <i>COLL</i> ) enter into a further transaction under which the obligation to deliver or receive which arises or may, at the option of the other party to the transaction, arise under the original transaction is offset by an equivalent and opposite obligation or right to receive or deliver.</p>  |
| <p><i>close period</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>(in <i>LR</i>) as defined in paragraph 1(a) of the <i>Model Code</i>.</p>  |
| <p><i>close relative</i></p> <p><b>FCA</b> <b>PRA</b></p>               | <p>(as defined in article 3(1) of the <i>Regulated Activities Order</i> and article 2(1) of the <i>Financial Promotion Order</i>) (in relation to any <i>person</i>):</p> <ul style="list-style-type: none"> <li>(a) his spouse or civil partner</li> <li>(b) his children and step-children, his parents and step-parents, his brothers and sisters and his step-brothers and step-sisters; and</li> <li>(c) the spouse or civil partner of any <i>person</i> within (b).</li> </ul>   |
| <p><i>closed</i></p> <p><b>FCA</b> <b>PRA</b></p>                       | <p>(in relation to a <i>syndicate year</i>) closed by <i>reinsurance to close</i> in accordance with <i>byelaws</i>, either into another <i>syndicate year</i> or into an <i>insurer</i> approved by the <i>Council</i> for the purpose.</p>  |
| <p><i>closed-ended</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>(in <i>LR</i>) (in relation to investment entities) an <i>investment company</i> which is not an <i>open-ended investment company</i>.</p>   |
| <p><i>closed-ended investment fund</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in <i>LR</i>) an entity:</p> <ul style="list-style-type: none"> <li>(a) which is an undertaking with limited liability, including a company, limited partnership, or <i>limited liability partnership</i>; and</li> <li>(b) whose primary object is investing and managing its assets (including pooled funds contributed by holders of its <i>listed securities</i>): <ul style="list-style-type: none"> <li>(i) in property of any description; and</li> <li>(ii) with a view to spreading investment risk.</li> </ul> </li> </ul>  |
| <p><i>closely related</i></p> <p><b>FCA</b> <b>PRA</b></p>              | <p>(in <i>GENPRU</i> and <i>BIPRU</i>) describes a relationship between two or more <i>persons</i> under which one or more of the following applies:</p> <ul style="list-style-type: none"> <li>(a) the insolvency or default of one of them is likely to be associated with the insolvency or default of the others;</li> <li>(b) it would be prudent when assessing the financial condition or creditworthiness of one to consider that of the others; or</li> <li>(c) there is, or there is likely to be, a close relationship between the financial performance of those <i>persons</i>.</li> </ul> |
| <p><i>closing date</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>the date specified in the earliest relevant <i>public announcement</i> of the <i>offer</i> as the last date for acceptance of the <i>offer</i>, or, if no such date is specified, then the date on which the <i>issuer</i> (or seller) of the <i>securities</i> offered receives any of the proceeds of the <i>offer</i>.</p>  |
| <p>CMAR</p> <p><b>FCA</b> <b>PRA</b></p>                                | <p>a Client Money and Asset Return, containing the information specified in ■ SUP 16 Annex 29 R.</p>  |

|  |   |
|--|---|
| <p>CNCOM<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>the <i>concentration risk capital component</i>.</p>   |
| <p>COB<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>the Conduct of Business sourcebook up to 1 November 2007.</p>  |
| <p>COBS<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>the Conduct of Business sourcebook from 1 November 2007.</p>   |
| <p><i>Code of Market Conduct</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                | <p>the provisions in ■ MAR 1 indicated by an "E" or "C" in the margin or heading, issued by the <i>FCA</i> as required by section 119 of the <i>Act</i> (The Code).</p>   |
| <p><i>Code of Practice for Approved Persons</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>(1) (in the <i>FCA Handbook</i>) the provisions in ■ APER 3 and ■ APER 4 indicated by an "E" in the margin or heading, the purpose of which is to help determine whether or not an <i>approved person's</i> conduct complies with the <i>Statements of Principle</i> and which are issued by the <i>FCA</i> under section 64(2) of the <i>Act</i> (Conduct: statements and codes).</p> <p>(2) (in the <i>PRA Handbook</i>) the provisions in ■ APER 3 and ■ APER 4 indicated by an "E" in the margin or heading, the purpose of which is to help determine whether or not an <i>approved person's</i> conduct complies with the and which are issued by the <i>PRA</i> under section 64(2) of the <i>Act</i> (Conduct: statements and codes).</p> <p>The provisions of ■ APER 1 marked with an "E" in the margin also form part of the <i>Code of Practice for Approved Persons</i>.</p>   |
| <p><i>cold call</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                             | <p>a <i>financial promotion</i> made in the course of a personal visit, telephone conversation or other interactive dialogue:</p> <p>(a) which:</p> <p style="padding-left: 40px;">(i) was not initiated by the recipient of the <i>financial promotion</i>; and</p> <p style="padding-left: 40px;">(ii) does not take place in response to an express request from the recipient of the <i>financial promotion</i>; or</p> <p>(b) in relation to which it was not clear from all the circumstances when the call, visit or dialogue was initiated or requested, that during the course of the call, visit or dialogue, communications would be made concerning the kind of <i>controlled activities</i> and <i>controlled investments</i> to which the communications in fact made relate.</p> <p>In this definition:</p> <p>(c) a <i>person</i> is not to be treated as expressly requesting a call, visit or dialogue:</p> <p style="padding-left: 40px;">(i) because he omits to indicate that he does not wish to receive any or any further visits or calls or to engage in any or any further dialogue; or</p> <p style="padding-left: 40px;">(ii) because he agrees to standard terms that state that such visits, calls or dialogue will take place, unless he has signified clearly that, in addition to agreeing to the terms, he is willing for them to take place;</p> <p>(d) if a call, visit or dialogue is initiated or requested by a recipient (R), it is treated as also having been initiated or requested by any other <i>person</i> to whom it is made at the same time as it is made to R if that other recipient is</p> |

COLL

FCA PRA

*collateral*

FCA PRA

a *close relative* of R or expected to *engage in any investment activity* jointly with R.

[Note: article 8 of the *Financial Promotion Order*]

the Collective Investment Schemes sourcebook.

(1) (in *COLL* ) any form of security, guarantee or indemnity provided by way of security for the discharge of any liability arising from a transaction.

(2) (in *COBS* and *CASS*) any of the following:

(a) an *investment* specified in articles 76 to 81 of the *Regulated Activities Order*; that is:

(i) *shares* (article 76);

(ii) *debentures* (article 77);

(iia) an *alternative debenture* (article 77A);

(iii) *government and public securities* (article 78);

(iv) *warrants* (article 79);

(v) *certificates representing certain securities* (article 80);

(vi) *units* (article 81); or

(b) *money*; or

(c) a *commodity* warrant (however title is recorded or evidenced);

which belongs to a *client* and which is held or controlled by the *firm* under the terms of a deposit, pledge, charge or other security arrangement.

(3) (in *INSPRU* and *SYSC*):

(a) (in relation to any transaction) a mortgage, charge, pledge or other security interest or, as the context may require, an asset that is subject to a mortgage, charge, pledge or other security interest; and

(b) (in relation to a *stock lending*, *repo* or *derivative* transaction only):

(i) a transfer of assets (other than by way of sale) subject to a right of the transferor to have transferred back to it the same, or equivalent, assets or, as the context may require, the assets so transferred by the original transferor; or

(ii) a letter of credit;

where the assets are transferred, or the letter of credit is issued, to secure the performance of the obligations of one of the parties to that transaction.

*collateral rules*

FCA PRA

■ CASS 3.

*collective insurance*

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph VIII of Part II of Schedule 1 to the *Regulated Activities Order* (Contracts of long-term insurance), of a kind referred to in article 2(2)(e) of the *Consolidated Life Directive* ("the operations carried

collective investment scheme

FCA PRA

out by insurance companies such as those referred to in Chapter 1, Title 4 of Book IV of the French "Code des assurances").

a collective investment scheme, as defined in section 235 of the *Act* (Collective Investment Schemes), which is in summary:

(a) any arrangements with respect to property of any description, including money, the purpose or effect of which is to enable *persons* taking part in the arrangements (whether by becoming owners of the property or any part of it or otherwise) to participate in or receive profits or income arising from the acquisition, holding, management or disposal of the property or sums paid out of such profits or income; and

(c) which are not excluded by the Financial Services and Markets Act (Collective Investment Schemes) Order 2001 (SI 2001/1062).

collective investment undertaking other than the closed-end type

FCA PRA

(in *PR*) (as defined in Article 2.1(o) of the *prospectus directive*) unit trusts and investment companies:

(a) the object of which is the collective investment of capital provided by the public, and which operate on the principle of risk-spreading;

(b) the units of which are, at the holder's request, repurchased or redeemed, directly or indirectly, out of the assets of these undertakings.

collective investment undertaking PRR

FCA PRA

the part of the *market risk capital requirement* calculated in accordance with ■ BIPRU 7.7.5 R (Calculation of the collective investment undertaking PRR).

collective portfolio management

FCA PRA

in relation to a *management company*, the activity of management of *UCITS schemes*, *EEA UCITS schemes* or other collective investment undertakings not covered by the *UCITS Directive* that the *firm* is permitted to carry on in accordance with article 6(2) of the *UCITS Directive*. This includes the functions mentioned in Annex II to that directive.

COLLG

FCA PRA

the Collective Investment Scheme Information Guide.

Combined Code

FCA PRA

(in *LR* and *DTR*) in relation to an *issuer* the Combined Code on Corporate Governance published in June 2008 by the Financial Reporting Council.

combined initial disclosure document

FCA PRA

information about the breadth of advice, *scope of advice* or *scope of basic advice* and the nature and costs of the services offered by a *firm* in relation to two or more of the following:

(a) *packaged products* or, for *basic advice*, *stakeholder products* that are not a *group personal pension scheme* or a *group stakeholder pension scheme* (but only if a *consultancy charge* will be made);

(b) *non-investment insurance contracts*;

(c) *regulated mortgage contracts* other than *lifetime mortgages*;

(d) *home purchase plans*;

(e) *equity release transactions*;

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| <p><i>commencement</i></p> <p><b>FCA</b> <b>PRA</b></p>          | <p>which contains the keyfacts logo, headings and text in the order shown in, and in accordance with the notes in, ■ COBS 6 Annex 2.</p> <p>the beginning of the <i>commencement day</i>.</p>   |
| <p><i>commencement day</i></p> <p><b>FCA</b> <b>PRA</b></p>      | <p>the <i>day</i> on which section 19 of the <i>Act</i> (The general prohibition) comes into force, being 1 December 2001.</p>  |
| <p><i>commercial customer</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(in <i>ICOBS</i> and ■ <i>CASS 5</i>) a <i>customer</i> who is not a <i>consumer</i>.</p>  |
| <p><i>commission</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>any form of commission or remuneration, including a benefit of any kind, offered or given in connection with:</p> <ul style="list-style-type: none"> <li>(a) <i>designated investment business</i> (other than commission equivalent);</li> <li>(b) <i>insurance mediation activity</i> in connection with a <i>non-investment insurance contract</i>; or</li> <li>(c) the sale of a <i>packaged product</i>, that is offered or given by the <i>product provider</i>.</li> </ul>  |
| <p><i>commission equivalent</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>the cash payments, benefits and services listed in ■ COBS 6 Annex 6 E which satisfy the criteria in ■ COBS 6.4.3 R.</p>  |
| <p><i>commitment</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>a commitment represented by <i>insurance business</i> of any of the <i>classes</i> (as defined for the purposes of <i>INSPRU</i> and <i>SUP</i>) of <i>long-term insurance business</i>.</p>   |
| <p><i>commodity</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>(1) (except for (2) and (3)) a physical asset (other than a financial instrument or cash) which is capable of delivery.</p> <p>(2) (for the purpose of calculating <i>position risk requirements</i>) any of the following (but excluding gold):</p> <ul style="list-style-type: none"> <li>(a) a commodity within the meaning of paragraph (1); and</li> <li>(b) any: <ul style="list-style-type: none"> <li>(i) physical or energy product; or</li> <li>(ii) of the items referred to in paragraph 10 of Section C of Annex I of the <i>MIFID</i> as an underlying with respect to the <i>derivatives</i> mentioned in that paragraph; which is, or can be, traded on a secondary market.</li> </ul> </li> </ul> <p>(3) (in relation to the <i>MiFID Regulation</i>, including the definitions of a <i>financial instrument</i> and an <i>ancillary service</i>) any goods of a fungible nature that are capable of being delivered, including metals and their ores and alloys, agricultural products, and energy such as electricity, not including services or other items that are not goods, such as currencies or rights in real estate, or that are entirely intangible.</p> <p>[Note: article 2(1) of the <i>MiFID Regulation</i>]</p> |

*commodity extended maturity ladder approach*

FCA PRA

the method of calculating the *commodity PRR* in ■ BIPRU 7.4.32 R (Extended maturity ladder approach).

*commodity future*

FCA PRA

a *future* relating to a *commodity*.

*commodity maturity ladder approach*

FCA PRA

the method of calculating the *commodity PRR* in ■ BIPRU 7.4.25 R (Maturity ladder approach).

*commodity option*

FCA PRA

an *option* relating to a *commodity*.

*commodity PRR*

FCA PRA

the part of the *market risk capital requirement* calculated in accordance with ■ BIPRU 7.4 (Commodity PRR) or, in relation to a particular *position*, the portion of the overall *commodity PRR* attributable to that *position*.

*commodity simplified approach*

FCA PRA

the method of calculating the *commodity PRR* in ■ BIPRU 7.4.24 R (Simplified approach).

*common platform firm*

FCA PRA

a *firm* that is:

- (a) a *BIPRU firm*; or
- (b) an *exempt CAD firm*; or
- (c) a UK *MiFID investment firm* which falls within the definition of 'local firm' in Article 3.1P of the *Capital Adequacy Directive* ; or
- (d) a *dormant account fund operator*.

■ SYSC 4 to ■ SYSC 9.

*common platform organisational requirements*

FCA PRA

■ SYSC 8.1.1 R to ■ SYSC 8.1.12 G.

*common platform outsourcing rules*

FCA PRA

*common platform record-keeping requirements*

FCA PRA

the record-keeping requirements applicable to *common platform firms* set out in ■ SYSC 9.

*common platform requirements*

FCA PRA

■ SYSC 4 to ■ SYSC 10.

*common platform requirements on financial crime*

FCA PRA

the requirements on *financial crime* applicable to *common platform firms* set out in ■ SYSC 6.3.

*communicate*

FCA PRA

(in relation to a *financial promotion*) to communicate in any way, including causing a communication to be made or directed.

[Note: section 21(13) of the *Act* (Restrictions on financial promotion) and article 6(d) of the *Financial Promotion Order* (Interpretation: communications)]

*communicated to a person inside the United Kingdom*

FCA PRA

*communicated* other than *communicated to a person outside the United Kingdom*.

*communicated to a person outside the United Kingdom*

FCA PRA

(a) *made to a person* who receives it outside the *United Kingdom*; or  
(b) *directed only at persons* outside the *United Kingdom*.

In this definition:

(c) If the conditions set out in (f)(i), (ii), (iii) and (iv) are met, a *financial promotion* directed from a place inside the *United Kingdom* will be regarded as *directed only at persons* outside the *United Kingdom*.

(d) If the conditions set out in (f)(iii) and (iv) are met, a *financial promotion* directed from a place outside the *United Kingdom* will be regarded as *directed only at persons* outside the *United Kingdom*.

(e) In any other case in which one or more of the conditions in (f)(i) to (v) is met, that fact will be taken into account in determining whether a *financial promotion* is *directed only at persons* outside the *United Kingdom* (but a *financial promotion* may still be regarded as *directed only at persons* outside the *United Kingdom* even if none of these conditions is met).

(f) The conditions are that:

(i) the *financial promotion* is accompanied by an indication that it is *directed only at persons* outside the *United Kingdom*;

(ii) the *financial promotion* is accompanied by an indication that it must not be acted upon by *persons* in the *United Kingdom*;



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| <p>(iii) the <i>financial promotion</i> is not referred to in, or directly accessible from, any other <i>financial promotion</i> which is <i>made to a person</i> or <i>directed at persons</i> in the <i>United Kingdom</i> by the same communicator;</p> <p>(iv) there are in place proper systems and procedures to prevent recipients in the <i>United Kingdom</i> (other than those to whom the <i>financial promotion</i> might otherwise lawfully have been made) engaging in the investment activity to which the <i>financial promotion</i> relates with the <i>person</i> directing the <i>financial promotion</i>, a <i>close relative</i> of his or a member of the same <i>group</i>;</p> <p>(v) the <i>financial promotion</i> is included in:</p> <p style="padding-left: 20px;">(A) a website, newspaper, journal, magazine or periodical publication which is principally accessed in or intended for a market outside the <i>United Kingdom</i>;</p> <p style="padding-left: 20px;">(B) a radio or television broadcast or teletext service transmitted principally for reception outside the <i>United Kingdom</i>.</p> | <p><i>Community Co-Insurance Directive</i><br/>FCA PRA</p> <p><i>community co-insurance operation</i><br/>FCA PRA</p> <p>COMP<br/>FCA PRA</p> <p><i>company</i><br/>FCA PRA</p> <p><i>Company Announcements Office</i><br/>FCA PRA</p> <p><i>compensation costs</i><br/>FCA PRA</p> | <p>the Council Directive of 30 May 1978 on the coordination of laws, regulations and administrative provisions relating to Community co-insurance (No 78/473/EEC).</p> <p>an operation to which the <i>Community Co-Insurance Directive</i> applies, as modified by article 26 of the <i>Second Non-Life Directive</i>.</p> <p>the Compensation sourcebook.</p> <p>any <i>body corporate</i>.</p> <p>the Company Announcements Office of the London Stock Exchange, the information dissemination provider approved by the <i>UKLA</i>.</p> <p>the costs incurred:</p> <p style="padding-left: 20px;">(a) in paying compensation; or</p> <p style="padding-left: 20px;">(b) as a result of making the arrangements contemplated in ■ COMP 3.3.1 R or taking the measures contemplated in ■ COMP 3.3.3 R; or</p> <p style="padding-left: 20px;">(c) in making payments or giving indemnities under ■ COMP 11.2.3 R; or</p> <p style="padding-left: 20px;">(d) under section 214B or section 214D of the <i>Act</i>; or</p> <p style="padding-left: 20px;">(e) by virtue of section 61 (Sources of compensation) of the Banking Act 2009;</p> <p>(including the costs of paying interest, principal and other costs of borrowing to pay such costs).</p> |
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*compensation costs levy*

**FCA** **PRA**

a levy imposed by the *FSCS* on *participant firms* to meet *compensation costs*, each *participant firm's* share being calculated in accordance with ■ FEES 6.5

*compensation fund*

**FCA** **PRA**

any *policyholder* compensation scheme in any *EEA State*.

*compensation scheme*

**FCA** **PRA**

the Financial Services Compensation Scheme established under section 213 of the *Act* (The compensation scheme) for compensating *persons* in cases where *authorised persons* and *appointed representatives*, or, where applicable, a *tied agent* of a firm, are unable, or are likely to be unable, to satisfy *claims* against them.

*compensation transitionals order*

**FCA** **PRA**

the Financial Services and Markets Act 2000 (Transitional Provisions, Repeals and Savings) (Financial Services Compensation Scheme) Order 2001 (SI 2001/2967).

*competent authority*

**FCA** **PRA**

(1) (in relation to the functions referred to in Part VI of the *Act*) ):

(a) the *FCA*, or

(b) an authority exercising functions corresponding to the functions referred to in Part VI of the *Act* under the laws of another *EEA State*.

(2) (in relation to the exercise of an *EEA right* and the exercise of the *overseas financial stability information power*) a competent authority for the purposes of the relevant *Single Market Directive* or the *auction regulation*.

(3) (in relation to a group, and for the purposes of ■ SYSC 12 (Group risk systems and controls requirement), *GENPRU*, *BIPRU* and *INSPRU*, any national authority of an *EEA State* which is empowered by law or regulation to supervise *regulated entities*, whether on an individual or group-wide basis.

(4) the authority, designated by each *EEA State* in accordance with Article 48 of *MiFID*, unless otherwise specified in *MiFID*.

[Note: article 4(1)(22) of *MiFID*]

(5) (in *REC*) in relation to an *investment firm* or *credit institution*, means the competent authority in relation to that firm or institution for the purposes of *MiFID*.

(6) (in ■ COBS 13.4) the authority designated by each *EEA State* in accordance with Article 11 of the *Market Abuse Directive*.

[Note: article 1(7) of the *Market Abuse Directive*]

(7) the authority designated by each *EEA State* in accordance with article 32 of the *short selling regulation*.

[Note: This definition is based on the definition contained in the CRD (Consequential Amendments) Instrument 2006 which was consulted on in the consultation paper Strengthening Capital Standards 2 (CP 06/3)]

*competent employees rule*

**FCA** **PRA**

(a) for a *firm* which is not a *common platform firm*, ■ SYSC 3.1.6 R.

(b) for a *common platform firm*, ■ SYSC 5.1.1 R.

*complaint*

**FCA** **PRA**

- (1) [deleted]
- (2) (in
  - SUP 10 and DISP, except ■ DISP 1.1 and the *complaints handling rules* and the *complaints record rule* in relation to *MiFID business*, and in ■ CREDS 9 ) any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a *person* about the provision of, or failure to provide, a financial service or a *redress determination*, which:
    - (a) alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience; and
    - (b) relates to an activity of that *respondent*, or of any other *respondent* with whom that *respondent* has some connection in marketing or providing financial services or products, which comes under the jurisdiction of the *Financial Ombudsman Service*.
- (3) (in ■ DISP 1.1 , the complaints awareness rules only in relation to *collective portfolio management* and the *complaints handling rules* and the *complaints record rule* only in relation to *MiFID business* and *collective portfolio management*) any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a *person* about the provision of, or failure to provide, a financial service or a *redress determination*, which alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience.
- (4) (in DISP) reference to a *complaint* includes:
  - (a) under all jurisdictions, part of a *complaint*; and
  - (b) under the *Compulsory Jurisdiction*, all or part of a *relevant complaint*.

*complaints data publication rules*

**FCA** **PRA**

■ DISP 1.10A.

*complaints handling rules*

**FCA** **PRA**

■ DISP 1.3.

*complaints investigator*

**FCA** **PRA**

- (1) (in relation to a *UK RIE*) the independent *person* appointed under arrangements referred to in paragraph 9(3) of the Schedule to the *Recognition Requirements Regulations* to investigate a complaint and to report on the result of his investigation to that *RIE* and to the complainant.
- (2) (in relation to a *UK RCH*) the independent *person* appointed under arrangements referred to in paragraph 23(3) of the Schedule to the *Recognition Requirements Regulations* to investigate a complaint and to report on the result of his investigation to that *RCH* and to the complainant.
- (3) (in relation to an *RAP*) the independent *person* appointed under arrangements referred to in regulations 22 and 23 of the *RAP regulations* to investigate a complaint and to report on the result of his investigation to that *RAP* and to the complainant.

*complaints record rule*

**FCA** **PRA**

■ DISP 1.9.

*complaints reporting rules*

**FCA** **PRA**

■ DISP 1.10.

*complaints resolution rules*

**FCA** **PRA**

■ DISP 1.4.

*complaints time barring rule*

**FCA** **PRA**

■ DISP 1.8.

*complaints time limits rules*

**FCA** **PRA**

■ DISP 1.6.

*compliance oversight function*

**FCA** **PRA**

(in the *FCA Handbook*) *FCA controlled function* CF10 in Parts 1 and 2 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.7.8 R.

*composite firm*

**FCA** **PRA**

a *firm* that carries on both *long-term insurance business* and *general insurance business*.

*composite insurer*

**FCA** **PRA**

(in relation to *firm type* in ■ SUP 16.10 (Confirmation of *standing data*)) an *insurer* with permission to effect or carry out both *long-term insurance contracts* and *general insurance*.

*Compulsory Jurisdiction*

**FCA** **PRA**

the jurisdiction of the *Financial Ombudsman Service* to which *firms*, *payment service providers* and *electronic money issuers* (and certain other *persons* as a result of the *Ombudsman Transitional Order* or section 226(2)(b) and (c) of the *Act*) are compulsorily subject.

*concentration risk capital component*

**FCA** **PRA**

the part of the *credit risk capital requirement* calculated in accordance with ■ BIPRU 10.10A.8 R (How to calculate the concentration risk capital component).

COND

**FCA** **PRA**

the part of the *Handbook* in High Level Standards which has the title *Threshold Conditions*.

*conflicts of interest policy*

**FCA** **PRA**

(1) the policy established and maintained in accordance with ■ SYSC 10.1.10 R; and

(2) (in ■ MAR 8) the policy established and maintained in accordance with ■ MAR 8.2.8 G which identifies circumstances that constitute, or may give rise to, a conflict of interest arising from *benchmark submissions* and the process

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| <p><i>conglomerate capital resources</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>of gathering information in order to make <i>benchmark submissions</i>, and sets out the process to manage such conflicts.</p> <p>(in relation to a <i>financial conglomerate</i> with respect to which <b>■</b> GENPRU 3.1.29 R (Application of methods 1, 2 or 3 from Annex I of the <i>Financial Groups Directive</i>) applies) capital resources as defined in whichever of paragraphs 1.1, 2.1 or 3.1 of <b>■</b> GENPRU 3 Annex 1 R (Capital adequacy calculations for financial conglomerates) applies with respect to that <i>financial conglomerate</i>.</p>   |
| <p><i>conglomerate capital resources requirement</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in relation to a <i>financial conglomerate</i> with respect to which GENPRU 3.1.29 (Application of methods 1, 2 or 3 from Annex I of the <i>Financial Groups Directive</i>) applies) the capital resources requirement defined in whichever of paragraphs 1.3, 2.4 or 3.3 of <b>■</b> GENPRU 3 Annex 1 R (Capital adequacy calculations for financial conglomerates) applies with respect to that <i>financial conglomerate</i>.</p>   |
| <p><i>connected client</i></p> <p><b>FCA</b> <b>PRA</b></p>                           | <p>(in LR) in relation to a <i>sponsor</i> or securities house, any client of the <i>sponsor</i> or securities house who is:</p> <ul style="list-style-type: none"> <li>(a) a partner, <i>director</i>, employee or controller (as defined in section 422 of the Act) of the <i>sponsor</i> or securities house or of an undertaking described in paragraph (d); or</li> <li>(b) the spouse, civil partner or child of any individual described in paragraph (a); or</li> <li>(c) a <i>person</i> in his capacity as a trustee of a private trust (other than a pension scheme or an <i>employees' share scheme</i>) the beneficiaries of which include any <i>person</i> described in paragraph (a) or (b); or</li> <li>(d) an undertaking which in relation to the <i>sponsor</i> or securities house is a group undertaking.</li> </ul>   |
| <p><i>connected contract</i></p> <p><b>FCA</b> <b>PRA</b></p>                         | <p>a <i>non-investment insurance contract</i> which:</p> <ul style="list-style-type: none"> <li>(a) is not a contract of long-term insurance (as defined by article 3 of the <i>Regulated Activities Order</i>);</li> <li>(b) has a total duration (including <i>renewals</i>) of five years or less;</li> <li>(c) has an annual <i>premium</i> (or the equivalent of annual <i>premium</i>) of €500 or less;</li> <li>(d) covers the risk of: <ul style="list-style-type: none"> <li>(i) breakdown, loss of, or damage to, non-motor goods supplied by the provider; or</li> <li>(ii) damage to, or loss of, baggage and other risks linked to the travel booked with the provider ("travel risks"); in circumstances where: <ul style="list-style-type: none"> <li>(A) the travel booked with the provider relates to attendance at an event organised or managed by that provider and the party seeking insurance is not an individual (acting in his private capacity) or a small business; or</li> <li>(B) the travel booked with the provider is only the hire of an aircraft, vehicle or vessel which does not provide sleeping accommodation;</li> </ul> </li> </ul> </li> <li>(e) does not cover any liability risks (except, in the case of a contract which covers travel risks, where the cover is ancillary to the main cover provided by the contract);</li> </ul> |

(f) is complementary to the non-motor goods being supplied or service being provided by the provider; and

(g) is of such a nature that the only information that a person requires in order to carry on one of the *insurance mediation activities* is the cover provided by the contract.

In this definition:

(h) the transfer of possession of an aircraft, vehicle or vessel under an agreement for hire which is not:

(i) a hire-purchase agreement within the meaning of section 189(1) of the Consumer Credit Act 1974; or

(ii) any other agreement which contemplates that the property in those goods will also pass at some time in the future;

is the provision of a service related to travel, not a supply of goods;

(i) "small business" means a sole trader, *body corporate*, *partnership* or an unincorporated association which had a turnover in the last financial year of less than £1,000,000 (but where the small business is a member of a group within the meaning of section 262(1) of the Companies Act 1985 (and after the repeal of that section, within the meaning of section 474(1) of the Companies Act 2006), reference to its turnover means the combined turnover of the group);

(j) "turnover" means the amounts derived from the provision of goods and services falling within the business's ordinary activities, after deduction of trade discounts, value added tax and any other taxes based on the amounts so derived.

(in accordance with ■ GENPRU 2.2.222 R (Deductions from tiers one and two: Connected lending of a capital nature)) all lending within ■ GENPRU 2.2.227 R or ■ GENPRU 2.2.229 R and guarantees within ■ GENPRU 2.2.231 R or ■ GENPRU 2.2.233 R.

*connected  
lending of a  
capital nature*

FCA PRA

*connected  
person*

FCA PRA

(1) (in relation to the *FCA* or *PRA*'s consideration of an application for, or of whether to vary or cancel, a *Part 4A permission*) (in accordance with section 55R of the *Act* (Persons connected with an applicant)) any *person* appearing to the regulator concerned to be, or likely to be, in a relationship with the applicant or *person* given *permission*, which is relevant.

(2) (in relation to the *FCA* or *PRA*'s power to gather information under section 165 of the *Act* (Regulators' power to require information)) (in accordance with section 165(11) of the *Act*) a *person* who has, or has at any relevant time had, the following relationship with another person ("A"):

(a) he is a member of A's *group*;

(b) he is a *controller* of A;

(c) he is a member of a *partnership* of which A is a member;

(d) he is or has been an employee of A;

(e) if A is a *body corporate*, he is or has been an *officer*, or *manager* or agent of A or of a *parent undertaking* of A;

(f) if A is a *partnership*, he is or has been a member, *manager* or agent of A;

(g) if A is an unincorporated association of *persons* which is neither a *partnership* nor an unincorporated *friendly society*, he is or has been an *officer, manager, or agent* of A;

(h) if A is a *friendly society*, he is or has been an officer or manager of A ("officer" and "manager" having the same meaning as in section 119(1) of the Friendly Societies Act 1992);

(i) if A is a *building society*, he is or has been an officer of A ("officer" having the same meaning as in section 119(1) of the Building Societies Act 1986);

(j) if A is an individual, he is or has been an agent of A.

(3) (in relation to the *FCA* or *PRA*'s powers of investigation under sections 171 and 172 of the *Act* (Powers of persons appointed under section 167; Additional power of persons appointed as a result of section 168(1) or (4))) (in accordance with section 171(4) of the *Act*) a *person* who has, or has at any relevant time had, the following relationship with a *person* under investigation ("P"):

(a) he has the relationship specified in any of paragraphs (2) (a), (b) or (d) to (j) to P (where references in those paragraphs to A are taken to be references to P);

(b) it is a *partnership* of which P is a member;

(c) he is the partner, *manager, employee, agent, appointed representative, or, where applicable, tied agent, banker, auditor, actuary or solicitor* of:

(i) P; or

(ii) a *parent undertaking* of P; or

(iii) a *subsidiary undertaking* of P; or

(iv) a *subsidiary undertaking* of a *parent undertaking* of P; or

(v) a *parent undertaking* of a *subsidiary undertaking* of P.

(4) to follow

(5) (in *DTR* and *LR* in relation to a *person discharging managerial responsibilities* within an *issuer*) has the same meaning as in section 96B(2) of the *Act*.

(a) [deleted]

(b) [deleted]

(c) [deleted]

*connected travel insurance contract*

FCA PRA

a *non-investment insurance contract* which covers the risk of damage to, or loss of, baggage and other risks linked to the travel booked with the provider but does not otherwise meet the conditions in paragraph (d)(ii) of the definition of *connected contract*.

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*connected travel insurance intermediary*

FCA PRA

an *insurance intermediary* whose *permission* includes a *requirement* that it must not conduct any *regulated activity* other than *insurance mediation activity* in relation to a *connected travel insurance contract*.

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|--|---|
| <p><i>consent notice</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                  | <p>a notice given by the <i>FCA</i> or <i>PRA</i> as the case may be to a <i>Host State regulator</i> under :</p> <p>(a) paragraph 19(4) (Establishment) of Part III of Schedule 3 to the <i>Act</i> (Exercise of Passport Rights by UK firms); or</p> <p>(b) paragraph 20(3A) (Services) of Part III of Schedule 3 to the <i>Act</i> (Exercise of Passport Rights by UK firms).</p>  |
| <p><i>Consolidated Admissions and Reporting Directive</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>Directive of the European Parliament and of the Council on the admission of securities to official stock exchange listing and on information to be published on those securities (No 2001/34/EC).</p>  |
| <p><i>consolidated capital resources</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                  | <p>(in relation to a <i>UK consolidation group</i> or a <i>non-EEA sub-group</i> and in <i>GENPRU</i> and <i>BIPRU</i>) that group's capital resources calculated in accordance with <span style="color: #000080;">■</span> <i>BIPRU</i> 8.6 (Consolidated capital resources).</p>  |
| <p><i>consolidated capital resources requirement</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>      | <p>(in relation to a <i>UK consolidation group</i> or a <i>non-EEA sub-group</i> and in <i>GENPRU</i> and <i>BIPRU</i>) an amount of <i>consolidated capital resources</i> that that group must hold in accordance with <span style="color: #000080;">■</span> <i>BIPRU</i> 8.7 (Consolidated capital resources requirement).</p>   |
| <p><i>consolidated credit risk requirement</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>(in relation to a <i>UK consolidation group</i> or a <i>non-EEA sub-group</i> and in <i>GENPRU</i> and <i>BIPRU</i>) has the meaning in <span style="color: #000080;">■</span> <i>BIPRU</i> 8.7 (Consolidated capital resources requirements) which is in summary the part of that group's <i>consolidated capital resources requirement</i> relating to credit risk calculated in accordance with <span style="color: #000080;">■</span> <i>BIPRU</i> 8.7.11 R (Calculation of the consolidated requirement components) and as adjusted under <span style="color: #000080;">■</span> <i>BIPRU</i> 8.7.</p>  |
| <p><i>consolidated fixed overheads requirement</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>        | <p>(in relation to a <i>UK consolidation group</i> or a <i>non-EEA sub-group</i> and in <i>GENPRU</i> and <i>BIPRU</i>) has the meaning in <span style="color: #000080;">■</span> <i>BIPRU</i> 8.7 (Consolidated capital resources requirements) which is in summary the part of that group's <i>consolidated capital resources requirement</i> relating to the <i>fixed overheads requirement</i> (as referred to Article 21 of the <i>Capital Adequacy Directive</i> and the definition of <i>fixed overheads requirement</i>) calculated in accordance with <span style="color: #000080;">■</span> <i>BIPRU</i> 8.7.11 R (Calculation of the consolidated requirement components) and as adjusted under <span style="color: #000080;">■</span> <i>BIPRU</i> 8.7.</p> |
| <p><i>consolidated indirectly issued capital</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>          | <p>has the meaning in <span style="color: #000080;">■</span> <i>BIPRU</i> 8.6.12 R (Indirectly issued capital and group capital resources), which is in summary any <i>capital instrument</i> issued by a member of a <i>UK consolidation group</i> or <i>non-EEA sub-group</i> where the conditions in <span style="color: #000080;">■</span> <i>BIPRU</i> 8.6.12 R are met.</p>   |
| <p><i>Consolidated Life Directive</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                     | <p>the Council Directive of 5 November 2002 on the taking-up and pursuit of the business of life assurance (No 2002/83/EC), which consolidates the provisions of the <i>First</i>, <i>Second</i> and <i>Third Life Directives</i>.</p>  |
| <p><i>Consolidated Life Directive information</i></p>  | <p>(in <i>COBS</i>) the Consolidated Life Directive information (<span style="color: #000080;">■</span> <i>COBS</i> 13 Annex 1 R).</p>  |



FCA PRA

*consolidated market risk requirement*

FCA PRA

(in relation to a *UK consolidation group* or a *non-EEA sub-group* and in *GENPRU* and *BIPRU*) has the meaning in ■ BIPRU 8.7 (Consolidated capital resources requirement) which is in summary the part of that group's *consolidated capital resources requirement* relating to *market risk* calculated in accordance with ■ BIPRU 8.7.11 R (Calculation of the consolidated requirement components) and as adjusted under ■ BIPRU 8.7.

*Consolidated Motor Insurance Directive*

FCA PRA

the European Parliament and Council Directive of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability (No 2009/103/EC). This Directive codifies Council Directives 72/166/EEC, 84/5/EEC, 90/232/EEC, 2000/26/EC and 2005/14/EC.

*consolidated operational risk requirement*

FCA PRA

(in relation to a *UK consolidation group* or a *non-EEA sub-group* and in *GENPRU* and *BIPRU*) has the meaning in ■ BIPRU 8.7 (Consolidated capital resources requirements) which is in summary the part of that group's *consolidated capital resources requirement* relating to *operational risk* calculated in accordance with ■ BIPRU 8.7.11 R (Calculation of the consolidated requirement components) and as adjusted under ■ BIPRU 8.7.

*consolidated requirement component*

FCA PRA

has the meaning in ■ BIPRU 8.7.11 R (Calculation of the consolidated requirement components), which in summary is one of the following:

- (a) the *consolidated credit risk requirement*; or
- (b) the *consolidated fixed overheads requirement*; or
- (c) the *consolidated market risk requirement*; or
- (d) the *consolidated operational risk requirement*.

*consolidation Article 12(1) relationship*

FCA PRA

a relationship between one *undertaking* (the first undertaking) and one or more other *undertakings* satisfying the conditions set out in Article 12(1) of the *Seventh Company Law Directive*, which in summary are as follows:

- (a) those *undertakings* are not connected, as described in article 1(1) or (2) of that Directive; and
- (b) one of the following conditions is satisfied:
  - (i) they are managed on a unified basis pursuant to a contract concluded with the first undertaking or provisions in the memorandum or articles of association of those *undertakings*; or
  - (ii) the administrative, management or supervisory bodies of those *undertakings* consist, for the major part, of the same *persons* in office during the financial year in respect of which it is being decided whether such a relationship exists.

*consolidation group*

FCA PRA

the following:

- (a) a *conventional group*; or
- (b) *undertakings* linked by a *consolidation Article 12(1) relationship* or (for the purposes of *BIPRU*) an *Article 134 relationship*.

If a *parent undertaking* or *subsidiary undertaking* in a *conventional group* (the first person) has a *consolidation Article 12(1) relationship* or (for the purposes of *BIPRU*) an *Article 134 relationship* with another *person* (the second person), the second person (and any *subsidiary undertaking* of the second person) is also a member of the same *consolidation group*.

*consolidation UK integrated group*

FCA PRA

(with respect to a *UK consolidation group* or *non-EEA sub-group*) all *undertakings* falling into ■ BIPRU 8.9.9 R (UK integrated groups: Definition of consolidation UK integrated group) with respect to that *UK consolidation group* or *non-EEA sub-group*.

*consolidation wider integrated group*

FCA PRA

(with respect to a *UK consolidation group* or *non-EEA sub-group*) all *undertakings* falling into ■ BIPRU 8.9.19 R (Wider integrated groups: Definition of wider integrated group) with respect to that *UK consolidation group* or *non-EEA sub-group*.

*constable*

FCA PRA

a police officer in the *United Kingdom* or a *person* commissioned by the Commissioners for HM Revenue and Customs.

*constitution*

FCA PRA

(in *LR*) memorandum and articles of association or equivalent constitutional document.

*consultancy charge*

FCA PRA

any charge payable by or on behalf of an employee to a *firm* or other intermediary (whether or not that intermediary is an *employee benefit consultant*) in respect of advice given, or services provided, by the *firm* or intermediary to the employer or employee in connection with a *group personal pension scheme* or *group stakeholder pension scheme*, where those charges have been agreed between the *firm* or intermediary and the employer in accordance with the *rules* on consultancy charging and remuneration ( ■ COBS 6.1C).

*consumer*

FCA PRA

(1) (except as specified in this definition) any natural person acting for purposes outside his trade, business or profession.

[Note: article 2 of the *Distance Marketing Directive*, article 2 of the Unfair Terms in Consumer Contracts Directive (93/13/EEC), article 2 of the , and article 4(11) of the *Payment Services Directive*].

(2) (as further defined in section 1G of the *Act*) (in relation to the discharge of the *FCA's* general functions (sections 1B to 1E of the *Act*), the application of the regulatory principles by the regulators in section 3B of the *Act* and references by scheme operators or regulated persons (section 234D of the *Act*)) a *person*:

(a) who uses, has used, or may use:

(i) regulated financial services; or

(ii) services that are provided by other than *authorised persons* but are provided in carrying on *regulated activities*; or

(b) who has relevant rights or interests in relation to any of those services; or

(c) who has invested, or may invest, in financial instruments; or

(ca) who has relevant rights or interests in relation to financial instruments; or

(d) (in relation to the *FCA's* power to make general *rules* (section 137A of the *Act* (The *FCA's* general rules)) a *person* within the extended definition of consumer in article 7 of the Financial Services Act 2012 (Transitional Provisions) (Miscellaneous Provisions) Order 2013 (SI 442/2013 Definition of "consumer");

(e) [deleted]

(2A) (as further defined in section 425A of the *Act*) (in relation to the issue of statements or codes under section 64 of the *Act*), general exemptions to consultation by the *FCA* (section 138L of the *Act*) in the publication of notices (section 391 of the *Act*) and the exercise of *Treaty rights* (Schedule 4 to the *Act*) a *person* who uses, has used, may have used, or has relevant rights or interests in relation to any services provided by:

- (a) *authorised persons* in carrying on regulated activities;
- (b) *authorised persons* who are investment *firms*, or credit institutions, in providing relevant ancillary services; or
- (c) *persons* acting as appointed representatives.

for the purposes of this definition:

(A) if a *person* is providing a service within (2)(a) or (2A) as a trustee, the *persons* who are, have been or may be beneficiaries of the trust are to be treated as *persons* who use, have used or may use the service;

(AA) a *person* has a "relevant right or interest" in relation to any services within (2)(a) or (2A) if that *person* has a right or interest:

- (i) which is derived from, or is otherwise attributable to, the use of the services by others; or
- (ii) which may be adversely affected by the use of the services by persons acting on that *person's* behalf or in a fiduciary capacity in relation to that *person*;

(B) a *person* who deals with another person ("A") in the course of A providing a service within (2)(a) or (2A) is to be treated as using the service;

(C) a *person* has a "relevant right or interest" in relation to any financial instrument within (2)(ca) if that person has a right or interest:

- (i) which is derived from, or is otherwise attributable to, investment in the instrument by others; or
- (ii) which may be adversely affected by the investment in the instrument by persons acting on that *person's* behalf or in a fiduciary capacity in relation to that *person*;

(D) (for the purposes of (2A)(b)):

(a) "credit institution" means:

- (i) a credit institution authorised under the *banking consolidation directive*; or
- (ii) an institution which would satisfy the requirements for authorisation as a credit institution under that directive if it had its registered office (or if it does not have one, its head office) in an EEA State;

(b) "relevant ancillary service" means any service of a kind mentioned in Section B of Annex I to *MiFID* the provision of which does not involve the carrying on of a *regulated activity*.

(3) [deleted]

(4) (as further defined in section 425A and 425B of the *Act*) (in relation to the establishment and maintenance of the Consumer Panel (section 1Q of the *Act* (The Consumer Panel))) (as defined in section 1Q of the *Act*), complaints by consumer bodies (section 234C of the *Act*):

- (a) a *person* within (2A), other than an *authorised person*; and

(b) (in relation to *regulated activities* carried on otherwise than by *authorised persons*) a *person*, other than an *authorised person*, who would have been a "consumer" within (2A) if the activities were carried on by an *authorised person*.

(5) [deleted]

(5A) (as further defined in sections 425A and 425B of the *Act*) until 31 March 2014, with respect to the publication of information in relation to activities carried on by *Northern Ireland credit unions* (section 391 of the *Act* and article 5 of the Financial Services and Markets Act 2000 (Permissions, Transitional Provisions and Consequential Amendments) (Northern Ireland Credit Unions) Order 2011 (SI 2832/2011)) a *person* within (4)(b).

(6) [deleted]

*consumer awareness rules*

FCA PRA

*consumer credit activity*

FCA PRA

■ DISP 1.2

any one of the following activities carried on by a *licensee*, *firm*, *payment service provider* or *electronic money issuer*:

- (a) providing credit or otherwise being a creditor under a *regulated consumer credit agreement*;
- (b) the bailment or (in Scotland) the hiring of goods or otherwise being an owner under a *regulated consumer hire agreement*;
- (c) credit brokerage in so far as it is the effecting of introductions of:
  - (i) individuals desiring to obtain credit to persons carrying on a consumer credit business; or
  - (ii) individuals desiring to obtain goods on hire to persons carrying on a consumer hire business;
- (d) in so far as they relate to *regulated consumer credit agreements* or *regulated consumer hire agreements*:
  - (i) debt-adjusting;
  - (ii) debt-counselling;
  - (iii) debt-collecting; or
  - (iv) debt administration;
- (e) the provision of credit information services; or
- (f) the operation of a credit reference agency;

where at the time of the act or omission complained of:

- (g) the *licensee*, *firm*, *payment service provider* or *electronic money issuer* was:
  - (i) covered by a standard licence under the Consumer Credit Act 1974 (as amended); or
  - (ii) authorised to carry on an activity by virtue of section 34(A) of that Act; or
  - (iii) in accordance with regulation 26(2) of the *Payment Services Regulations* or regulation 31 of the *Electronic Money Regulations*, was not required to hold a licence for consumer credit business under section 21 of the Consumer Credit Act 1974; and

Consumer  
Credit  
Jurisdiction

FCA PRA

(h) the activity was carried on in the course of a business of a type specified in accordance with section 226A(2)(e) of the *Act*:

and expressions used in the Consumer Credit Act 1974 (as amended) have the same meaning in this definition as they have in that Act.

the jurisdiction of the *Financial Ombudsman Service* resulting from section 226A of the *Act* which applies to *licensees*.

consumer  
credit  
prohibition

FCA PRA

(as defined in section 203(3) of the *Act* (Power to prohibit the carrying on of Consumer Credit Act business)) a prohibition on carrying on, or purporting to carry on, in the *United Kingdom* any Consumer Credit Act business which consists of or includes carrying on one or more *listed activities* or *investment services*.

Consumer  
Panel

FCA PRA

the panel of *persons* which section 1Q of the *Act* (The Consumer Panel) requires the *FCA* to establish and maintain, as part of its arrangements for consultation under section 1M, to represent the interests of *consumers*.

consumer  
redress scheme

FCA PRA

a scheme imposed:

(a) by *rules* on *authorised persons*, *payment service providers* or *electronic money issuers* under section 404 (Consumer redress schemes) of the *Act*; or

(b) on a particular *firm* by a *requirement* imposed on its *permission*, or on a particular *payment service provider* or *electronic money issuer* by a *requirement* imposed on its *authorisation*, as envisaged by section 404F(7) of the *Act* but only to the extent that section 404B of the *Act* is engaged by the scheme.

contingency  
funding plan

FCA PRA

(1) (in ■ SYSC 11) a plan for taking action to ensure that a *firm* has adequately liquid financial resources to meet its liabilities as they fall due, prepared under ■ SYSC 11.1.24 E.

(2) (in ■ BIPRU 12 and *BSOCS*) a plan for dealing with liquidity crises as required by ■ BIPRU 12.4.10 R.

contingent  
liability  
investment

FCA PRA

a *derivative* under the terms of which the *client* will or may be liable to make further payments (other than *charges*, and whether or not secured by *margin*) when the transaction fails to be completed or upon the earlier *closing out* of his position.

contract for  
differences

FCA PRA

the *investment*, specified in article 85 of the *Regulated Activities Order* (Contracts for differences etc), which is in summary rights under:

(a) a contract for differences; or

(b) any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in:

(i) the value or price of property of any description; or

(ii) an index or other factor designated for that purpose in the contract ; or

(c) a derivative instrument for the transfer of credit risk to which article 85(3) of the *Regulated Activities Order* applies.

[Note: paragraph 8 of Section C of Annex 1 to *MiFID*]

*contract of insurance*

FCA PRA

(1) (in relation to a *specified investment*) the *investment*, specified in article 75 of the *Regulated Activities Order* (Contracts of insurance), which is rights under a contract of insurance in (2).

(2) (in relation to a contract) (in accordance with article 3(1) of the *Regulated Activities Order* (Interpretation)) any contract of insurance which is a *long-term insurance contract* or a *general insurance contract*, including:

(a) fidelity bonds, performance bonds, administration bonds, bail bonds, customs bonds or similar contracts of guarantee, where these are:

(i) effected or carried out by a *person* not carrying on a banking business;

(ii) not effected merely incidentally to some other business carried on by the *person* effecting them; and

(iii) effected in return for the payment of one or more premiums;

(b) *tontines*;

(c) *capital redemption* contracts or *pension fund management* contracts, where these are effected or carried out by a *person* who:

(i) does not carry on a banking business; and

(ii) otherwise carries on the *regulated activity* of *effecting* or *carrying out contracts of insurance*;

(d) contracts to pay annuities on human life;

(e) contracts of a kind referred to in article 2(2)(e) of the *Consolidated Life Directive* (Collective insurance etc); and

(f) contracts of a kind referred to in article 2(3) of the *Consolidated Life Directive* (Social insurance);

but not including a *funeral plan contract* (or a contract which would be a *funeral plan contract* but for the exclusion in article 60 of the *Regulated Activities Order* (Plans covered by insurance or trust arrangements)); in this definition, "annuities on human life" does not include superannuation allowances and annuities payable out of any fund applicable solely to the relief and maintenance of *persons* engaged, or who have been engaged, in any particular profession, trade or employment, or of the dependants of such *persons*.

*contract of significance*

FCA PRA

(in *LR*) a contract which represents in amount or value (or annual amount or value) a sum equal to 1% or more, calculated on a *group* basis where relevant, of:

(a) in the case of a capital transaction or a transaction of which the principal purpose or effect is the granting of credit, the aggregate of the *group's* share capital and reserves; or

(b) in other cases, the total annual purchases, sales, payments or receipts, as the case may be, of the *group*.

*contracts of large risks*

FCA PRA

(in *ICOB*) *contracts of insurance* covering risks within the following categories, in accordance with article 5(d) of the *First Non-Life Directive*:

(a) *railway rolling stock*, *aircraft*, *ships* (sea, lake, river and canal vessels), *goods in transit*, *aircraft liability* and *liability of ships* (sea, lake, river and canal vessels);

contractual  
cross product  
netting  
agreement

FCA PRA

contractually  
based  
investment

FCA PRA

control

FCA PRA

(b) *credit* and *suretyship*, where the policyholder is engaged professionally in an industrial or commercial activity or in one of the liberal professions, and the risks relate to such activity;

(c) *land vehicles* (other than *railway rolling stock*), *fire and natural forces*, other *damage to property*, *motor vehicle liability*, *general liability*, and *miscellaneous financial loss*, in so far as the *policyholder* exceeds the limits of at least two of the following three criteria:

- (i) balance sheet total: €6.2 million;
- (ii) net turnover: €12.8 million;
- (iii) average number of *employees* during the financial year: 250.

(for the purpose of ■ BIPRU 13.7 (Contractual netting)) has the meaning set out in ■ BIPRU 13.7.2 R, which is in summary a written bilateral agreement between a *firm* and a *counterparty* which creates a single legal obligation covering all included bilateral master agreements and transactions belonging to different product categories.

(in accordance with article 3(1) of the *Regulated Activities Order* (Interpretation)):

- (a) a *life policy* (except a *long-term care insurance* contract which is not a qualifying *contract of insurance*);
- (b) an *option*, *future*, *contract for differences* or *funeral plan contract*;
- (c) *rights to or interests in an investment* falling within (a) or (b).

(1) (except in (2) and (2A)) (in relation to the acquisition, increase or reduction of control of a *firm*) the relationship between a *person* and the *firm* or other *undertaking* of which the *person* is a controller.

(2) (in ■ SYSC 8 and ■ SYSC 10) control as defined in Article 1 of the Seventh Council Directive 83/349/EEC (The Seventh Company Law Directive) .

[Note: article 4 (1)(30) of *MiFID*]

(2A) (in relation to a *management company* carrying on *collective portfolio management*) control as defined in articles 1 and 2 of the Seventh Council Directive 83/349/EEC (The Seventh Company Law Directive).

(3) (except in (2) and (2A)) (in accordance with section 182 of the *Act*) a *controller* ("A") (whether acting alone or in concert) increases control over a *firm* ("B") when:

(a) the percentage of *shares* A holds in B or a *parent undertaking* ("P") of B increases by any of the following steps:

- (i) from less than 20% to 20% or more;
- (ii) from less than 30% to 30% or more;
- (iii) from less than 50% to 50% or more;

(b) the percentage of *voting power* A holds in B or P increases by any of the steps mentioned above; or

(c) A becomes a *parent undertaking* of B.

(4) (except in (2) and (2A)) (in accordance with section 183 of the *Act*) a *controller* ("A") (whether alone or acting in concert) reduces control over a *firm* ("B") whenever:

(a) the percentage of *shares* which A holds in B or a *parent undertaking* ("P") of B decreases by any of the following steps:

- (i) from 50% or more to less than 50%;
- (ii) from 30% or more to less than 30%;
- (iii) from 20% or more to less than 20%;

(b) the percentage of *voting power* which A holds in B or P decreases by any of the steps mentioned above; or

(c) A ceases to be a *parent undertaking* of B.

(5) (except in (2) and (2A)) (in accordance with section 183 of the Act) a *controller* ("A") (whether acting alone or in concert) ceases to have control over a *firm* ("B") if A ceases to hold any of the following:

- (a) 10% or more of the *shares* in B or a *parent undertaking* ("P") of B;
- (b) 10% or more of the *voting power* in B or P;
- (c) shares or *voting power* in B or in P as a result of which A is able to exercise significant influence over the management of B.

(6) (for the purposes of the calculations in (3) to (5)) the holding of *shares* or *voting power* by a *person* ("A1") includes any *shares* or *voting power* held by another ("A2") if A1 and A2 are acting in concert.

*controlled activity*

FCA PRA

(in accordance with section 21(9) of the Act (The classes of activity and investment)) any of the following activities specified in Part 1 of Schedule 1 to the Financial Promotions Order (Controlled Activities):

- (a) *accepting deposits* (paragraph 1)
- (b) *effecting contracts of insurance* (paragraph 2(1));
- (c) *carrying out contracts of insurance* (paragraph 2(2));
- (d) dealing in securities and contractually based investments as principal or agent (paragraph 3(1));
- (e) *arranging (bringing about) deals in investments* (paragraph 4(1));
- (f) *making arrangements with a view to transactions in investments* (paragraph 4(2));
- (fa) operating a *multilateral trading facility* (paragraph 4A);
- (g) *managing investments* (paragraph 5);
- (h) *safeguarding and administering investments* (paragraph 6);
- (i) *advising on investments* (paragraph 7);
- (j) *advising on syndicate participation at Lloyd's* (paragraph 8);
- (k) providing funeral plan contracts (paragraph 9);
- (l) providing qualifying credit (paragraph 10);
- (m) arranging qualifying credit etc. (paragraph 10A );
- (n) advising on qualifying credit etc. (paragraph 10B );
- (o) *entering into a home purchase plan* (paragraph 10C);
- (p) *making arrangements with a view to a home purchase plan* (paragraph 10D);
- (q) *advising on a home purchase plan* (paragraph 10E);
- (r) *entering into a home reversion plan* (paragraph 10F);



|  |  |
|--|--|
| <p>(s) <i>making arrangements with a view to a home reversion plan</i> (paragraph 10G);</p> <p>(t) <i>advising on a home reversion plan</i> (paragraph 10H); or</p> <p>(u) agreeing to carry on specified kinds of activity (paragraph 11) which are specified in paragraphs 3 to 10 H (other than paragraph 4A) of Part 1 of Schedule 1 to the <i>Financial Promotion Order</i> .</p> | <p>(s) <i>making arrangements with a view to a home reversion plan</i> (paragraph 10G);</p> <p>(t) <i>advising on a home reversion plan</i> (paragraph 10H); or</p> <p>(u) agreeing to carry on specified kinds of activity (paragraph 11) which are specified in paragraphs 3 to 10 H (other than paragraph 4A) of Part 1 of Schedule 1 to the <i>Financial Promotion Order</i> .</p>   |
| <p><i>controlled agreement</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(as defined in section 30 of the <i>Act</i> (Enforceability of agreements resulting from unlawful communications)) an agreement the making or performance of which by either party constitutes a <i>controlled activity</i>.</p>  |
| <p><i>controlled function</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>a function, relating to the carrying on of a <i>regulated activity</i> by a <i>firm</i>, which is specified by either the <i>FCA</i> (in the <i>table of FCA controlled functions</i>) or the <i>PRA</i> (in the <i>table of PRA controlled functions</i>), under section 59 of the <i>Act</i> (Approval for particular arrangements) .</p>   |
| <p><i>controlled investment</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(in accordance with section 21(10) of the <i>Act</i> (Restrictions on financial promotion) and article 4 of the <i>Financial Promotion Order</i> (Definitions of controlled activities and controlled investments)) an <i>investment</i> specified in Part II of Schedule 1 to the <i>Financial Promotion Order</i> (Controlled investments).</p>   |
| <p><i>controlled undertaking</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>any subsidiary undertaking within the meaning of the <i>Act</i> other than one falling within section 1162(4)(b) of the Companies Act 2006 or section 420(2)(b) of the <i>Act</i> .</p>   |
| <p><i>controller</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(1) (in relation to a <i>firm</i> or other <i>undertaking</i> ("B"), other than a <i>non-directive firm</i>), a <i>person</i> ("A") who (whether acting alone or in concert):</p> <p style="margin-left: 20px;">(a) holds 10% or more of the <i>shares</i> in B or in a <i>parent undertaking</i> ("P") of B;</p> <p style="margin-left: 20px;">(b) holds 10% or more of the <i>voting power</i> in B or in P; or</p> <p style="margin-left: 20px;">(c) holds <i>shares</i> or <i>voting power</i> in B or P as a result of which A is able to exercise significant influence over the management of B.</p> <p>(2) (in relation to a <i>non-directive firm</i> ("B")) a <i>person</i> ("A") who (whether acting alone or in concert):</p> <p style="margin-left: 20px;">(a) holds 20% or more of the <i>shares</i> in B or in a <i>parent undertaking</i> ("P") of B;</p> <p style="margin-left: 20px;">(b) holds 20% or more of the <i>voting power</i> in B or in P; or</p> <p style="margin-left: 20px;">(c) holds <i>shares</i> or <i>voting power</i> in B or P as a result of which A is able to exercise significant influence over the management of B.</p> <p>(3) for the purposes of calculations relating to (1) and (2), the holding of <i>shares</i> or <i>voting power</i> by a <i>person</i> ("A1") includes any <i>shares</i> or <i>voting power</i> held by another ("A2") if A1 and A2 are acting in concert.</p> <p>(4) <i>shares</i> and <i>voting power</i> that a <i>person</i> holds in a <i>firm</i> ("B") or in a <i>parent undertaking</i> of B ("P") are disregarded for the purposes of determining <i>control</i> in the following circumstances:</p> <p style="margin-left: 20px;">(a) <i>shares</i> held for the sole purposes of clearing and settling within a short settlement cycle;</p> <p style="margin-left: 20px;">(b) <i>shares</i> held by a <i>custodian</i> or its nominee in its custodian capacity are disregarded, provided that the <i>custodian</i> or nominee is only able to exercise <i>voting power</i> attached to the <i>shares</i> in accordance with instructions given in writing;</p> |

(c) *shares* representing no more than 5% of the total voting power in B or P held by an *investment firm*, provided that:

(i) it holds the *shares* in the capacity of a *market maker* (as defined in article 4.1(8) of MIFID);

(ii) it is authorised by its *Home State regulator* under MIFID; and

(iii) it does not intervene in the management of B or P nor exerts any influence on B or P to buy the *shares* or back the share price;

(d) *shares* held by a *credit institution* or *investment firm* in its *trading book* are disregarded, provided that:

(i) the *shares* represent no more than 5% of the total *voting power* in B or P; and

(ii) the *credit institution* or *investment firm* ensures that the *voting power* is not used to intervene in the management of B or P;

(e) *shares* held by a *credit institution* or an *investment firm* are disregarded, provided that:

(i) the *shares* are held as a result of performing the *investment services* and activities of:

(A) underwriting share issues; or

(B) placing shares on a firm commitment basis in accordance with Annex I, section A.6 of MIFID; and

(ii) the *credit institution* or *investment firm*:

(A) does not exercise *voting power* represented by the *shares* or otherwise intervene in the management of the issuer; and

(B) retains the holding for a period of less than one year;

(f) where a *management company* and its *parent undertaking* both hold *shares* or *voting power*, each may disregard holdings of the other, provided that each exercises its *voting power* independently of the other;

(g) but (f) does not apply if the *management company*:

(i) manages holdings for its *parent undertaking* or an *undertaking* in respect of which the *parent undertaking* is a *controller*;

(ii) has no discretion to exercise the *voting power* attached to such holdings; and

(iii) may only exercise the *voting power* in relation to such holdings under direct or indirect instruction from:

(A) its *parent undertaking*; or

(B) an *undertaking* in respect of which of the *parent undertaking* is a *controller*;

(h) where an *investment firm* and its *parent undertaking* both hold *shares* or *voting power*, the *parent undertaking* may disregard holdings managed by the *investment firm* on a client by client basis and the *investment firm* may disregard holdings of the *parent undertaking*, provided that the *investment firm*:

- (i) has permission to provide *portfolio management*;
- (ii) exercises its *voting power* independently from the *parent undertaking*; and
- (iii) may only exercise the *voting power* under instructions given in writing, or has appropriate mechanisms in place for ensuring that individual portfolio management services are conducted independently of any other services.

*conventional group*

FCA PRA

a group of *undertakings* that consists of a *parent undertaking* and the rest of its *sub-group*.

*conversion factor*

FCA PRA

(in accordance with Article 4(28) of the *Banking Consolidation Directive* (Definitions)) the ratio of the currently undrawn amount of a commitment that will be drawn and outstanding at default to the currently undrawn amount of the commitment; the extent of the commitment is determined by the advised limit, unless the unadvised limit is higher.

*convertible*

FCA PRA

(for the purposes of *BIPRU*) a *security* which gives the investor the right to convert the *security* into a *share* at an agreed price or on an agreed basis.

*convertible securities*

FCA PRA

(in *LR* and *FEES*) a *security* which is:

- (a) convertible into, or exchangeable for, other *securities*; or
- (b) accompanied by a *warrant* or *option* to subscribe for or purchase other *securities*.

*coordinator*

FCA PRA

(in relation to a *financial conglomerate*) the *competent authority* which has been appointed, in accordance with Article 10 of the *Financial Groups Directive* (Competent authority responsible for exercising supplementary supervision (the coordinator)), as the competent authority which is responsible for the co-ordination and exercise of supplementary supervision of that *financial conglomerate*.

*core concentration risk group counterparty*

FCA PRA

(in relation to a *firm*) a counterparty which is its *parent undertaking*, its *subsidiary undertaking* or a *subsidiary undertaking* of its *parent undertaking*, provided that (in each case) both the counterparty and the *firm* are:

- (a) included within the scope of consolidation on a full basis with respect to the same *UK consolidation group*; and
- (b) (where relevant) held by one or more intermediate *parent undertaking* or *financial holding company*, all of which are incorporated in the *United Kingdom*.

*core market participant*

FCA PRA

an entity of a type listed in ■ *BIPRU 5.4.64 R* (The financial collateral comprehensive method: Conditions for applying a 0% volatility adjustment).

*core provision*

FCA PRA

(as defined in section 316(3) of the *Act* (Direction by a regulator)) a provision of the *Act* mentioned in section 317 of the *Act* (The core provisions) which applies to the carrying on of an insurance market activity by a *member*, or the *members* of the *Society* taken together, if the *appropriate regulator* so directs.

*core tier one capital*

FCA PRA

an item of capital that is stated in stage A of the *capital resources table* (Core tier one capital) to be core tier one capital.

|   |  |
|---|--|
| <p><i>core UK group</i><br/>FCA PRA</p>                   | <p>(in relation to a <i>firm</i>) all <i>undertakings</i> which, in relation to the <i>firm</i>, satisfy the conditions set out in ■ BIPRU 3.2.25 R (Zero risk-weighting for intra-group exposures: core UK group) and ■ BIPRU 10.8A.2 R (Definition of core UK group).</p>  |
| <p><i>core UK group waiver</i><br/>FCA PRA</p>            | <p>a <i>waiver</i> that has the result of requiring a <i>firm</i> to apply:</p> <p>(a) (in relation to the <i>credit risk capital requirement</i>) ■ BIPRU 3.2.25 R (Zero risk-weighting for intra-group exposures: core UK group), which in summary allows a <i>firm</i> to assign a <i>risk weight</i> of 0% to <i>exposures</i> to members of its <i>core UK group</i> instead of complying with ■ BIPRU 3.2.20 R (Calculation of risk-weighted exposure amounts under the standardised approach); or</p> <p>(b) (in relation to <i>large exposures</i>) ■ BIPRU 10.8A (Intra-group exposures: core UK group), which in summary exempts all <i>exposures</i> between members of a <i>core UK group</i> from the limits described in ■ BIPRU 10.5 (Limits on exposures).</p>   |
| <p><i>corporate</i><br/>FCA PRA</p>                       | <p>(in relation to the <i>IRB approach</i> or the <i>standardised approach</i> to credit risk) a <i>person</i> an <i>exposure</i> to whom is a <i>corporate exposure</i>.</p>  |
| <p><i>corporate exposure</i><br/>FCA PRA</p>              | <p>(1) (in relation to the <i>IRB approach</i>) an <i>exposure</i> falling into ■ BIPRU 4.3.2 R (3) (IRB exposure classes).</p> <p>(2) (in relation to the <i>standardised approach</i> to credit risk) an <i>exposure</i> falling into ■ BIPRU 3.2.9 R (7) (Standardised approach to credit risk exposure classes).</p>   |
| <p><i>corporate finance advisory firm</i><br/>FCA PRA</p> | <p>a <i>firm</i> whose permission includes a <i>requirement</i> that the <i>firm</i> must not conduct <i>designated investment business</i> other than <i>corporate finance business</i>.</p>  |
| <p><i>corporate finance business</i><br/>FCA PRA</p>      | <p>(a) <i>designated investment business</i> carried on by a <i>firm</i> with or for:</p> <p>(i) any <i>issuer</i>, holder or owner of <i>designated investments</i>, if that business relates to the <i>offer</i>, issue, underwriting, repurchase, exchange or redemption of, or the variation of the terms of, those <i>investments</i>, or any related matter;</p> <p>(ii) any <i>eligible counterparty</i> or <i>professional client</i>, or other <i>body corporate</i>, <i>partnership</i> or supranational organisation, if that business relates to the manner in which, or the terms on which, or the <i>persons</i> by whom, any business, activities or undertakings relating to it, or any <i>associate</i>, are to be financed, structured, managed, controlled, regulated or reported upon;</p> <p>(iii) any <i>person</i> in connection with:</p> <p>(A) a proposed or actual <i>takeover or related operation</i> by or on behalf of that <i>person</i>, or involving <i>investments</i> issued by that <i>person</i> (being a <i>body corporate</i>), its <i>holding company</i>, <i>subsidiary</i> or <i>associate</i>; or</p> <p>(B) a merger, de-merger, reorganisation or reconstruction involving any <i>investments</i> issued by that <i>person</i> (being a <i>body corporate</i>), its holding company, subsidiary or <i>associate</i>;</p> <p>(iv) any shareholder or prospective shareholder of a <i>body corporate</i> established or to be established for the purpose of effecting a</p> |

*takeover or related operation*, where that business is in connection with that *takeover or related operation*;

(v) any *person* who, acting as a *principal* for his own account:

(A) is involved in negotiations or decisions relating to the commercial, financial or strategic intentions or requirements of a business or prospective business; or

(B) (provided he is acting otherwise than solely in his capacity as an investor) assists the interests of another *person* with or for whom the *firm*, or another *authorised person* or *overseas person*, is undertaking business as specified in (a)(i), (ii), (iii) or (iv), by himself undertaking all or part of any transactions involved in such business;

(vi) any *person* undertaking business with or for a *person* as specified in (a)(i), (ii), (iii), (iv) or (v) in respect of activities described in those sub-paragraphs;

(b) *designated investment business* carried on by a *firm* as a *principal* for its own account where such business:

(i) is in the course of, or arises out of, activities undertaken in accordance with (a); and

(ii) does not involve transactions with or for, or *advice on investments* to, any other *person* who is a *retail client* in respect of such business;

(c) *designated investment business* carried on by a *firm* as *principal* for its own account if such business:

(i) is in the course of, or arises out of:

(A) the *offer*, issue, underwriting, repurchase, exchange or redemption of, or the variation of the terms of, *shares*, share warrants, *debentures* or debenture warrants issued by the *firm*, or any related matter; or

(B) a proposed or actual *takeover or related operation* by or on behalf of the *firm*, or involving *shares*, share warrants, *debentures* or debenture warrants issued by the *firm*; or

(C) a merger, de-merger, reorganisation or reconstruction involving any *shares*, share warrants, *debentures* or debenture warrants issued by the *firm*; and

(ii) does not involve *advice on investments* to any *person* who is a *retail client* ;

in this definition, "share warrants" and "debenture warrants" mean any *warrants* which relate to *shares* in the *firm* concerned or, as the case may be, *debentures* issued by the *firm*.

(when a *firm* carries on *regulated activities* with or for a *person* in the course of or as a result of either carrying on *corporate finance business* with or for a *client*, or carrying on *corporate finance business* for the *firm*'s own account) that *person* in connection with that *regulated activity* if:

(a) the *firm* does not behave in a way towards that *person* which might reasonably be expected to lead that *person* to believe that he is being treated as a *client*; and

(b) the *firm* clearly indicates to that *person* that it:

(i) is not acting for him; and

(ii) will not be responsible to him for providing protections afforded to *clients* of the *firm* or be advising him on the relevant transaction.

corporate  
finance contact

FCA PRA

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*corporate governance rules*

FCA PRA

(in accordance with sections 73A(1) and 89O(1) of the *Act*) *rules* for the purpose of implementing, enabling the implementation of or dealing with matters arising out of or related to, any *EU* law obligation relating to the corporate governance of *issuers* who have requested or approved *admission to trading* of their securities and about corporate governance in relation to such *issuers* for the purpose of implementing, or dealing with matters arising out of or related to, any *EU* law obligation. The *corporate governance rules* are located in chapters 1B, 4 and 7 of *DTR*.

*corporate member*

FCA PRA

a *member* that is a *body corporate* or a Scottish Limited partnership.

*correlation trading portfolio*

FCA PRA

(in ■ BIPRU 7) a portfolio consisting of *securitisation positions* and *nth-to-default credit derivatives* that meet the criteria set out at ■ BIPRU 7.2.42A R, or other *positions* which may be included in accordance with ■ BIPRU 7.2.42B R.

*Council*

FCA PRA

the *governing body* of the *Society* constituted by section 3 of Lloyd's Act 1982.

*counterparty*

FCA PRA

(1) (in *UPRU*) any *person* with or for whom a firm carries on *designated investment business* or an *ancillary activity*.

(2) (for the purposes of the rules relating to insurers in *GENPRU* and *INSPRU*) (in relation to an *insurer*, the *Society*, a *syndicate* or *member* ('A')):

- (a) any one individual; or
- (b) any one unincorporated body of *persons*; or
- (c) any *company* which is not a member of a *group*; or
- (d) any *group* of *companies* excluding:
  - (i) (for the purposes of ■ *INSPRU* 2.1 ) any *companies* within the *group* which are *subsidiary undertakings* of A and which fall within ■ *GENPRU* 1.3.43 R ; and
  - (ii) (for all other purposes) any *companies* within the *group* which are *subsidiary undertakings* of A ; or
- (e) any government of a State together with all the public bodies, local authorities or nationalised industries of that State,

in which A , or any of its *subsidiary undertakings*, has made *investments* or against whom, or in respect of whom, it, or any of its *subsidiary undertakings*, has rights or obligations under a contract entered into by A or any of its *subsidiary undertakings*.

(3) (for the purposes of the *rules* relating to *BIPRU firms* in *GENPRU* and *BIPRU* and in relation to an *exposure* of a *person* ('A')) the counterparty with respect to that *exposure* or, if the context requires, another *person* in respect of whom, under that *exposure*, A is exposed to credit risk or the risk of loss if that *person* fails to meet its obligations, such as the issuer of the underlying *security* in relation to a *derivative* held by A.

*counterparty credit risk*

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions)) the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.

counterparty risk

FCA PRA

(in *COLL* and in accordance with article 3(7) of the *UCITS implementing Directive*) the risk of loss for a *UCITS* resulting from the fact that the counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flow.

counterparty risk capital component

FCA PRA

the part of the *credit risk capital requirement* calculated in accordance with ■ BIPRU 14.2.1 R (Calculation of the counterparty risk capital component).

country of origin

FCA PRA

in relation to an *electronic commerce activity*, the *EEA State* in which the *establishment* from which the service in question is provided is situated.

coupon

FCA PRA

a dividend, interest payment or any similar payment.

covered bond

FCA PRA

(1) (in accordance with Article 52(4) of the *UCITS Directive* and except for the purposes of the *IRB approach* or the *standardised approach* to credit risk) a bond that is issued by a *credit institution* which has its registered office in an *EEA State* and is subject by law to special public supervision designed to protect bondholders and in particular protection under which sums deriving from the issue of the bond must be invested in conformity with the law in assets which, during the whole period of validity of the bond, are capable of covering claims attaching to the bond and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

(2) (in accordance with point 68 of Part 1 of Annex VI of the *Banking Consolidation Directive* (Exposures in the form of covered bonds) and for the purposes of the *IRB approach* or the *standardised approach* to credit risk) a covered bond as defined in (1) collateralised in accordance with ■ BIPRU 3.4.107 R (Exposures in the form of covered bonds).

(3) (in *RCB*) (as defined in Regulation 1(2) of the *RCB Regulations*) a bond in relation to which the claims attaching to that bond are guaranteed to be paid by an *owner* from an *asset pool* it owns.

(4) (in accordance with Article 22(4) of the *Third Non-Life Directive* and Article 24(4) of the *Consolidated Life Directive* and for the purposes of ■ INSPRU 2.1) a *debenture* that is issued by a *credit institution* which:

(a) has its head office in an *EEA State*; and

(b) is subject by law to special official supervision designed to protect the holders of the *debenture*; in particular, sums deriving from the issue of the *debenture* must be invested in accordance with the law in assets which, during the whole period of validity of the *debenture*, are capable of covering claims attaching to the *debenture* and which, in the event of failure of the *issuer*, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

CPI

FCA

the Consumer Prices Index.

CRD

FCA PRA

the *Capital Adequacy Directive* and the *Banking Consolidation Directive*.

CRD financial instrument

FCA PRA

has the meaning set out in ■ BIPRU 1.2.7 R to ■ BIPRU 1.2.8 R (CRD financial instruments), which is in summary any contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party.

CRD implementation measure

FCA PRA

(in relation to an *person*, a provision of the *Banking Consolidation Directive* or the *Capital Adequacy Directive* and an *EEA State* other than the *United Kingdom*) a measure implementing that provision of that Directive for that type of *person* in that *EEA State*.

CRED

FCA PRA

the Credit Unions sourcebook.

credit

FCA PRA

(1) (except in relation to a *class of contract of insurance*) any kind of loan, deferment of repayment of any loan or of interest on any loan, guarantee or indemnity, and any other kind of accommodation or facility in the nature of credit.

(2) (in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 14 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), against risks of loss to the *persons* insured arising from the insolvency of debtors of theirs or from the failure (otherwise than through insolvency) of debtors of theirs to pay their debts when due.

credit enhancement

FCA PRA

(in accordance with Article 4(43) of the *Banking Consolidation Directive* (Definitions)) a contractual arrangement whereby the credit quality of a *position* in a *securitisation* (within the meaning of paragraph (2) of the definition of *securitisation*) is improved in relation to what it would have been if the enhancement had not been provided, including the enhancement provided by more junior *tranches* in the *securitisation* and other types of credit protection.

credit equalisation provision

FCA PRA

the provision required to be established by INSPRU 1.4.43R.

credit institution

FCA PRA

(1) (except in *REC*) (in accordance with articles 4(1) and 107 of the *BCD*) :

(a) an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account; or

(b) [deleted]

(c) [deleted]

(d) for the purposes of ■ BIPRU 10 (Large exposures requirements) it means:

(i) a credit institution as defined by (1)(a) to (1)(b) that has been authorised in an *EEA State*; or

(ii) any private or public undertaking which meets the definition in (1)(a) - (1)(b) and which has been authorised in a *non-EEA state*.

(see also *BCD credit institution*, *full credit institution*, *full BCD credit institution* and *Zone A credit institution*.)



(2) (in *REC* and in *SUP* 11 (Controllers and close links) and *SUP* 16 (Reporting requirements)):

(a) a credit institution authorised under the *Banking Consolidation Directive*; or

(b) an institution which would satisfy the requirements for authorisation as a credit institution under the *Banking Consolidation Directive* if it had its registered office (or if it does not have a registered office, its head office) in an *EEA State*.

(3) (in relation to the definition of *electronic money issuer*) a credit institution as defined by (1)(a) and includes a branch of the credit institution within the meaning of Article 4(3) of the *Banking Consolidation Directive* which is situated within the *EEA* and which has its head office in a territory outside the *EEA* in accordance with Article 38 of the *Banking Consolidation Directive*.

credit quality  
assessment  
scale

FCA PRA

the credit quality assessment scale:

(1) onto which the credit assessments of an export credit agency are mapped under the table in ■ BIPRU 3.4.9 R (Exposure for which a credit assessment by an export credit agency is recognised); or

(2) published by the *appropriate regulator* in accordance with the *Capital Requirements Regulations 2006* which determine:

(a) (in relation to an *eligible ECAI* whose recognition is for *risk weighting* purposes other than those in (2)(b)) with which of the *credit quality steps* set out in ■ BIPRU 3.4 (Risk weights under the standardised approach to credit risk) the relevant credit assessments of an *eligible ECAI* are to be associated; or

(b) (in relation to an *eligible ECAI* whose recognition is for *securitisation risk-weighting* purposes) with which of the *credit quality steps* set out in ■ BIPRU 9 (Securitisation) the relevant credit assessments of the *eligible ECAI* are to be associated.

credit quality  
step

FCA PRA

a credit quality step in a *credit quality assessment scale* as set out in ■ BIPRU 3.4 (Risk weights under the standardised approach to credit risk) and ■ BIPRU 9 (Securitisation).

credit risk  
capital  
component

FCA PRA

the part of the *credit risk capital requirement* calculated in accordance with ■ BIPRU 3.1.5 R (Calculation of the credit risk capital component).

credit risk  
capital  
requirement

FCA PRA

the part of the *capital resources requirement* of a *BIPRU firm* in respect of credit risk, calculated in accordance with ■ GENPRU 2.1.51 R (Calculation of the credit risk capital requirement).

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credit risk  
mitigation

FCA PRA

(in accordance with Article 4(30) of the *Banking Consolidation Directive* (Definitions)) a technique used by an *undertaking* to reduce the credit risk associated with an *exposure* or *exposures* which the *undertaking* continues to hold.

credit union

FCA PRA

a body corporate registered under the Industrial and Provident Societies Act 1965 as a credit union in accordance with the Credit Unions Act which is an

|  |   |
|--|---|
| <p><i>credit unions day</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p><i>authorised person</i> or a body corporate registered under the Credit Unions (Northern Ireland) Order 1985 which is an <i>authorised person</i> or a body corporate registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 as a credit union which is an <i>authorised person</i>.</p> <p>(in relation to a <i>Great Britain credit union</i>) 1 July 2002 or (in relation to a <i>Northern Ireland credit union</i>) 31 March 2012.</p>   |
| <p><i>credit valuation adjustment</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in accordance with Part 1 of Annex III of the <i>Banking Consolidation Directive</i> (Definitions)) an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty; and so that this adjustment:</p> <p>(a) reflects the market value of the credit risk due to any failure to perform on contractual agreements with a counterparty; and</p> <p>(b) may reflect the market value of the credit risk of the counterparty or the market value of the credit risk of both the <i>firm</i> and the counterparty.</p>   |
| <p>CREDS</p> <p><b>FCA</b> <b>PRA</b></p>                              | <p>the Credit Unions New sourcebook.</p>  |
| <p>CREST</p> <p><b>FCA</b> <b>PRA</b></p>                              | <p>the computer-based system which enables securities to be held and transferred in uncertificated form and which is operated by CRESTCo Limited.</p>   |
| <p>CRM eligibility conditions</p> <p><b>FCA</b> <b>PRA</b></p>         | <p>(1) (in relation to the <i>standardised approach</i> to credit risk),<br/> <b>■</b> BIPRU 5.3.1 R-<b>■</b> BIPRU 5.3.2 R, <b>■</b> BIPRU 5.4.1 R-<b>■</b> BIPRU 5.4.8 R,<br/> <b>■</b> BIPRU 5.5.1 R, <b>■</b> BIPRU 5.5.4 R, <b>■</b> BIPRU 5.5.8 R, <b>■</b> BIPRU 5.6.1 R and<br/> <b>■</b> BIPRU 5.7.1 R-<b>■</b> BIPRU 5.7.4 R; or</p> <p>(2) (in relation to the <i>IRB approach</i>), the provisions in (1) and<br/> <b>■</b> BIPRU 4.4.83 R, <b>■</b> BIPRU 4.10-<b>■</b> BIPRU 4.10.7 R, <b>■</b> BIPRU 4.10.9 R,<br/> <b>■</b> BIPRU 4.10.10 R-<b>■</b> BIPRU 4.10.12 R, <b>■</b> BIPRU 4.10.14 R, <b>■</b> BIPRU 4.10.16 R,<br/> <b>■</b> BIPRU 4.10.19 R, and <b>■</b> BIPRU 4.10.38 R-<b>■</b> BIPRU 4.10.39 R.</p> |
| <p>CRM minimum requirements</p> <p><b>FCA</b> <b>PRA</b></p>           | <p>(1) (in relation to the <i>standardised approach</i> to credit risk);<br/> <b>■</b> BIPRU 5.2.9 R-<b>■</b> BIPRU 5.2.10 R, <b>■</b> BIPRU 5.3.3 R,<br/> <b>■</b> BIPRU 5.4.9 R-<b>■</b> BIPRU 5.4.13 R, <b>■</b> BIPRU 5.5.2 R,<br/> <b>■</b> BIPRU 5.5.5 R-<b>■</b> BIPRU 5.5.6 R, <b>■</b> BIPRU 5.6.2 R-<b>■</b> BIPRU 5.6.3 R,<br/> <b>■</b> BIPRU 5.7.6 R-<b>■</b> BIPRU 5.7.14 R; or</p> <p>(2) (in relation to the <i>IRB approach</i>), the provisions in (1) and<br/> <b>■</b> BIPRU 4.4.85 R, <b>■</b> BIPRU 4.10.13 R, <b>■</b> BIPRU 4.10.15 R, and<br/> <b>■</b> BIPRU 4.10.18 R-<b>■</b> BIPRU 4.10.19 R.</p>  |
| <p><i>cross border services</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>(1) (in relation to a <i>UK firm</i>) services provided within an <i>EEA State</i> other than the <i>United Kingdom</i> under the freedom to provide services.</p> <p>(2) (in relation to an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i>) services provided within the <i>United Kingdom</i> under the freedom to provide services.</p>   |
| <p><i>cross product netting</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>(in accordance with Part 1 of Annex III of the <i>Banking Consolidation Directive</i> (Definitions) and for the purpose of <b>■</b> BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the inclusion of transactions of different product categories within the same <i>netting set</i> pursuant to the <i>rules</i> about cross-product netting set out in <b>■</b> BIPRU 13.</p>   |

*Cross-Border Payments in Euro Regulations*

**FCA** **PRA**

the Cross-Border Payments in Euro Regulations 2010 (SI 2010/89).

*cross-border UCITS merger*

**FCA** **PRA**

(in *COLL* and in accordance with article 2(1)(q) of the *UCITS Directive*) a *UCITS merger* of two or more *UCITS*:

- (a) at least two of which are established in different *EEA States*; or
- (b) established in the same *EEA State* into a newly constituted *UCITS* established in another *EEA State*;

but at least one of which is established in the *United Kingdom*.

*cross-transaction*

**FCA** **PRA**

(a) a transaction by which a *person* matches, at the same price and on the same terms, the *buy* and *sell* orders of two or more *persons* for whom he is acting as agent;

(b) a transaction to which only one *person* is a party, by which he purports to *sell* to and *buy* from himself.

*CRR*

**FCA** **PRA**

*capital resources requirement*.

*CTF*

**FCA** **PRA**

(as defined in section 1(2) of the Child Trust Funds Act 2004) a child trust fund, that is, an account which:

- (1) is held by a child who is or has been an eligible child (as defined in section 2 of that Act);
- (2) satisfies the requirements imposed by or under the Child Trust Funds Act 2004; and
- (3) has been opened in accordance with the Child Trust Funds Act 2004.

*CTF bank account*

**FCA** **PRA**

a bank account which fulfils the requirements of Regulation 11(5) of the *CTF Regulations*.

*CTF provider*

**FCA** **PRA**

(in accordance with section 3(1) of the Child Trust Funds Act 2004) a *person* approved by HM Revenue and Customs in accordance with the *CTF Regulations*.

*CTF Regulations*

**FCA** **PRA**

the Child Trust Funds Regulations 2004 (SI 2004/1450) .

*CTF transfer*

**FCA** **PRA**

a transaction resulting from a decision by a *customer*, made with or without advice from a *firm*, to transfer the *investments* (or their value) held in an existing *CTF* into another *CTF* whether or not provided by the same *CTF provider*.

*currency class unit*

**FCA** **PRA**

(in *COLL*) a class of *unit* denominated in a currency that is not the *base currency* of the *authorised fund*, or if permitted, by ■ *COLL* 3.3.4 R (1) (Currency class units: requirements).

*current approved person approval*

**FCA** **PRA**

(in relation to an *approved person* in relation to a particular *firm* and *controlled function* as at any particular time) an approval under section 59 of the *Act* (Approval for particular arrangements) given by the *FCA* or the *PRA* in relation to that *person* for the performance of that *controlled function* in relation to that *firm* that is in force at that time.

*current customer order*

**FCA** **PRA**

- (a) a *customer order* to be *executed* immediately;
- (b) a *customer order* which is to be *executed* only on fulfilment of a condition, after the condition has been fulfilled.

*current exposure*

**FCA** **PRA**

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the larger of zero, or the market value of a transaction or portfolio of transactions within a *netting set* with a counterparty that would be lost upon the default of the counterparty, assuming no recovery on the value of those transactions in bankruptcy.

*current FCA approved person approval*

**FCA** **PRA**

a *current approved person approval* given by the *FCA*.

*current market value*

**FCA** **PRA**

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13.5 (CCR standardised method)) the net market value of the portfolio of transactions within the *netting set* with the counterparty; both positive and negative market values are used in computing *current market value*.

*current PRA approved person approval*

**FCA** **PRA**

a *current approved person approval* given by the *PRA*.

*custodian*

**FCA** **PRA**

- (a) an *approved bank*;
- (b) an *approved depositary*;
- (c) a *member* of a *recognised investment exchange* or *designated investment exchange*;
- (d) a *firm* whose *permitted activities* include *safeguarding and administering investments*;
- (e) a regulated *clearing firm*;
- (f) where it is not feasible to use a *custodian* in (a) to (e), and there are reasonable grounds to show that a *person* outside the *United Kingdom*, whose business includes the provision of custodial services, is able to provide such services which are appropriate to the *client* and in the *client's* best interest to use, that *person*.

*custody*

**FCA** **PRA**

(in relation to *clients'* assets) *safeguarding and administering investments*.

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|--|--|
| <p><i>custody asset</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>(a) a <i>designated investment</i> held for or on behalf of a <i>client</i>;</p> <p>(b) any other asset which is or may be held with a <i>designated investment</i> held for, or on behalf of, a <i>client</i>.</p>   |
| <p><i>custody chapter</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>           | <p>■ CASS 6.</p>   |
| <p><i>custody rules</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>■ CASS 6.</p>   |
| <p><i>customer</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                  | <p>(1) (except in relation to <i>ICOBS</i>, ■ <i>MCOB 3</i> and ■ <i>CASS 5</i>) a <i>client</i> who is not an <i>eligible counterparty</i> for the relevant purposes .</p> <p>(2) (in relation to ■ <i>MCOB 3</i>) a <i>person</i> in (1) or a <i>person</i> who would be such a <i>person</i> if he were a <i>client</i>.</p> <p>(3) (in relation to <i>ICOBS</i>) a <i>person</i> who is a <i>policyholder</i>, or a prospective <i>policyholder</i> but (except in ■ <i>ICOBS 2</i> (general matters ), and (in respect of that chapter ) ■ <i>ICOBS 1</i> (application )) excluding a <i>policyholder</i> or prospective <i>policyholder</i> who does not make the arrangements preparatory to him concluding the <i>contract of insurance</i> .</p> <p>(4) (in relation to ■ <i>CASS 5</i>) a <i>client</i>.</p> |
| <p><i>customer function</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>         | <p>(in the <i>FCA Handbook</i>) <i>FCA controlled function</i> CF30 in Parts 1 and 2 of the table of <i>FCA controlled functions</i>, described more fully in ■ <i>SUP 10A.10.7 R</i>.</p>   |
| <p><i>customer order</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>(a) an order to a <i>firm</i> from a <i>customer</i> to <i>execute</i> a transaction as agent;</p> <p>(b) any other order to a <i>firm</i> from a <i>customer</i> to <i>execute</i> a transaction in circumstances giving rise to duties similar to those arising on an order to <i>execute</i> a transaction as agent;</p> <p>(c) a decision by a <i>firm</i> in the exercise of discretion to <i>execute</i> a transaction with or for a <i>customer</i>.</p>   |
| <p><i>customer-dealing function</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>(in accordance with section 59(7A) of the <i>Act</i> (Approval for particular arrangements) in relation to the carrying on of a <i>regulated activity</i> by an <i>authorised person</i> ("A") a function that will involve the <i>person</i> performing it in dealing with:</p> <p>(a) customers of A; or</p> <p>(b) property of customers of A;</p> <p>in a manner substantially connected with the carrying on of the activity.</p>  |



*damage to property*

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 9 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), against loss of or damage to property (other than property to which paragraphs 3 to 7 of that Schedule (L and vehicles, Railway rolling stock, Aircraft, Ships and Goods in transit) relate) due to hail or frost or any other event (such as theft) other than those mentioned in paragraph 8 of that Schedule (Fire and natural forces).

*data element*

FCA PRA

A discrete fact or individual piece of information relating to a particular field within a *data item* required to be submitted to the *appropriate regulator* by a *firm* or other regulated entity.

*data item*

FCA PRA

One or more related *data elements* that are grouped together into a prescribed format and required to be submitted by a *firm* or other regulated entity under ■ SUP 16 or provisions referred to in ■ SUP 16.

*data set*

FCA PRA

One or more *data items* relating to the same *regulated activity*.

*date of allotment*

FCA PRA

the date on which amounts of the *relevant security* are allotted to subscribers or purchasers and, where there is an initial or preliminary allotment subject to confirmation, the date of that initial or preliminary allotment.

*day*

FCA PRA

a period of 24 hours beginning at midnight.

*deal*

FCA PRA

a *dealing* transaction.

*deal on own account*

FCA PRA

(for the purposes of *GENPRU* and *BIPRU*) has the meaning in ■ BIPRU 1.1.23 R (Meaning of dealing on own account) which is in summary the service referred to in point 3 of Section A Annex I to *MiFID*, subject to the adjustments in ■ BIPRU 1.1.23 R (2) and ■ BIPRU 1.1.23 R (3) (Implementation of Article 5(2) of the *Capital Adequacy Directive*).

*dealing*

FCA PRA

(1) (other than in ■ MAR 1 (The Code of Market Conduct)) (in accordance with paragraph 2 of Schedule 2 to the *Act* (*Regulated activities*) buying, selling, subscribing for or underwriting *investments* or offering or agreeing to do so, either as a *principal* or as an agent, including, in the case of an *investment* which is a *contract of insurance*, carrying out the contract.

(2) (in ■ MAR 1) (as defined as in section 130A(3) of the *Act*), in relation to an investment, means acquiring or disposing of the investment whether as principal or agent or directly or indirectly, and includes agreeing to acquire or dispose of the investment, and entering into and bringing to an end a contract creating it.

*dealing day*

FCA PRA

(in *COLL* ) the period in a *business day* (in accordance with provisions of the *prospectus*) during which the *ACD* or the *operator* is open for business.

*dealing in investments as agent*

FCA PRA

the *regulated activity*, specified in article 21 of the *Regulated Activities Order* (Dealing in investments as agent), which is in summary: *buying, selling, subscribing for or underwriting designated investments, pure protection contracts or general insurance contracts* as agent.

*dealing in investments as principal*

FCA PRA

the *regulated activity*, specified in article 14 of the *Regulated Activities Order* (Dealing in investments as principal), which is in summary: *buying, selling, subscribing for or underwriting designated investments* as principal.

*dealing on own account*

FCA PRA

trading against proprietary capital resulting in the conclusion of transactions in one or more *financial instruments*.

[Note: article 4(1)(6) of *MIFID*]

*dealing period*

FCA PRA

(in *COLL* ) the period between one *valuation point* and the next.

*debenture*

FCA PRA

the *investment*, specified in article 77 of the *Regulated Activities Order* (Instruments creating or acknowledging indebtedness), which is in summary: any of the following which are not *government and public securities*:

- (a) debentures;
- (b) debenture stock;
- (c) loan stock;
- (d) bonds;
- (e) certificates of deposit;
- (f) any other instrument creating or acknowledging indebtedness.

*debt capital*

FCA PRA

(in *IPRU(INV)* 13) a *security* of indeterminate duration or other instrument the debt agreement for which provides that:

- (a) it may not be reimbursed on the holder's initiative;
- (b) the borrower has the option of deferring the payment of interest on the debt;
- (c) the lender's claims on the borrower must be wholly subordinated to those of all non-subordinated creditors;
- (d) debt and unpaid interest should be such as to absorb losses, whilst leaving the borrower in a position to continue trading;

and which is fully paid-up.

*debt security*

FCA PRA

(1) (in ■ *DTR* 2, ■ *DTR* 3 and *LR*) *debentures, alternative debentures*, debenture stock, loan stock, bonds, certificates of deposit or any other instrument creating or acknowledging indebtedness.

(2) (in ■ *DTR* 4, ■ *DTR* 5 and ■ *DTR* 6) (in accordance with article 2.1(b) of the *Transparency Directive*) bonds or other forms of transferable securitised debts, with the exception of securities which are equivalent to *shares* in companies or which, if converted or if the rights conferred by them are exercised, give rise to a right to acquire *shares* or securities equivalent to *shares*.

(3) (except in *DTR* and *LR*) any of the following:

- (a) a *debenture*;
- (aa) an *alternative debenture*;
- (b) a *government and public security*;



(c) a *warrant* which confers a right in respect of an *investment* in (a) or (b).

*decision notice*

FCA PRA

a notice issued by the *appropriate regulator* in accordance with section 388 of the *Act* (Decision notices).

*dedicated*

FCA PRA

(in relation to *investments* of an *authorised fund*) intended that the holders should participate in or receive:

(a) profits or income arising from the acquisition, holding, management or disposal of *investments* of the relevant description; or

(b) sums paid out of profits or income in (a); or

(c) other benefits where expressly permitted by a provision in *COLL*.

*deductions plan*

FCA PRA

(in *COBS*) a plan that describes the deductions from asset share that a *firm* expects to make for the cost of guarantees and the use of capital ( ■ *COBS* 20.2.8 R).

*default*

FCA PRA

(in relation to the *IRB approach*) has the meaning in ■ *BIPRU* 4.3 (The *IRB approach*: Provisions common to different exposure classes).

*default rules*

FCA PRA

(1) (in relation to a *UK RIE*) the default rules which it is required to have under paragraph 10 of the Schedule to the *Recognition Requirements Regulations*.

(2) (in relation to a *UK RCH*) the default rules which it is required to have under paragraph 24 of the Schedule to the *Recognition Requirements Regulations*.

*deferred acquisition costs*

FCA PRA

deferred acquisition costs as defined in the *insurance accounts rules*.

*deferred bonus*

FCA PRA

(in *LR*) any arrangement pursuant to the terms of which an *employee* or *director* may receive a bonus (including cash or any security) in respect of service and/or performance in a period not exceeding the length of the relevant financial year notwithstanding that the bonus may, subject only to the *person* remaining a *director* or *employee* of the group, be receivable by the *person* after the end of the period to which the award relates.

*deferred share*

FCA PRA

(1) (other than in *CREDS* and *COMP*) in relation to a *building society*, a deferred share as defined in the Building Societies (Deferred Shares) Order 1991.

(2) (in *CREDS* and ■ *COMP* 5.3.1 R (2)(cA)) in relation to a *Great Britain credit union*, means any share of a class defined as a deferred share by section 31A of the Credit Unions Act 1979.

*deficit reduction amount*

FCA PRA

in respect of a *defined benefit occupational pension scheme*, the sum, determined by a *firm* in conjunction with the *defined benefit occupational pension scheme's* actuaries or trustees (or both), of the additional funding (net of tax) that will be required to be paid into that scheme by the *firm* over the following five year period for the purpose of reducing the *firm's defined benefit liability*.

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| <p><i>defined benefit asset</i></p> <p><b>FCA</b> <b>PRA</b></p>                            | <p>the excess of the value of the assets in a <i>defined benefit occupational pension scheme</i> over the present value of the scheme liabilities, to the extent that a <i>firm</i>, as employer, in accordance with the accounting principles applicable to it, should recognise that excess as an asset in its balance sheet.</p>  |
| <p><i>defined benefit liability</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>the shortfall of the value of the assets in a <i>defined benefit occupational pension scheme</i> below the present value of the scheme liabilities, to the extent that a <i>firm</i>, as employer, in accordance with the accounting principles applicable to it, should recognise that shortfall as a liability in its balance sheet.</p>  |
| <p><i>defined benefit occupational pension scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>      | <p>an <i>occupational pension scheme</i> which is not a <i>defined contribution occupational pension scheme</i>.</p>   |
| <p><i>defined benefit scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>                           | <p>in relation to a <i>director</i>, means a pension scheme which is not a <i>money purchase scheme</i>.</p>   |
| <p><i>defined benefits pension scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <p>a <i>pension policy</i> or <i>pension contract</i> under which the only <i>money-purchase benefits</i> are benefits ancillary to other benefits which are not <i>money-purchase benefits</i>.</p>   |
| <p><i>defined contribution occupational pension scheme</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>an <i>occupational pension scheme</i> into which a <i>firm</i>, as employer, pays regular fixed contributions and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.</p>  |
| <p><i>defined liquidity group</i></p> <p><b>FCA</b> <b>PRA</b></p>                          | <p>a <i>DLG by default</i> or <i>DLG by modification</i>.</p>  |
| <p><i>delivery by value</i></p> <p><b>FCA</b> <b>PRA</b></p>                                | <p>a transaction type, described as "delivery by value", used to deliver and receive <i>securities</i> within <i>CREST</i>.</p>  |
| <p><i>deposit</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(1) (except in <i>COMP</i>) the <i>investment</i>, specified in article 74 and defined in articles 5(2) and 5(3) of the <i>Regulated Activities Order</i>, which is in summary: a sum of money (other than one excluded by any of articles 6 to 9 AB of the <i>Regulated Activities Order</i>) paid on terms:</p> <p style="margin-left: 40px;">(a) under which it will be repaid, with or without interest or a premium, and either on demand or at a time or in circumstances agreed by or on behalf of the <i>person</i> making the payment and the <i>person</i> receiving it; and</p> <p style="margin-left: 40px;">(b) which are not referable to the provision of property (other than currency) or services or the giving of security; in this definition, money is paid on terms which are referable to the provision of property or services or the giving of security if, and only if:</p> |

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| <p>(i) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services is or are not in fact sold, hired or otherwise provided; or</p> <p>(ii) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of a contract; or</p> <p>(iii) without prejudice to (ii), it is paid by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise.</p> <p>(2) (in <i>COMP</i>) the <i>investment</i> within (1), but including a sum of money that would otherwise be excluded:</p> <p style="padding-left: 40px;">(a) by article 6(1)(a)(ii) of the <i>Regulated Activities Order</i>, where the <i>person</i> making the payment is a <i>credit union</i> (unless the <i>person</i> receiving the payment is also a <i>credit union</i>); or</p> <p style="padding-left: 40px;">(b) by article 6(1)(d) of the <i>Regulated Activities Order</i>, where the <i>person</i> receiving it is a <i>credit union</i> ; or</p> <p style="padding-left: 40px;">(c) by article 6 of the <i>Regulated Activities Order</i>, where the <i>person</i> paying it is an <i>eligible claimant</i>.</p> | <p>(in relation to any contract of <i>reinsurance</i>) an arrangement whereby an amount is deposited by the <i>reinsurer</i> with the cedant.</p>  |
| <p><i>deposit back arrangement</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>the Council Directive of 13 May 1994 on deposit-guarantee schemes (No 94/19/EC).</p>  |
| <p><i>Deposit Guarantee Directive</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(1) (except in <i>LR</i>):</p> <p style="padding-left: 40px;">(a) (in relation to an <i>ICVC</i>) the <i>person</i> to whom is entrusted the safekeeping of all of the <i>scheme property</i> of the <i>ICVC</i> and who has been appointed for this purpose in accordance with regulation 5 (Safekeeping of scheme property by depositary) of and Schedule 1 (Depositaries) to the <i>OEIC Regulations</i>;</p> <p style="padding-left: 40px;">(b) (in relation to an <i>AUT</i>) the <i>trustee</i>;</p> <p style="padding-left: 40px;">(c) (in relation to any other <i>unit trust scheme</i>) the <i>person</i> holding the property of the <i>scheme</i> on trust for the <i>participants</i>;</p> <p style="padding-left: 40px;">(ca) (in relation to an <i>EEA UCITS scheme</i>) the <i>person</i> fulfilling the function of a depositary in accordance with article 2(1)(a) of the <i>UCITS Directive</i>;</p> <p style="padding-left: 40px;">(d) (in relation to any other <i>collective investment scheme</i>) any <i>person</i> to whom the property subject to the <i>scheme</i> is entrusted for safekeeping.</p> <p>(2) (in <i>LR</i>) a <i>person</i> that issues <i>certificates representing certain securities</i> that have been <i>admitted to listing</i> or are the subject of an application for <i>admission to listing</i>.</p> |
| <p><i>depository</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>the <i>stakeholder product</i> specified by regulation 4 (certain deposit accounts) of the <i>Stakeholder Regulations</i>;</p>  |
| <p><i>deposit-based stakeholder product</i></p>   |  |

FCA PRA

*deposit-taking firm*a *firm* which is a *bank, building society or credit union*.

FCA PRA

DEPP

the Decision Procedure and Penalties manual.

FCA PRA

*derivative*a *contract for differences, a future or an option*.(see also *securitised derivative*.)

FCA PRA

*designated clearing house*one of the following *clearing houses*:

FCA PRA

- (a) ASX Settlement and Transfer Corporation Pty Ltd (ASTC);
- (b) Austrian Kontroll Bank (OKB);
- (c) Board of Trade Clearing Corporation;
- (d) Cassa di Compensazione e Garanzia S.p.A (CCG);
- (e) Commodity Clearing Corporation;
- (f) Emerging Markets Clearing Corporation;
- (g) FUTOP Clearing Centre (FUTOP Clearing Centralen A/S);
- (h) Hong Kong Futures Exchange Clearing Corporation Ltd;
- (i) Hong Kong Securities Clearing Company Ltd;
- (j) Kansas City Board of Trade Clearing Corporation;
- (k) Norwegian Futures & Options Clearing House (Norsk Opsjonsentral A.S. (NOS));
- (l) N.V. Nederlandse Liquidatiekas (NLKKAS);
- (m) OM Stockholm Exchange;
- (n) Options Clearing Corporation;
- (o) Options Clearing House Pty Ltd (OCH);
- (p) Sydney Futures Exchange Clearing House (SFECH Ltd); and
- (q) TNS Clearing Pty Ltd (TNSC).

*designated client bank account*a *client bank account* with the following characteristics:

FCA PRA

- (a) the account holds the money of one or more *clients*;
- (b) the account includes in its title the word "designated";
- (c) the *clients* whose *money* is in the account have each consented in writing to the use of the bank with which the *client money* is to be held; and
- (d) in the event of the *failure* of that bank, the account is not pooled with any other type of account unless a *primary pooling event* occurs.

*designated client fund account*

FCA PRA

a *client bank account* with the following characteristics:

- (a) the account holds at least part of the *client money* of one or more *clients*, each of whom has consented to that *money* being held in the same *client bank accounts* at the same banks (the *client money* of such *clients* constituting a designated fund);
- (b) the account includes in its title the words "designated fund"; and
- (c) in the event of the *failure* of a bank with which part of a designated fund is held, each *designated client fund account* held with the failed bank will form a pool with any other *designated client fund account* containing part of that same designated fund unless a *primary pooling event* occurs.

*designated committee*

FCA PRA

(in relation to a firm) a management body of the *firm* with delegated authority from the *firm's governing body* for approving either:

- (a) (in relation to a *firm* that uses the *IRB approach*) all material aspects of the *firm's rating systems* and material changes to the *firm's rating systems*; or
- (b) (in relation to a *firm* that uses the *advanced measurement approach*) all material aspects of the *advanced measurement approach* as carried out by the *firm* and material changes to the *firm's advanced measurement approach*; and
- (c) a policy statement defining the *firm's* overall approach to material aspects of rating and estimation processes for all *rating systems* including non-material *rating systems* in relation to the *IRB approach*, or its overall approach to the *advanced measurement approach*, as relevant;

at least one of whose members is a member of the *firm's governing body*.

*designated investment*

FCA PRA

a *security* or a contractually-based investment (other than a *funeral plan contract* and a right to or interest in a *funeral plan contract*), that is, any of the following *investments*, specified in Part III of the *Regulated Activities Order* (Specified Investments), and a *long-term care insurance contract* which is a *pure protection contract*:

- (a) *life policy* (subset of article 75 (Contracts of insurance));
- (b) *share* (article 76);
- (c) *debenture* (article 77);
- (ca) *alternative debenture* (article 77A);
- (d) *government and public security* (article 78);
- (e) *warrant* (article 79);
- (f) *certificate representing certain securities* (article 80);
- (g) *unit* (article 81);
- (h) *stakeholder pension scheme* (article 82(1));
- (ha) *personal pension scheme* (article 82(2));
- (hb) *emissions auction product* (article 82A) where it is a *financial instrument*.
- (i) *option* (article 83); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *option* (excluding a *commodity option* and an *option* on a *commodity future*);
  - (ii) *commodity option* and *option* on a *commodity future*;
- (j) *future* (article 84); for the purposes of the *permission* regime, this is sub-divided into:

designated  
investment  
business

FCA PRA

- (i) *future* (excluding a *commodity future* and a *rolling spot forex contract*);
- (ii) *commodity future*;
- (iii) *rolling spot forex contract*;
- (k) *contract for differences* (article 85); for the purposes of the *permission regime*, this is sub-divided into:
  - (i) *contract for differences* (excluding a *spread bet* and a *rolling spot forex contract*);
  - (ii) *spread bet*;
  - (iii) *rolling spot forex contract*;
- (l) *rights to or interests in investments* in (a) to (k) (article 89) but not including rights to or interests in rights under a *long-term care insurance contract* which is a *pure protection contract*.

any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business:

- (a) *dealing in investments as principal* (article 14), but disregarding the exclusion in article 15 (Absence of holding out etc);
- (b) *dealing in investments as agent* (article 21) but only in relation to *designated investments*;
- (ba) *MiFID business bidding* (part of *bidding in emissions auctions*) (article 24A);
- (c) *arranging (bringing about) deals in investments* (article 25(1)), but only in relation to *designated investments*;
- (d) *making arrangements with a view to transactions in investments* (article 25(2)), but only in relation to *designated investments*;
- (da) *operating a multilateral trading facility* (article 25D);
- (e) *managing investments* (article 37), but only if the assets consist of or include (or may consist of or include) *designated investments*;
- (ea) assisting in the administration and performance of a *contract of insurance*, but only if the *contract of insurance* is a *designated investment*.
- (f) *safeguarding and administering investments* (article 40), but only if the assets consist of or include (or may consist of or include) *designated investments*; for the purposes of the *permission regime*, this is sub-divided into:
  - (i) *safeguarding and administration of assets (without arranging)*;
  - (ii) *arranging safeguarding and administration of assets*;
- (g) *sending dematerialised instructions* (article 45(1));
- (h) *causing dematerialised instructions to be sent* (article 45(2));
- (i) *establishing, operating or winding up a collective investment scheme* (article 51(1)(a)); for the purposes of the *permission regime*, this is sub-divided into:
  - (i) *establishing, operating or winding up a regulated collective investment scheme*;
  - (ii) *establishing, operating or winding up an unregulated collective investment scheme*;
- (j) *acting as trustee of an authorised unit trust scheme* (article 51(1)(b));

- (k) *acting as the depositary or sole director of an open-ended investment company* (article 51(1)(c));
- (l) *establishing, operating or winding up a stakeholder pension scheme* (article 52 (a) );
- (la) *establishing, operating or winding up a personal pension scheme* (article 52(b));
- (lb) *providing basic advice on a stakeholder product* (article 52B);
- (m) *advising on investments* (article 53), but only in relation to *designated investments*; for the purposes of the *permission* regime, this is sub-divided into:
- (i) *advising on investments* (except *pension transfers* and *pension opt-outs*);
  - (ii) *advising on pension transfers and pension opt-outs*;
- (n) *agreeing to carry on a regulated activity* in (a) to (h) and (m) (article 64).
- (o) [deleted]

*designated investment exchange*

FCA PRA

Any of the following investment exchanges:

American Stock Exchange  
 Australian Stock Exchange  
 Bermuda Stock Exchange  
 Bolsa Mexicana de Valores  
 Bourse de Montreal Inc  
 Channel Islands Stock Exchange  
 Chicago Board of Trade  
 Chicago Board Options Exchange  
 Chicago Stock Exchange  
 Coffee, Sugar and Cocoa Exchange, Inc  
 Euronext Amsterdam Commodities Market  
 Hong Kong Exchanges and Clearing Limited  
 International Securities Market Association  
 Johannesburg Stock Exchange  
 Kansas City Board of Trade  
 Korea Stock Exchange  
 Mid-America Commodity Exchange  
 Minneapolis Grain Exchange  
 New York Cotton Exchange  
 New York Futures Exchange  
 New York Stock Exchange  
 New Zealand Stock Exchange  
 Osaka Securities Exchange  
 Pacific Exchange  
 Philadelphia Stock Exchange

*designated  
money market  
fund*

**FCA** **PRA**

Singapore Exchange  
South African Futures Exchange  
Tokyo International Financial Futures Exchange  
Tokyo Stock Exchange  
Toronto Stock Exchange

(in ■ BIPRU 12 and BSOCS) a *collective investment scheme* authorised under the *UCITS Directive* or which is subject to supervision and, if applicable, authorised by an authority under the national law of an *EEA State*, and which satisfies the following conditions:

- (a) its primary investment objective must be to maintain the net asset value of the undertaking either constant at par (net of earnings), or at the value of the investors' initial capital plus earnings;
- (b) it must, with a view to achieving that primary investment objective, invest exclusively in either or both assets (i) of the kind mentioned in BIPRU 12.7.2R(1) and (2), or (ii) sight deposits with *credit institutions* that are at all times fully secured against assets of the kind mentioned in BIPRU 12.7.2R(1) and (2);
- (c) it must, for the purpose of condition (b), only count assets with a maturity or residual maturity of no more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of no more than 60 days;
- (d) it must, for the purpose of condition (b), ensure that if it invests in sight deposits with *credit institutions* of the kind mentioned in (b)(ii), no more than 20% of those deposits are held with any one body; and
- (e) it must provide liquidity through same day settlement in respect of any request for redemption made at or before 1200 hours GMT or, as the case may be, BST.

*designated  
multilateral  
development  
bank*

**FCA** **PRA**

Any of the following:

- (a) African Development Bank;
- (b) Asian Development Bank;
- (c) Council of Europe Development Bank;
- (d) European Bank for Reconstruction and Development;
- (e) European Investment Bank;
- (f) Inter-American Development Bank;
- (g) International Bank for Reconstruction and Development;
- (h) International Finance Corporation;
- (i) Islamic Development Bank; and
- (j) Nordic Investment Bank.

*designated  
non-member*

**FCA** **PRA**

(in *REC*) (in relation to a *UK RIE*) a *person* in respect of whom action may be taken under the *default rules* of the *RIE* but who is not a *member* of the *RIE*.

*designated  
professional  
body*

**FCA** **PRA**

a professional body designated by the Treasury under section 326 of the *Act* (Designation of professional bodies) for the purposes of Part XX of the *Act* (Provision of Financial Services by Members of the Professions); the following professional bodies have been designated in the Financial Services and Markets



Act 2000 (Designated Professional Bodies) Order 2001 (SI 2001/1226) , the Financial Services and Markets Act 2000 (Designated Professional Bodies) (Amendment) Order 2004 (SI 2004/3352) and the Financial Services and Markets Act 2000 (Designated Professional Bodies) (Amendment) Order 2006 (SI 2006/58) :

- (a) The Law Society of England & Wales;
- (b) The Law Society of Scotland;
- (c) The Law Society of Northern Ireland;
- (d) The Institute of Chartered Accountants in England and Wales;
- (e) The Institute of Chartered Accountants of Scotland;
- (f) The Institute of Chartered Accountants in Ireland;
- (g) The Association of Chartered Certified Accountants;
- (h) The Institute of Actuaries;
- (i) The Council for Licensed Conveyancers; and
- (j) The Royal Institution of Chartered Surveyors.

*designated State or territory*

FCA PRA

any *EEA State* (other than the *United Kingdom*), Australia, Canada or a province of Canada, Hong Kong, Singapore, South Africa, Switzerland, a State in the United States of America, the District of Columbia or Puerto Rico.

*DGD claim*

FCA PRA

a *claim*, in relation to a *protected deposit*, against a *BCD credit institution*, whether established in the *United Kingdom* or in another *EEA State*.

*dilution*

FCA PRA

(in *COLL*) the amount of *dealing* costs incurred, or expected to be incurred, by or for the account of a *single-priced authorised fund* to the extent that these costs may reasonably be expected to result, or have resulted, from the acquisition or disposal of *investments* by or for the account of the *single-priced authorised fund* as a consequence (whether or not immediate) of the increase or decrease in the cash resources of the *single-priced authorised fund* resulting from the *issue* or *cancellation* of *units* over a period;

for the purposes of this definition, *dealing* costs include both the costs of *dealing* in an *investment*, professional fees incurred, or expected to be incurred, in relation to the acquisition or disposal of an immovable land, where there is a spread between the *buying* and selling prices of the *investment*, the indirect cost resulting from the differences between those prices .

*dilution adjustment*

FCA PRA

an adjustment to the *price* of a *unit* determined by the *authorised fund manager* of a *single-priced authorised fund* , under ■ *COLL 6.3.8 R* (Dilution) for the purpose of reducing *dilution*.

*dilution levy*

FCA PRA

a charge of such amount or at such rate as is determined by the *authorised fund manager* of a *single-priced authorised fund* to be made for the purpose of reducing the effect of *dilution*.

*dilution risk*

FCA PRA

(in accordance with Article 4(24) of the *Banking Consolidation Directive* (Definitions)) the risk that an amount receivable is reduced through cash or non-cash credits to the obligor.

*Diploma Directives*

FCA PRA

the First and Second Diploma Directives, that is:

(a) the Council Directive of 21 December 1988 on a general system for the recognition of higher-education diplomas, awarded on completion of professional education and training of at least three years' duration (No 89/48/EEC);

(b) the Council Directive of 18 June 1992 on a second general system for the recognition of professional education and training to supplement Directive 89/48/EEC (No 92/51/EEC).

*direct offer financial promotion*

FCA PRA

a *financial promotion* that contains:

(a) an offer by the *firm* or another *person* to enter into a *controlled agreement* with any *person* who responds to the communication; or

(b) an invitation to any *person* who responds to the communication to make an offer to the *firm* or another *person* to enter into a *controlled agreement*;

and which specifies the manner of response or includes a form by which any response may be made.

In relation to *MiFID* or *equivalent third country business* "controlled agreement" includes an agreement to carry on an *ancillary service*.

*directed at*

FCA PRA

a *financial promotion* is directed at *persons* if it is addressed to *persons* generally (for example where it is contained in a television broadcast or web site).

*directed only at*

FCA PRA

(a) If all the conditions set out in (c) are met, a communication is to be regarded as "directed only at" a certain *group* of *persons*.

(b) In any other case in which one or more of those conditions are met, that fact is to be taken into account in determining whether the communication is "directed only at" a certain *group* of *persons* (but a communication may still be regarded as so directed even if none of the conditions in (c) are met).

(c) The conditions are that:

(i) the communication includes an indication of the description of *persons* to whom it is directed and an indication of the fact that the *investment* or service to which it relates is available only to such *persons*;

(ii) the communication includes an indication that *persons* of any other description should not rely upon it;

(iii) there are in place proper systems and procedures to prevent recipients other than *persons* to whom it is directed engaging in the investment activity, or participating in the *collective investment scheme*, to which the communication relates with the *person* directing the communication, a *close relative* of his or a member of the same *group*.

*directive friendly society*

FCA PRA

a *friendly society* other than a *non-directive friendly society*.

*director*

FCA PRA

(1) (except in *COLL*, *DTR*, *LR* and *PR*) (in relation to any of the following (whether constituted in the *United Kingdom* or under the law of a country or territory outside it)):

(a) an unincorporated association;

(b) a *body corporate*;

(c) (in SYSC, ■ MIPRU 2 (Insurance mediation activity: responsibility, knowledge, ability and good repute) and ■ SUP 10 (Approved persons)) a *partnership*;

(d) (in SYSC and ■ SUP 10 (Approved persons)) a *sole trader*;

any *person* appointed to direct its affairs, including a *person* who is a member of its *governing body* and (in accordance with section 417(1) of the *Act*):

(i) a *person* occupying in relation to it the position of a director (by whatever name called); and

(ii) a *person* in accordance with whose directions or instructions (not being advice given in a professional capacity) the directors of that body are accustomed to act.

(2) (in *COLL* ) a director of an *ICVC*, including (in accordance with regulation 2(1) of the *OEIC Regulations*) a *person* occupying in relation to the *ICVC* the position of director, by whatever name called.

(3) (in *DTR*, *LR* and *PR* ) (in accordance with section 417(1)(a) of the *Act*) a *person* occupying in relation to it the position of a director (by whatever name called) and, in relation to an *issuer* which is not a *body corporate*, a *person* with corresponding powers and duties.

(1) (in the *FCA Handbook*) *FCA controlled functions* CF1 in Part 1 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.6.7 R and ■ SUP 10A.6.8 R.

(2) (in the *PRA Handbook*) *PRA controlled function* CF1 in the *table of PRA controlled functions*, described more fully in ■ SUP 10B.6.1 R and ■ SUP 10B.6.2 R.

(1) (in the *FCA Handbook*) *FCA controlled function* CF5 in Part 1 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.6.29 R.

(2) (in the *PRA Handbook*) *PRA controlled function* CF5 in the *table of PRA controlled functions*, described more fully in ■ SUP 10B.6.15 R.

a Tribunal appointed under Schedule 2 to Lloyd's Disciplinary Committees Byelaw (No 31 of 1996).

any information which has to be disclosed in the market in accordance with any legal or regulatory requirement.

(in *REC*) the initial, ongoing and ad hoc disclosure requirements contained in the *relevant articles* and given effect:

(1) in the *United Kingdom* by Part 6 of the *Act* and Part 6 rules (within the meaning of section 73A of the *Act*); or

(2) in another *EEA State* by legislation transposing the *relevant articles* in that State.

(in accordance with sections 73A(1) and 73A(3) of the *Act*) *rules* relating to the disclosure of information in respect of *financial instruments* which have been

director  
function

FCA PRA

director of  
unincorporated  
association  
function

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Disciplinary  
Tribunal

FCA PRA

disclosable  
information

FCA PRA

disclosure  
obligations

FCA PRA

disclosure rules

FCA PRA

*discounting*

FCA PRA

admitted to trading on a *regulated market* or for which a request for *admission to trading* on such a market has been made.

discounting or deductions to take account of investment income as set out in paragraph 48 of the *insurance accounts rules*.

*discretionary investment manager*

FCA PRA

(in COBS and (in relation to *firm type*) in ■ SUP 16.10 (Confirmation of standing data)) a *person* who, acting only on behalf of a *client*, manages *designated investments* in an account or portfolio on a discretionary basis under the terms of a discretionary management agreement.

*discretionary pension benefit*

FCA PRA

(in ■ SYSC 19A) enhanced pension benefits granted on a discretionary basis by a *firm* to an *employee* as part of that *employee's* variable *remuneration* package, but excluding accrued benefits granted to an *employee* under the terms of his company pension scheme.

[Note: article 4(49) of the *Banking Consolidation Directive*]

DISP

FCA PRA

Dispute Resolution: the Complaints sourcebook.

*distance contract*

FCA PRA

any contract concerning financial services concluded between a *supplier* and a *consumer* under an organised distance sales or service provision scheme run by the *supplier* which, for the purpose of that contract, makes exclusive use (directly or through an intermediary) of one or more means of distance communication (that is, any means which, without the simultaneous physical presence of the *supplier* or intermediary and the *consumer*, may be used for the distance marketing of a service between those parties) up to and including the time at which the contract is concluded.

A contract is not a distance contract if:

- (a) making, performing or marketing it does not constitute or form part of a *regulated activity*; or
- (b) it is entered into on a strictly occasional basis outside a commercial structure dedicated to the conclusion of distance contracts; or
- (c) a *consumer*, and an intermediary acting for a product provider, are simultaneously physically present at some stage before the conclusion of the contract; or
- (d) it is entered into to comply with the requirement in Part 1 of the Pensions Act 2008 to automatically enrol or re-enrol employees into an *automatic enrolment scheme*.

[Note: recitals 15 and 18 to, and articles 2(a) and (e) of, the *Distance Marketing Directive*]

*distance home purchase mediation contract*

FCA PRA

a *distance contract*, the making or performance of which constitutes, or is part of:

- (a) *advising on a home purchase plan*;
- (b) *arranging (bringing about) a home purchase plan*;
- (c) *making arrangements with a view to a home purchase plan*; or
- (d) *agreeing to carry on a regulated activity* in (a) to (c).

*Distance Marketing Directive*

**FCA** **PRA**

The Directive of the Council and Parliament of 23 September 2002 on distance marketing of consumer financial services (No 2002/65/EC).

*Distance Marketing Regulations*

**FCA** **PRA**

The Financial Services (Distance Marketing) Regulations 2004 (SI 2004/2095).

*distance mortgage mediation contract*

**FCA** **PRA**

a *distance contract*, the making or performance of which constitutes, or is part of:

- (a) *advising on regulated mortgage contracts*; or
- (b) *arranging (bringing about) regulated mortgage contracts*; or
- (c) *making arrangements with a view to regulated mortgage contracts*; or
- (d) agreeing to carry on a regulated mortgage activity in (a) to (c).

*distance regulated sale and rent back mediation contract*

**FCA** **PRA**

a *distance contract*, the making or performance of which constitutes, or is part of:

- (a) *advising on a regulated sale and rent back agreement*; or
- (b) *arranging (bringing about) a regulated sale and rent back agreement*; or
- (c) *making arrangements with a view to a regulated sale and rent back agreement*; or
- (d) agreeing to carry on a *regulated sale and rent back mediation activity* in (a) to (c).

*distance selling contract*

**FCA** **PRA**

(in *BCOBS*) has the same meaning as "distance contract" in the Consumer Protection (Distance Selling) Regulations 2000 (SI 2000/2334).

*distribution account*

**FCA** **PRA**

(in *COLL*) the account to which the amount of income of an *authorised fund* allocated to *classes of units* that distribute income must be transferred as at the end of each *annual accounting period* under ■ [COLL 6.8.3 R](#) (Income allocation and distribution) or ■ [COLL 8.5.15 R](#) (Income).

*distribution channels*

**FCA** **PRA**

a channel through which information is, or is likely to become, publicly available. Information which is "likely to become publicly available" means information to which a large number of *persons* have access.

[Note: article 2(1) of the *MiFID implementing Directive*]

*distribution of exposures*

**FCA** **PRA**

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ [BIPRU 13](#) (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the forecast of the probability distribution of market values that is generated by setting forecast instances of negative net market values equal to zero.

*distribution of market values*

**FCA** **PRA**

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ [BIPRU 13](#) (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the forecast of the probability distribution of net market values of transactions within a *netting set* for some future date (the

DLG by  
default

FCA PRA

forecasting horizon), given the realised market value of those transactions up to the present time.

(in relation to a *UK ILAS BIPRU firm* (a *group liquidity reporting firm*) and any reporting period under ■ SUP 16 (Reporting requirements)) the *firm* and each *person* identified in accordance with the following:

(a) (in a case in which the *firm* is the only *UK ILAS BIPRU firm* in its *group*) that *person* meets any of the following conditions for any part of that period:

(i) that *person* provides material support to the *firm* against *liquidity risk*; or

(ii) that *person* is committed to provide such support or would be committed to do so if that *person* were able to provide it; or

(iii) the *firm* has reasonable grounds to believe that that *person* would supply such support if asked or would do so if it were able to provide it; or

(iv) the *firm* provides material support to that *person* against *liquidity risk*; or

(v) the *firm* is committed to provide such support to that *person* or would be committed to do so if the *firm* were able to provide it; or

(vi) the *firm* has reasonable grounds to believe that that *person* would expect the *firm* to supply such support if asked or that the *firm* would do so if it were able to provide it; or

(b) (in a case in which the *firm* is not the only *UK ILAS BIPRU firm* in its *group*):

(i) each of those other *UK ILAS BIPRU firms*; and

(ii) each *person* identified by applying the tests in (a) separately to the *firm* and to each of those other *UK ILAS BIPRU firms*, so that applying (b) to the *firm* and to each of those *UK ILAS BIPRU firms* results in their having the same *defined liquidity group*;

(iii) no *DLG by default* exists where the *group* consists only of *UK ILAS BIPRU firms*.

The following provisions also apply for the purpose of this definition.

(c) A *person* is not a member of a *firm's* *DLG by default* unless it also satisfies one of the following conditions:

(i) it is a member of the *firm's* *group*; or

(ii) it is a *securitisation special purpose entity* or a *special purpose vehicle*; or

(iii) it is an *undertaking* whose main purpose is to raise funds for the *firm* or for a *group* to which that *firm* belongs.

(ca) In the case of a *group liquidity reporting firm* that is within paragraph (a) of the definition of *UK lead regulated firm* (it is not part of a group that is subject to consolidated supervision by the *FCA* or the *PRA* or any other *regulatory body*), paragraph (c)(i) of the definition of *DLG by default* is amended so that it only includes a member of the *firm's* *group* that falls into one of the following categories:

(i) it is a *credit institution*; or

(ii) it is an *investment firm* or *third country investment firm* authorised to *deal on own account*.

For these purposes:

(iii) *credit institution* has the meaning used in ■ SUP 16 (Reporting requirements), namely either of the following:

(A) a credit institution authorised under the *Banking Consolidation Directive*; or

(B) an institution which would satisfy the requirements for authorisation as a credit institution under the *Banking Consolidation Directive* if it had its registered office (or if it does not have a registered office, its head office) in an *EEA State*; and

(iv) a *person* is authorised to *deal on own account* if:

(A) it is a *firm* and its *permission* includes that activity; or

(B) it is an *EEA firm* and it is authorised by its *Home State regulator* to do that activity; or

(C) (if the carrying on of that activity is prohibited in a state or territory without an authorisation in that state or territory) that *person* has such an authorisation.

(d) *Group* has the meaning in paragraph (1) of the definition in the *Glossary* (the definition in section 421 of the *Act*).

(e) The conditions in (a) are satisfied even if the *firm* or *person* in question provides or is committed or expected to provide support for only part of the period.

(f) In deciding for the purpose of (a) or (b) whether the *firm* is the only *UK ILAS BIPRU firm* in its *group* and identifying which are the other *UK ILAS BIPRU firms* in its *group*, any *group* member that is a member of the group through no more than a *participation* is ignored.

(g) A *firm* has a *DLG by default* for a period even if it only has one during part of that period.

(h) Liquidity support may be supplied by or to the *firm* directly or indirectly.

(i) Support is material if it is material either by reference to the *person* giving it or by reference to the *person* receiving it.

(*Guidance* about this definition, and its inter-relation with other related definitions, is set out in ■ SUP 16 Annex 26 G (Guidance on designated liquidity groups in ■ SUP 16.12).)

either of the following:

(a) a *DLG by modification (firm level)*; or

(b) a *non-UK DLG by modification (DLG level)*.

(*Guidance* about this definition, and its inter-relation with other related definitions, is set out in ■ SUP 16 Annex 26 G (Guidance on designated liquidity groups in ■ SUP 16.12).)

(in relation to any reporting period under ■ SUP 16 (Reporting requirements) and a *UK ILAS BIPRU firm* that has an *intra-group liquidity modification* during any part of that period (a *group liquidity reporting firm*)) the *firm* and each *person* on whose liquidity support the *firm* can rely, under that *intra-group liquidity modification*, for any part of that period for the purpose of the *overall liquidity adequacy rule* (as the *overall liquidity adequacy rule* applies to the *firm* on a solo basis). A *firm* has a 'DLG by modification (firm level)' for a period even if it only has one during part of that period.

DLG by  
modification

FCA PRA

DLG by  
modification  
(firm level)

FCA PRA

|  |  |
|--|--|
| <p><i>document</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                      | <p>(<i>Guidance</i> about this definition, and its inter-relation with other related definitions, is set out in ■ SUP 16 Annex 26 G (<i>Guidance on designated liquidity groups</i> in ■ SUP 16.12).)</p> <p>any piece of recorded information, including (in accordance with section 417(1) of the <i>Act</i> (Interpretation)) information recorded in any form; in relation to information recorded otherwise than in legible form, references to its production include references to producing a copy of the information in legible form.</p> |
| <p><i>document evidencing title</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>     | <p>any means of evidencing title whether in documentary form or otherwise.</p>   |
| <p><i>document viewing facility</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>     | <p>(in <i>LR</i>) a location identified on the <i>FCA</i> website where the public can inspect documents referred to in the <i>listing rules</i> as being documents to be made available at the document viewing facility.</p>   |
| <p><i>domestic UCITS merger</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>         | <p>(in <i>COLL</i> and in accordance with article 2(1)(r) of the <i>UCITS Directive</i>) a <i>UCITS merger</i> between two or more <i>UCITS schemes</i> in relation to which a <i>UCITS marketing notification</i> has been made in respect of at least one of the relevant <i>schemes</i>.</p>  |
| <p><i>dormant account</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>has the meaning given in section 10 of the Dormant Bank and Building Society Accounts Act 2008, which is in summary an <i>account</i> that at a particular point in time:</p> <ul style="list-style-type: none"> <li>(a) has been open throughout the period of 15 years ending at that time; and</li> <li>(b) during that period no transactions have been carried out in relation to the <i>account</i> by or on the instructions of the holder of the <i>account</i>.</li> </ul>   |
| <p><i>dormant account fund operator</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>a <i>firm</i> with <i>permission</i> for operating a <i>dormant account fund</i>.</p>   |
| <p><i>dormant account funds</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>         | <p>has the meaning given in section 5(6) of the Dormant Bank and Building Society Accounts Act 2008, which is <i>money</i> paid to a <i>dormant account fund operator</i> by a <i>bank</i> or <i>building society</i> in respect of a <i>dormant account</i>.</p>  |
| <p><i>drawdown mortgage</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>a <i>lifetime mortgage</i> contract where:</p> <ul style="list-style-type: none"> <li>(a) the amount borrowed is paid by the <i>mortgage lender</i> to the <i>customer</i> in instalments during the life of the mortgage; and</li> <li>(b) the size and frequency of the instalments are: <ul style="list-style-type: none"> <li>(1) agreed between the <i>mortgage lender</i> and the <i>customer</i>; or</li> <li>(2) set by reference to an index or interest rate (such as the Official Bank Rate).</li> </ul> </li> </ul>                 |
| <p><i>drawdown pension</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>              | <p>(as defined in paragraph 4 of Schedule 28 to the Finance Act 2004):</p> <ul style="list-style-type: none"> <li>(a) a <i>short-term annuity</i>; or</li> <li>(b) an <i>income withdrawal</i>.</li> </ul>   |



*drawn down capital*

FCA PRA

(in ■ SUP 16, in the case of an *investment management firm* carrying out *venture capital business*) the total current value of contributions committed by investors under contractual agreement which has been invested by the *firm*.

DTR

FCA PRA

the Disclosure Rules and Transparency Rules sourcebook containing the *disclosure rules*, *transparency rules* and *corporate governance rules*.

*dual-priced authorised fund*

FCA PRA

an *authorised fund* or, in the case of an *umbrella*, a *sub-fund* (if it were a separate *fund*), that is not a *single-priced authorised fund*.

*durable medium*

FCA PRA

(a) paper; or

(b) any instrument which enables the recipient to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored. In particular, *durable medium* covers floppy disks, CD-ROMs, DVDs and hard drives of personal computers on which electronic mail is stored, but it excludes Internet sites, unless such sites meet the criteria specified in the first sentence of this paragraph.

(in relation to *MiFID* or *equivalent third country business* or *collective portfolio management*, if the relevant *rule* implements the *MiFID implementing Directive*, the *UCITS Directive*, the *UCITS implementing Directive* or the *UCITS implementing Directive No 2*) the instrument used must be:

(i) appropriate to the context in which the business is to be carried on; and

(ii) specifically chosen by the recipient when offered the choice between that instrument and paper.

For the purposes of this definition, the provision of information by means of electronic communications shall be treated as appropriate to the context in which the business between the *firm* and the *client* is, or is to be, carried on if there is evidence that the *client* has regular access to the internet. The provision by the *client* of an e-mail address for the purposes of the carrying on of that business is sufficient.

[Note: article 2(f) and Recital 20 of the *Distance Marketing Directive*, article 2(12) of the *Insurance Mediation Directive*, articles 2(2), 3(1) and 3(3) of the *MiFID implementing Directive*, articles 75(2) and 81(1) of the *UCITS Directive*, article 20(3) of the *UCITS implementing Directive* and article 7 of the *UCITS implementing Directive No 2*]



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|--|--|
| <p><i>early amortisation provision</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p>(in accordance with Article 100 of the <i>Banking Consolidation Directive</i> (Securitisation of revolving exposures) and in relation to a <i>securitisation</i> within the meaning of paragraph (2) of the definition of securitisation) a contractual clause which requires, on the occurrence of defined events, investors' positions to be redeemed prior to the originally stated maturity of the securities issued.</p>   |
| <p><i>early repayment charge</i></p> <p><b>FCA</b> <b>PRA</b></p>                      | <p>(in MCOB and BSOCS) a charge levied by the <i>mortgage lender</i> on the <i>customer</i> in the event that the amount of the loan is repaid in full or in part before a date specified in the contract.</p>   |
| <p><i>ECA recipient</i></p> <p><b>FCA</b> <b>PRA</b></p>                               | <p>a <i>person</i> who is a user of an <i>electronic commerce activity</i>.</p>  |
| <p><i>ECAI</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>an external credit assessment institution.</p>  |
| <p><i>ECD Regulations</i></p> <p><b>FCA</b> <b>PRA</b></p>                             | <p>the Electronic Commerce Directive (Financial Services and Markets) Regulations 2002 (SI 2002/1775).</p>   |
| <p><i>E-Commerce Directive</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>the Council Directive of 8 June 2002 on legal aspects of <i>information society services</i>, in particular electronic commerce, in the Internal Market (No 2000/31/EC).</p>  |
| <p><i>ECR</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p><i>enhanced capital requirement</i>.</p>  |
| <p><i>EE</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p><i>expected exposure</i>.</p>   |
| <p><i>EEA</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>the <i>European Economic Area</i> (see also <i>EEA State</i>.)</p>  |
| <p><i>EEA authorisation</i></p> <p><b>FCA</b> <b>PRA</b></p>                           | <p>(in accordance with paragraph 6 of Schedule 3 to the <i>Act</i> (EEA Passport Rights)):</p> <p>(a) in relation to an <i>IMD insurance intermediary</i> or an <i>IMD reinsurance intermediary</i>, registration with its <i>Home State regulator</i> under article 3 of the <i>Insurance Mediation Directive</i>;</p> <p>(b) in relation to any other <i>EEA firm</i>, authorisation granted to an <i>EEA firm</i> by its <i>Home State regulator</i> for the purpose of the relevant <i>Single Market Directive</i> or the <i>auction regulation</i>.</p> |
| <p><i>EEA authorised electronic money institution</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in accordance with regulation 2(1) of the <i>Electronic Money Regulations</i>) a <i>person</i> authorised in an <i>EEA State</i> other than the <i>United Kingdom</i> to issue <i>electronic money</i> and provide <i>payment services</i> in accordance with the <i>Electronic Money Directive</i>.</p>   |

EEA authorised payment institution

FCA PRA

(a) (in accordance with regulation 2(1) of the *Payment Services Regulations*) a person authorised in an EEA State other than the United Kingdom to provide payment services in accordance with the *Payment Services Directive*; and

(b) (in accordance with paragraph 1 of Schedule 7 to the *Payment Services Regulations*) a firm which has its head office in Gibraltar, is authorised in Gibraltar to provide payment services, and has an entitlement corresponding to its passport right deriving from the *Payment Services Directive*, to establish a branch or provide services in the United Kingdom.

EEA bank

FCA PRA

an incoming EEA firm which is a BCD credit institution.

EEA banking and investment group

FCA PRA

a banking and investment group that satisfies one or more of the following conditions:

(a) it is headed by:

(i) an investment firm or credit institution that is authorised and incorporated in an EEA State; or

(ii) a financial holding company that has its head office in an EEA State; or

(b) it has as a member an investment firm or credit institution that:

(i) is authorised and incorporated in an EEA State; and

(ii) is linked with another member that is in the banking sector or the investment services sector by a consolidation Article 12(1) relationship; or

(c) it is otherwise required by EEA prudential sectoral legislation for the banking sector or the investment services sector (except Article 143 of the *Banking Consolidation Directive* (Third-country parent undertakings)) to be subject to consolidated supervision by a competent authority.

EEA branch of an authorised electronic money institution

FCA PRA

(in accordance with regulation 2(1) of the *Electronic Money Regulations*) a branch established by an authorised electronic money institution, in the exercise of its passport rights, to issue electronic money, provide payment services, distribute or redeem electronic money or carry out other activities in accordance with the *Electronic Money Regulations* in an EEA State other than the United Kingdom.

EEA commodities market

FCA PRA

a market that facilitates trading in derivatives relating to commodities (other than a market operated by an RIE) and which is operated by an entity that has its head office situated in the EEA and that is regulated as an exchange.

EEA financial conglomerate

FCA PRA

a financial conglomerate that is of a type that falls under Article 5(2) of the *Financial Groups Directive* (Scope of supplementary supervision of regulated entities referred to in Article 1 of that Directive) which in summary means a financial conglomerate:

(a) that is headed by an EEA regulated entity; or

(b) in which the parent undertaking of an EEA regulated entity is a mixed financial holding company which has its head office in the EEA; or

(c) in which an EEA regulated entity is linked with a member of the financial conglomerate in the overall financial sector by a consolidation Article 12(1) relationship.

EEA firm

FCA PRA

(in accordance with paragraph 5 of Schedule 3 to the *Act* (EEA Passport Rights)) any of the following, if it does not have its relevant office in the *United Kingdom*:

- (a) an investment firm (as defined in article 4(1) of *MiFID*) which is authorised (within the meaning of article 5) by its *Home State regulator*;
- (b) a *credit institution* (as defined in article 4(1) of the *Banking Consolidation Directive*)
- (c) a financial institution (as defined in article 4(5) of the *Banking Consolidation Directive*) which is a subsidiary of the kind mentioned in article 24 and which fulfils the conditions in articles 23 and 24 ;
- (d) an undertaking pursuing the activity of direct insurance (within the meaning of article 2 of the *Consolidated Life Directive* (No. 2002/83/EC) or of Article 1 of the *First Non-Life Directive* (No. 73/239/EEC)) which has received authorisation under Article 4 of the *Consolidated Life Directive* or Article 6 of the *First Non-Life Directive* from its *Home State regulator*;
- (e) an *IMD insurance intermediary* or an *IMD reinsurance intermediary* (as defined in article 2 of the *IMD*) which has registered under article 3 of that directive with its *Home State regulator*;
- (f) (from 1 July 2011) a *management company*;
- (g) an *undertaking* pursuing the activity of reinsurance (within the meaning of article 1 of the *Reinsurance Directive*) which has received authorisation under article 3 of the *Reinsurance Directive* from its *Home State Regulator* ;
- (h) a *person* who has received authorisation under article 18 of the *auction regulation*;

in this definition, relevant office means:

- (i) in relation to a *firm* falling within sub-paragraph (e), which has a registered office, its registered office;
- (ii) in relation to any other *firm* falling within any other paragraph, its head office.

EEA insurance parent undertaking

FCA PRA

an *insurance parent undertaking* that has its head office in the *United Kingdom* or another *EEA State*.

EEA insurer

FCA PRA

an *insurer*, other than a *pure reinsurer* or a *non-directive insurer*, whose head office is in any *EEA State* except the *United Kingdom* and which has received *authorisation* under article 6 of the *First Life Directive* or article 4 of the *Consolidated Life Directive* or article 6 of the *First Non-Life Directive* from its *Home State Regulator*.

EEA ISPV

FCA PRA

an *ISPV* (including a *UK ISPV*) whose head office is in any *EEA State* and which has received *authorisation* pursuant to article 46 of the *Reinsurance Directive* from its *Home State Regulator*.

EEA key investor information document

FCA PRA

a *document* that:

- (a) relates to an *EEA UCITS scheme*;
- (b) complies with the requirements of the *KII Regulation*; and
- (c) is provided in a language stipulated by article 94(1)(b) of the *UCITS Directive*.

EEA market operator

FCA PRA

(in REC) a person who is a *market operator* whose *home state* is an EEA State other than the *United Kingdom*.

EEA MCR

FCA PRA

the MCR in relation to business carried on in all EEA States, taken together, calculated by a *UK-deposit insurer* in accordance with INSPRU 1.5.46R.

EEA MiFID investment firm

FCA PRA

a *MiFID investment firm* whose *Home State* is not the *United Kingdom*.

EEA parent financial holding company

FCA PRA

(in accordance with Article 4(17) of the *Banking Consolidation Directive* (Definitions) and Article 3 of the *Capital Adequacy Directive* (Definitions)) a *parent financial holding company in a Member State* which is not a *subsidiary undertaking* of an *institution* authorised in any EEA State or of another *financial holding company* set up in any EEA State.

EEA parent institution

FCA PRA

(in accordance with Article 4(16) of the *Banking Consolidation Directive* and Article 2 of the *Capital Adequacy Directive* (Definitions)) a *parent institution in a Member State* which is not a *subsidiary undertaking* of another *institution* authorised in any EEA State, or of a *financial holding company* set up in any EEA State.

EEA Passport Rights Regulations

FCA PRA

the Financial Services and Markets Act 2000 (EEA Passport Rights) Regulations 2001 (SI 2001/2511).

EEA prudential sectoral legislation

FCA PRA

(in relation to a *financial sector*) requirements applicable to *persons* in that *financial sector* in accordance with EEA legislation about prudential supervision of *regulated entities* in that *financial sector* and so that:

(a) (in relation to the *banking sector* and the *investment services sector*) in particular this includes the requirements laid down in the *Banking Consolidation Directive* and the *Capital Adequacy Directive*; and

(b) (in relation to the *insurance sector*) in particular this includes requirements laid down in the *First Non-Life Directive*, the *Consolidated Life Directive* and the *Insurance Groups Directive*.

EEA pure reinsurer

FCA PRA

a *reinsurance undertaking* (other than an *ISPV*) whose head office is in any EEA State except the *United Kingdom* and which has received (or is deemed to have received) authorisation under article 3 of the *Reinsurance Directive* from its *Home State Regulator*.

EEA registered tied agent

FCA PRA

a *tied agent* of a *UK MiFID investment firm* that is not an *appointed representative* and would have been an *FCA registered tied agent* but for the fact that it does business in an EEA State that permits *investment firms* authorised by the *competent authority* of that state to appoint *tied agents*.

EEA regulated entity

FCA PRA

a *regulated entity* that is an EEA firm or a UK firm.

EEA regulator

FCA PRA

(1) a *competent authority* for the purposes of any of the *Single Market Directives* or the *auction regulation*.

(2) (in ■ DEPP 7) (as defined in section 131FA of the *Act*) the *competent authority* of an *EEA State* other than the *United Kingdom* for the purposes of the *short selling regulation*.

EEA right

FCA PRA

(in accordance with paragraph 7 of Schedule 3 to the *Act* (EEA Passport Rights)) the entitlement of a *person* to establish a *branch* or provide services in an *EEA State* other than that in which he has his relevant office:

(a) in accordance with the *Treaty* as applied in the *European Economic Area*; and

(b) subject to the conditions of the relevant *Single Market Directive* or the *auction regulation*.

in this definition, relevant office means:

(i) in relation to a *person* who has a registered office and whose entitlement is subject to the conditions of the *Insurance Mediation Directive*, his registered office; and

(ii) in relation to any other *person*, his head office.

EEA simplified prospectus

FCA PRA

a marketing *document* which meets the requirements of Article 28 of the UCITS Directive (No 85/611/EEC) (as at 30 June 2011).

EEA simplified prospectus scheme

FCA PRA

an *EEA UCITS scheme* which is a *recognised scheme* under section 264 of the *Act* (Schemes constituted in other EEA States) and which is permitted by the laws and regulations of its *Home State* to market its *units* on the basis of an *EEA simplified prospectus*.

EEA State

FCA PRA

(in accordance with Schedule 1 to the Interpretation Act 1978), in relation to any time -

(a) a state which at that time is a member State; or

(b) any other state which is at that time a party to the EEA agreement.

[Note: Current non-member State parties to the EEA agreement are Norway, Iceland and Lichtenstein. Where the context requires, references to an *EEA State* include references to Gibraltar as appropriate].

EEA territorial scope rule

FCA PRA

■ COBS 1 Annex 1, Part 2 paragraph 1(1) (which provides that the territorial scope of COBS is modified to the extent necessary to be compatible with European law).

EEA tied agent

FCA PRA

a *tied agent* who is an *FCA registered tied agent* or an *EEA registered tied agent*.

EEA UCITS management company

FCA PRA

any *incoming EEA firm* that is a *management company*.

EEA UCITS  
scheme

FCA PRA

a *collective investment scheme* established in accordance with the *UCITS Directive* in an *EEA State* other than the *United Kingdom*.

EEA-deposit  
insurer

FCA PRA

a *non-EEA insurer* that has made a deposit in an *EEA State* (other than the *United Kingdom*) under article 23 of the *First Non-Life Directive* (as amended) in accordance with article 26 of that Directive or under article 51 of the *Consolidated Life Directive* in accordance with article 56 of that Directive.

effecting  
contracts of  
insurance

FCA PRA

the *regulated activity*, specified in article 10(1) of the *Regulated Activities Order* (Effecting and carrying out contracts of insurance), of effecting a *contract of insurance* as principal.

effective EE

FCA PRA

*effective expected exposure*.

effective EPE

FCA PRA

*effective expected positive exposure*.

effective  
expected  
exposure

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions) and as at a specific date) the maximum *expected exposure* that occurs at that date or any prior date; alternatively, it may be defined for a specific date as the greater of the *expected exposure* at that date, or the *effective exposure* at the previous date.

effective  
expected  
positive  
exposure

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions)) the weighted average over time of *effective expected exposure* over the first year, or, if all the contracts within the *netting set* mature before one year, over the time period of the longest maturity contract in the *netting set*, where the weights are the proportion that an individual *expected exposure* represents of the entire time interval.

effective  
maturity

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions), for the purpose of the *CCR internal model method* and with respect to a *netting set* with maturity greater than one year) the ratio of the sum of *expected exposure* over the life of the transactions in the *netting set* discounted at the risk-free rate of return divided by the sum of *expected exposure* over one year in a *netting set* discounted at the risk-free rate; this effective maturity may be adjusted to reflect *rollover risk* by replacing *expected exposure* with *effective expected exposure* for forecasting horizons under one year.

efficient  
portfolio  
management

FCA PRA

(in *COLL* and in accordance with article 11 of the *UCITS eligible assets Directive*) techniques and instruments which relate to *transferable securities* and *approved money-market instruments* and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;
- (b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;



- (ii) reduction of cost;
- (iii) generation of additional capital or income for the *scheme* with a risk level which is consistent with the risk profile of the *scheme* and the risk diversification rules laid down in *COLL*.

EG

FCA PRA

the Enforcement Guide.

EIS

FCA PRA

*Enterprise Investment Scheme*.

EIS fund

FCA PRA

an arrangement, specified in paragraph 2 of the Schedule to the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001 (SI 2001/1062), which is in summary: an arrangement in relation to *EIS shares* that would have been a *collective investment scheme* if the scheme arrangements had not provided that:

- (a) the *operator* will, so far as practicable, make investments which, subject to each participant's individual circumstances, qualify for relief under Chapter III of Part VII of the Income and Corporation Taxes Act 1988; and
- (b) the minimum subscription to the arrangements by each participant must be not less than £2,000.

EIS managed portfolio

FCA PRA

a managed portfolio which is, or is to be, invested wholly or mainly in *EIS shares*.

EIS manager

FCA PRA

- (a) (in relation to an *EIS managed portfolio*) the investment manager;
- (b) (in relation to an *EIS fund*) the manager of the fund.

EIS particulars

FCA PRA

a *document* containing particulars of an *Enterprise Investment Scheme*.

EIS share

FCA PRA

a *share* in respect of which the beneficial owner may, subject to his individual circumstances, be qualified, or has been qualified, for relief under Chapter III of Part VII of the Income and Corporation Taxes Act 1988.

EIS subscription

FCA PRA

any *money* which is subscribed:

- (a) in the case of an *EIS managed portfolio*, by the *client* of the *EIS manager* whose portfolio it is;
- (b) in the case of an *EIS fund*, by the participants in the *EIS*.

EL

FCA PRA

*expected loss*.PAGE  
E7Electing  
Participants  
Order

FCA PRA

the Financial Services and Markets Act 2000 (Compensation Scheme: Electing Participants) Regulations 2001 (SI 2001/1783).

*Electing Participants Regulations*

**FCA** **PRA**

the Financial Services and Markets Act 2000 (Compensation Scheme: Electing Participants) Regulations 2001 (SI 2001/1783).

*elective eligible counterparty*

**FCA** **PRA**

a *client* categorised as an elective eligible counterparty in accordance with ■ COBS 3.6 (Eligible counterparties).

*elective professional client*

**FCA** **PRA**

a *client* categorised as an elective professional client in accordance with ■ COBS 3.5 (Professional clients).

*electricity*

**FCA** **PRA**

(a) electricity in any form, including electricity as deliverable through the *Balancing and Settlement Code*;

(b) any right that relates to electricity, for example the right under a contract or otherwise to require a person to take any action in relation to electricity, including:

(i) supplying electricity to any person or accepting supply of electricity; or

(ii) providing any information or notice in relation to electricity; or

(iii) making any payment in relation to the supply or nonsupply, or acceptance or non-acceptance of supply, of electricity.

*electronic commerce activity*

**FCA** **PRA**

an activity which:

(a) consists of the provision of an *information society service* from an *establishment* in an *EEA State*; and

(b) is, or but for article 72A (Information society services) of the *Regulated Activities Order* (Information society services) (and irrespective of the effect of article 72 of that Order (Overseas persons)) would be, a *regulated activity*.

*electronic commerce activity direction*

**FCA** **PRA**

a direction made, or proposed to be made, by the *FCA* under regulation 6 of the *ECD Regulations*.

*electronic commerce communication*

**FCA** **PRA**

(in accordance with article 6 of the *Financial Promotion Order*) a communication, the making of which constitutes the provision of an *information society service*.

*electronic communication*

**FCA** **PRA**

has the meaning given in section 15(1) of the Electronic Communications Act 2000.

*electronic means*

FCA PRA

are means of electronic equipment for the processing (including digital compression), storage and transmission of data, employing wires, radio optical technologies, or any other electromagnetic means.

*electronic money*

FCA PRA

electronically (including magnetically) stored monetary value as represented by a claim on the *electronic money issuer* which is:

(a) issued on receipt of funds for the purpose of making payment transactions as defined in Article 4(5) of the *Payment Services Directive*; and

(b) accepted by a *person* other than the *electronic money issuer*;

but does not include:

(c) monetary value stored on instruments that can be used to acquire goods or services only:

(i) in or on the *electronic money issuer's* premises; or

(ii) under a commercial agreement with the *electronic money issuer*, either within a limited network of service providers or for a limited range of goods or services; or

(d) monetary value that is used to make payment transactions executed by means of any telecommunication, digital or IT device, where the goods or services purchased are delivered to and are to be used through a telecommunication, digital or IT device, provided that the telecommunication, digital or IT operator does not act only as an intermediary between the payment service user and the supplier of the goods and services.

*Electronic Money Directive*

FCA PRA

Directive 2009/110/EC of the European Parliament and of the Council of 16th September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions, amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC.

*electronic money institution*

FCA PRA

(in accordance with regulation 2(1) of the *Electronic Money Regulations*) an *authorised electronic money institution* or a *small electronic money institution*.

*electronic money issuer*

FCA PRA

(1) (except in *DISP*) any of the following *persons* when they issue *electronic money*:

(a) *authorised electronic money institutions*;

(b) *small electronic money institutions*;

(c) *EEA authorised electronic money institutions*;

(d) *credit institutions*;

(e) the Post Office Limited;

(f) the Bank of England, the European Central Bank and the national central banks of *EEA States* other than the United Kingdom, when not acting in their capacity as a monetary authority or other public authority;

(g) government departments and local authorities when acting in their capacity as public authorities;

(h) *credit unions*;

|  |  |
|--|--|
| <p><i>Electronic Money Regulations</i><br/>FCA PRA</p>   | <p>(i) municipal banks;<br/>(j) the National Savings Bank.</p> <p>[Note: article 2(3) of the <i>Electronic Money Directive</i>]</p> <p>(2) (in <i>DISP</i> and ■ FEES 5.5A) as in (1) but:</p> <p>(a) excluding <i>credit institutions, credit unions</i> and municipal banks; and<br/>(b) including a <i>person</i> who meets the conditions set out in regulation 75(1) or regulation 76(1) of the <i>Electronic Money Regulations</i>.</p> <p>the Electronic Money Regulations 2011 (SI 2011/99).</p>   |
| <p><i>electronic SCV rules</i><br/>FCA PRA</p>           | <p>(in <i>COMP</i>) ■ COMP 17.2.1 R(2), ■ COMP 17.2.3 R(3) and ■ COMP 17.2.5 R, the application of which is determined by ■ COMP 17.1 and ■ COMP 17.2.7 R.</p>   |
| <p><i>eligible</i><br/>FCA PRA</p>                       | <p>(in <i>COLL</i>) (in relation to a <i>securities</i> or a <i>derivatives</i> market) a market that satisfies the requirements in ■ COLL 5.2.10 R (Eligible markets: requirements) in relation to schemes falling under ■ COLL 5 .</p>   |
| <p><i>eligible claimant</i><br/>FCA PRA</p>              | <p>a <i>person</i> who is eligible to bring a <i>claim</i> for compensation under ■ COMP 4.2.1 R.</p>  |
| <p><i>eligible complainant</i><br/>FCA PRA</p>           | <p>a <i>person</i> eligible to have a <i>complaint</i> considered under the <i>Financial Ombudsman Service</i>, as defined in ■ DISP 2.7 (Is the complainant eligible?).</p>   |
| <p><i>eligible counterparty</i><br/>FCA PRA</p>          | <p>(1) (for the purposes other than those set out in (2)) (in accordance with ■ COBS 3.6.1 R) a <i>client</i> that is either a <i>per se eligible counterparty</i> or an <i>elective eligible counterparty</i>.</p> <p>(2) (for the purposes of <i>PRIN</i>, in relation to activities other than <i>designated investment business</i>) a <i>client</i> categorised as an <i>eligible counterparty</i> in accordance with ■ PRIN 1 Annex 1 R.</p>   |
| <p><i>eligible counterparty business</i><br/>FCA PRA</p> | <p>the following services and activities carried on by a <i>firm</i>:</p> <p>(a) <i>dealing on own account, execution of orders on behalf of clients</i> or reception and transmission of orders; or<br/>(b) any <i>ancillary service</i> directly related to a service or activity referred to in (a); or<br/>(c) <i>arranging</i> in relation to business which is not <i>MiFID or equivalent third country firm business</i>;</p> <p>but only to the extent that the service or activity is carried on with or for an <i>eligible counterparty</i>.</p> |

eligible ECAI

FCA PRA

an ECAI:

(a) (for *exposure risk weighting* purposes other than those in (b)) recognised by the *appropriate regulator* under regulation 22 of the *Capital Requirements Regulations 2006* (Recognition for exposure risk-weighting purposes); or

(b) (for *securitisation risk weighting* purposes) recognised by the *appropriate regulator* under regulation 23 of the *Capital Requirements Regulations 2006* (Recognition for securitisation risk-weighting purposes).

eligible institution

FCA PRA

(in COLL )

(a) a *BCD credit institution* authorised by its *Home State regulator*;

(b) an *MiFID investment firm* authorised by its *Home State regulator*.

eligible LLP members' capital

FCA PRA

members' capital of a *limited liability partnership* that meets the conditions in *IPRU(INV) Annex A* or, for a *BIPRU firm*, the requirements of ■ GENPRU 2.2.94 R (Core tier one capital: Eligible LLP members' capital).

eligible partnership capital

FCA PRA

(in relation to a *BIPRU firm*) has the meaning in ■ GENPRU 2.2.93 R.

EMIR

Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories, sometimes referred to as the "European Markets Infrastructure Regulation".

EMIR requirements

FCA

requirements imposed under *EMIR* and any regulation made under it.

emissions allowance

FCA PRA

an 'allowance', within the meaning of article 3(a) of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC.

emissions auction product

FCA PRA

the *investment* specified in article 82A of the *Regulated Activities Order* (Greenhouse gas *emissions allowances*), which is in summary an *emissions allowance* offered for sale on an *auction platform* as a *financial instrument* or a *two-day emissions spot*.

employee

FCA PRA

(1) (for all purposes except those in (2)) an individual:

(a) who is employed or appointed by a *person* in connection with that *person's* business, whether under a contract of service or for services or otherwise; or

(b) whose services, under an arrangement between that *person* and a third party, are placed at the disposal and under the control of that *person*;

but excluding an *appointed representative* or a *tied agent* of that *person*.

(2) (for the purposes of:

(a) ■ COBS 11.7 (Personal account dealing);

|  |  |
|--|--|
|  | <p>(aa) ■ GEN 4 (Statutory status disclosure);</p> <p>(ab) ■ GEN 6.1 (Payment of financial penalties);</p> <p>(b) ■ SUP 12 (Appointed representatives); and</p> <p>(c) TC)</p> <p>an individual:</p> <p style="padding-left: 40px;">(i) within (1); or</p> <p style="padding-left: 40px;">(ii) who is:</p> <p style="padding-left: 80px;">(A) an <i>appointed representative</i> or, where applicable, a <i>tied agent</i> of the <i>person</i> referred to in (1); or</p> <p style="padding-left: 80px;">(B) employed or appointed by an <i>appointed representative</i> or, where applicable, a <i>tied agent</i> of that <i>person</i>, whether under a contract of service or for services or otherwise, in connection with the business of the <i>appointed representative</i> or <i>tied agent</i> for which that <i>person</i> has accepted responsibility.</p> |
| <p><i>employee benefit consultant</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>a <i>person</i> that gives advice, or provides services to, an employer in connection with a <i>group personal pension scheme</i> or <i>group stakeholder pension scheme</i> provided, or to be provided, by the employer for the benefit of its employees.</p>   |
| <p><i>employees' share scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>has the same meaning as in section 1166 of the Companies Act 2006.</p>  |
| <p><i>employers' liability insurance</i></p> <p><b>FCA</b> <b>PRA</b></p>      | <p>a <i>contract of insurance</i> against risks of the <i>persons</i> insured incurring liabilities to their employees.</p>  |
| <p>EMPS</p> <p><b>FCA</b> <b>PRA</b></p>                                       | <p>the Handbook Guide for energy market participants.</p>  |
| <p><i>endowment assurance</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>a <i>life policy</i> which pays a sum of <i>money</i> on the survival of the life assured to a specific date or on his earlier death.</p>   |
| <p><i>energy</i></p> <p><b>FCA</b> <b>PRA</b></p>                              | <p>coal, <i>electricity</i>, <i>natural gas</i> (or any by-product or form of any of them) , <i>oil</i> or <i>biofuel</i>.</p>   |
| <p><i>energy collective investment scheme</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>a <i>collective investment scheme</i>, the property of which consists only of <i>energy</i>, energy investments, <i>emissions allowances</i> , <i>tradable renewable energy credits</i> or cash awaiting investment.</p>  |

energy  
investment

FCA PRA

any of the following:

- (a) a *unit* in an *energy collective investment scheme*;
- (b) an *option* to acquire or dispose of an *energy investment*;
- (c) a *future* or a *contract for differences* where the commodity or property of any other description in question is:
  - (i) *energy*; or
  - (ii) an *energy investment*; or
  - (iii) an *emissions allowance* ; or
  - (iv) a *tradable renewable energy credit*;
- (d) a *contract for differences* where the index or other factor in question is linked to or otherwise dependent upon fluctuations in the value or price of any of (c)(i) to (iv) (including any prices or charges in respect of imbalances under the *Network Code* or the *Balancing and Settlement Code*);
- (e) a *weather derivative*;
- (f) an *emissions allowance*, if it is a *specified investment*;
- (g) a *tradable renewable energy credit*, if it is a *specified investment*;
- (h) *rights to or interests in investments* in (a)-(g).

energy market  
activity

FCA PRA

(a) any *regulated activity* other than *bidding in emissions auctions* in relation to an *energy investment* or to *energy* , or in relation to a *biomass investment* or *biomass* that is ancillary to activities related to *energy investments* or *energy*, which:

- (i) is the *executing of own account transactions* on any *recognised investment exchange* or *designated investment exchange*; or
- (ii) if it is not the *executing of transactions* on such exchanges, is performed in connection with or for persons who are not *retail clients* ;

(b) *establishing, operating or winding up a collective investment scheme* which is an *energy collective investment scheme* in which *retail clients* do not participate.

energy market  
participant

FCA PRA

a *firm*:

- (a) whose permission:
  - (i) includes a *requirement* that the firm must not carry on any *designated investment business* other than *energy market activity*;
  - (ii) does not include a *requirement* that it comply with ■ IPRUINV link 5 (Investment management firms) or 13 (Personal investment firms); and
- (b) which is not an *authorised professional firm, bank, BIPRU investment firm* (unless it is an *exempt BIPRU commodities firm*), *building society, credit union, friendly society, ICVC, insurer, MiFID investment firm* (unless it is an *exempt BIPRU commodities firm*), *media firm, oil market participant, service company, insurance intermediary, home finance administrator, home finance provider, incoming EEA firm* (without a *top-up permission*), or *incoming Treaty firm* (without a *top-up permission*).

(as defined in section 21(8) of the *Act*) (Restrictions on financial promotion)):

- (a) enter or offer to enter into an agreement the making or performance of which by either party constitutes a *controlled activity*; or

engage in  
investment  
activity

FCA PRA

|   |   |
|---|---|
| <p><i>enhanced capital requirement</i></p> <p><b>FCA</b> <b>PRA</b></p>                           | <p>(b) exercise any rights conferred by a <i>controlled investment</i> to acquire, dispose of, underwrite or convert a <i>controlled investment</i>.</p> <p>(1) (in relation to a <i>firm</i> carrying on <i>general insurance business</i>) the amount calculated in accordance with INSPRU 1.1.72CR.</p> <p>(2) (in relation to a <i>firm</i> carrying on <i>long-term insurance business</i>) an amount of <i>capital resources</i> that a <i>firm</i> must hold as set out in GENPRU 2.1.38R.</p> |
| <p><i>entering as provider into a funeral plan contract</i></p> <p><b>FCA</b> <b>PRA</b></p>      | <p>the <i>regulated activity</i>, specified in article 59 of the <i>Regulated Activities Order</i> (Funeral plan contracts) which comes into force on 1 January 2002, of entering as provider into a <i>funeral plan contract</i>.</p>  |
| <p><i>entering into a home finance transaction</i></p> <p><b>FCA</b> <b>PRA</b></p>               | <p>any of the <i>regulated activities</i> of <i>entering into a regulated mortgage contract</i>, <i>entering into a home purchase plan</i>, <i>entering into a home reversion plan</i> or <i>entering into a regulated sale and rent back agreement</i>.</p>  |
| <p><i>entering into a home purchase plan</i></p> <p><b>FCA</b> <b>PRA</b></p>                     | <p>the <i>regulated activity</i>, specified in article 63F(1) of the <i>Regulated Activities Order</i>, which is in summary: entering into a <i>home purchase plan</i> as provider.</p>   |
| <p><i>entering into a home reversion plan</i></p> <p><b>FCA</b> <b>PRA</b></p>                    | <p>the <i>regulated activity</i>, specified in article 63B(1) of the <i>Regulated Activities Order</i>, which is in summary: entering into a <i>home reversion plan</i> as provider, or acquiring any obligations or rights (including his interest in land) of the plan provider under a <i>home reversion plan</i> entered into by him on or after 6 April 2007.</p>  |
| <p><i>entering into a regulated mortgage contract</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>the <i>regulated activity</i>, specified in article 61(1) of the <i>Regulated Activities Order</i>, which is in summary: entering into a <i>regulated mortgage contract</i> as lender.</p>   |
| <p><i>entering into a regulated sale and rent back agreement</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>the <i>regulated activity</i>, specified in article 63J(1) of the <i>Regulated Activities Order</i>, which is in summary entering into a <i>regulated sale and rent back agreement</i> as an agreement provider, including acquiring any obligations or rights of the agreement provider, including the agreement provider's interest in land or interests under one or more such <i>agreements</i>.</p>   |
| <p><i>Enterprise Investment Scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>                           | <p>an arrangement which is an <i>EIS managed portfolio</i> or an <i>EIS fund</i>.</p>   |
| <p><i>Enterprise Zone Property Unit Trust</i></p>   | <p>an <i>unregulated collective investment scheme</i> of which the underlying assets are industrial and commercial buildings in an Enterprise Zone in accordance with section 749(2) of the Finance Act 1980.</p>   |



FCA PRA

EPE

*expected positive exposure.*

FCA PRA

equalisation  
provisiona provision required to be established under the *rules* in INSPRU 1.4 .

FCA PRA

equity

(for the purposes of ■ BIPRU 7) a *share*.

FCA PRA

equity  
exposure(in relation to the *IRB approach*) an exposure falling into the *IRB exposure class* referred to in ■ BIPRU 4.3.2 R (5) (equity exposures).

FCA PRA

equity market  
adjustment  
ratio(1) (in relation to the *resilience capital requirement*) has the meaning set out in INSPRU 3.1.19R.(2) (in relation to the *market risk* scenario for the *risk capital margin* of a *with-profits fund*) has the meaning set out in INSPRU 1.3.71R.

FCA PRA

equity PRR

the part of the *market risk capital requirement* calculated in accordance with ■ BIPRU 7.3 (Equity PRR and basic interest rate PRR for equity derivatives) but so that:(a) the *equity PRR* excludes the part of the *market risk capital requirement* calculated under ■ BIPRU 7.3.45 R (Basic interest rate PRR for equity derivatives); and(b) in relation to a particular *position*, it means the portion of the overall *equity PRR* attributable to that *position*.

FCA PRA

equity release  
activityany *regulated mortgage activity* carried on in relation to a *lifetime mortgage*, or a *reversion activity*.

FCA PRA

equity release  
advisera *firm* with *permission* (or which ought to have *permission*) for:(a) *advising on regulated mortgage contracts* (when carried on in relation to a *lifetime mortgage*); or(b) *advising on a home reversion plan*.

FCA PRA

equity release  
arrangera *firm* with *permission* (or which ought to have *permission*) for *arranging* a:(a) *regulated mortgage contract* (when carried on in relation to a *lifetime mortgage*); or(b) *home reversion plan*.

FCA PRA

equity release  
intermediarya *firm* with *permission* (or which ought to have *permission*) to carry on *equity release mediation activity*.

FCA PRA

*equity release mediation activity*

**FCA** **PRA**

any of the *regulated activities* of:

- (a) *arranging a regulated mortgage contract* (when carried on in relation to a *lifetime mortgage*) or a *home reversion plan*;
- (b) *advising on a regulated mortgage contract* (when carried on in relation to a *lifetime mortgage*) or a *home reversion plan*; or
- (c) *agreeing to carry on a regulated activity* in (a) or (b).

*equity release provider*

**FCA** **PRA**

a *firm* with *permission* (or which ought to have *permission*) for:

- (a) *entering into a regulated mortgage contract* (when carried on in relation to a *lifetime mortgage*); or
- (b) *entering into a home reversion plan*.

*equity release transaction*

**FCA** **PRA**

a *lifetime mortgage* or a *home reversion plan*.

*equity security*

**FCA** **PRA**

- (1) (in *LR*) *equity shares* and *securities* convertible into *equity shares*; and
- (2) (in *PR*) (as defined in Article 2.1(b) of the *prospectus directive*) shares and other transferable securities equivalent to shares in companies, as well as any other type of transferable securities giving the right to acquire any of the aforementioned securities as a consequence of their being converted or the rights conferred by them being exercised, provided that securities of the latter type are issued by the issuer of the underlying shares or by an entity belonging to the group of the said issuer.

*equity share*

**FCA** **PRA**

*shares* comprised in a *company's equity share capital*.

*equity share capital*

**FCA** **PRA**

(for a *company*), its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.

*equity stake*

**FCA** **PRA**

(in relation to a *company*) any kind of equity stake in that *company*, including *shares* in it (including non-voting and non-equity *shares*, *debt securities* that are convertible or exchangeable into such *shares*, a call *option* on such *shares* or an in-the-money put *option* on such *shares*, but excluding a *contract for differences* or other *investment* that provides merely an economic exposure to movement in the price of the company's shares).

*equivalent*

**FCA** **PRA**

see *commission equivalent*.

*equivalent business of a third country investment firm*

**FCA** **PRA**

the business of a *third country investment firm* carried on from an establishment in the *United Kingdom* that would be *MiFID business* if that firm were a *MiFID investment firm*.

*equivalent document*

**FCA** **PRA**

(in *LR* and *FEES*) a document containing information equivalent to a *prospectus* for the purposes of ■ PR 1.2.2 R (2) or ■ (3) or ■ PR 1.2.3 R (3) or ■ (4).

ESMA

**FCA** **PRA**

European Securities and Markets Authority.

ESMA

*recommendations*

the recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No 809/2004 published by the European Securities and Markets Authority (ESMA/2011/81).

*established surplus*

**FCA** **PRA**

has the meaning in ■ IPRU-INS 3.3(4).

*establishing, operating or winding up a collective investment scheme*

**FCA** **PRA**

the *regulated activity*, specified in article 51(1)(a) of the *Regulated Activities Order* (Establishing etc a collective investment scheme), of establishing, operating or winding up a *collective investment scheme*.

*establishing, operating or winding up a personal pension scheme*

**FCA** **PRA**

the *regulated activity*, specified in article 52(b) of the *Regulated Activities Order* (Establishing etc. a pension scheme), of establishing, operating or winding up a *personal pension scheme*.

*establishing, operating or winding up a regulated collective investment scheme*

**FCA** **PRA**

*establishing, operating or winding up a collective investment scheme* if the *scheme* is a *regulated collective investment scheme*.

*establishing, operating or winding up a stakeholder pension scheme*

**FCA** **PRA**

the *regulated activity*, specified in article 52 (a) of the *Regulated Activities Order* (Establishing etc. a pension scheme), of establishing, operating or winding up a *stakeholder pension scheme*.

*establishing, operating or winding up an unregulated*

*establishing, operating or winding up a collective investment scheme* if the *scheme* is an *unregulated collective investment scheme*.

*collective investment scheme*

**FCA** **PRA**

*establishment*

**FCA** **PRA**

(in relation to an *information society service*) the place at which the provider of the service effectively pursues an economic activity for an indefinite period; in this definition:

(a) the presence or use in a particular place of equipment or other technical means of providing an *information society service* does not, of itself, constitute that place as an establishment; and

(b) where it is unclear from which of a number of establishments a particular *information society service* is provided, that service is to be regarded as provided from the establishment where the provider has the centre of his activities relating to the service.

*establishment conditions*

**FCA** **PRA**

(in relation to the establishment of a *branch* in the *United Kingdom*) the conditions specified in paragraph 13 of Schedule 3 to the *Act* (EEA Passport Rights), which are that:

(a) if the *firm* falls within paragraph (a), (b), (c), (d) or (f) in the definition of "*EEA firm*":

(i)...

(b) if the *firm* falls within paragraph (e) in the definition of "*EEA firm*":

(i) the *EEA firm* has given its *Home State regulator* notice of its intention to establish a *branch* in the *United Kingdom*;

(ii) the *FCA* or *PRA* (as the case may be) has received notice ("a regulator's notice") from the firm's Home State regulator that the firm intends to establish a *branch* in the *United Kingdom*;

(iii) the *EEA firm's* Home State regulator has informed it that the regulator's notice has been sent to the *FCA* or *PRA* (as the case may be); and

(iv) one *month* has elapsed beginning with the date on which the *EEA firm's* Home State regulator informed the *firm* that it had sent the regulator's notice to the *FCA* or *PRA* (as the case may be).

(c) the *EEA firm* has been informed of the *applicable provisions* or two *months* have elapsed beginning with the date when the *FCA* or *PRA* (as the case may be) received the consent notice.

(1) (in **■ FEES 6**) the costs of establishing the *compensation scheme*.

(2) (in **■ FEES 5**) the costs of establishing the *Financial Ombudsman Service*.

*establishment costs*

**FCA** **PRA**

*EU*

**FCA** **PRA**

the European Union, being the Union established by the Treaty on European Union signed at Maastricht on 7 February 1992 (as amended).

*EU Cross-Border Regulation*

**FCA** **PRA**

Regulation (EC) No. 924/2009 of the European Parliament and of the Council on cross-border payments in the European Community.

*European Economic Area*

**FCA** **PRA**

the area established by the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being and which consists of the *EEA States*.

*evidential provision*

**FCA** **PRA**

a *rule*, contravention of which does not give rise to any of the consequences provided for by other provisions of the *Act*; and which provides, in accordance with section 138C of the *Act*, that:

- (a) contravention may be relied on as tending to establish contravention of such other *rule* as may be specified; or
- (b) compliance may be relied on as tending to establish compliance with such other *rule* as may be specified; or
- (c) both (a) and (b).

*excepted contract*

**FCA** **PRA**

(in *BCOBS*) has the same meaning as in the Consumer Protection (Distance Selling) Regulations 2000 (SI 2000/2334).

*excess LLP members' drawings*

**FCA** **PRA**

the amount by which the aggregate of the amounts withdrawn by a *limited liability partnership's* members exceeds the profits of that *firm*, as calculated in accordance with *IPRU(INV)* Annex A 2.5R (Limited liability partnership excess drawings).

*excess spread*

**FCA** **PRA**

(for the purposes of **■** *BIPRU* 9 (Securitisation), in relation to a *securitisation* (within the meaning of paragraph (2) of the definition of securitisation) and in accordance with Part 1 of Annex IX of the *Banking Consolidation Directive* (Securitisation definitions)) finance charge collections and other fee income received in respect of the *securitised exposures* net of costs and expenses.

*excess surplus*

**FCA** **PRA**

a *firm* will have an excess surplus in a *with-profits fund* if, and to the extent that:

- (a) the *regulatory surplus* (or, in the case of a *realistic basis life firm*, the excess of *realistic value of assets* over *realistic value of liabilities*) in that *with-profits fund*; and
- (b) any other financial resources applied to, or expected to be applied to, that *with-profits fund*;

exceed:

- (c) the amount required to meet the higher of any regulatory capital requirement or the *firm's individual capital assessment* (at the *firm's* own risk appetite) for existing business; and
- (d) any further amount necessary to support the new business plans of that *with-profits fund*.

*excess trading book position*

**FCA** **PRA**

has the meaning in **■** *GENPRU* 2.2.264 R (Deductions from total capital: Excess trading book position).

*exchange traded*

**FCA** **PRA**

(in *IPRU(INV)* 13) listed or traded on a *recognised* or *designated investment exchange*.

*exchange traded fund*

FCA PRA

a fund:

- (a) which is an *open-ended investment company*; and
- (b) the *units* of which are traded on a *regulated market* or *designated investment exchange*.

*excluded communication*

FCA PRA

the following types of *financial promotion* (a *firm* may rely on more than one of the paragraphs in relation to the same *financial promotion*):

- (a) a *financial promotion* that would benefit from an exemption in the *Financial Promotion Order* if it were *communicated* by an *unauthorised person*, or which originates outside the *United Kingdom* and is not capable of having an effect in the *United Kingdom* (within the meaning of s.21(3) of the *Act*);
- (b) a *financial promotion* from outside the *United Kingdom* that would be exempt under articles 30, 31, 32 or 33 of the *Financial Promotion Order* (*Overseas communicators*) if the office from which the *financial promotion* is *communicated* were a separate *unauthorised person*;
- (c) a *financial promotion* that is subject to, or exempted from, the *Takeover Code* or to the requirements relating to takeovers or related operations in another *EEA State*;
- (d) a personal quotation or illustration form;
- (e) a "one-off" *financial promotion* that is not a *cold call*. If the conditions set out in (i) to (iii), below, are satisfied, a *financial promotion* is "one-off". If not, the fact that any one or more of these conditions is met is to be taken into account in determining if a *financial promotion* is "one-off". However, a *financial promotion* may be regarded as "one-off" even if none of the conditions are met. The conditions are that:
  - (i) the *financial promotion* is *communicated* only to one recipient or only to one group of recipients in the expectation that they would engage in any investment activity jointly;
  - (ii) the identity of the product or service to which the *financial promotion* relates has been determined having regard to the particular circumstances of the recipient;
  - (iii) the *financial promotion* is not part of an organised marketing campaign; or
- (f) a communication that is exempted by the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001.

*excluded material*

FCA PRA

(in relation to access to *appropriate regulator* material) (as defined in section 394(7) of the *Act* (Access to FCA or PRA material)) material which:

- (a) has been intercepted in obedience to a warrant issued under any enactment relating to the interception of communications; or
- (b) indicates that such a warrant has been issued or that material has been intercepted in obedience to such a warrant; or
- (c) is a *protected item*.

*execute*

FCA PRA

(in relation to a transaction) carry into effect or perform the transaction, whether as *principal* or as agent, including instructing another *person* to execute the transaction.

*execution criteria*

FCA PRA

the criteria set out in ■ COBS 11.2.6 R, that is:

- (a) the characteristics of the *client* including the categorisation of the *client* as retail or professional;

- (b) the characteristics of the *client* order;
- (c) the characteristics of *financial instruments* that are the subject of that order;
- (d) the characteristics of the *execution venues* to which that order can be directed; and
- (e) for a *management company*, the objectives, investment policy and risks specific to the *UCITS scheme* or *EEA UCITS scheme*, as indicated in its *prospectus* or *instrument constituting the scheme*.

*execution factors*

**FCA** **PRA**

price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

*execution of orders on behalf of clients*

**FCA** **PRA**

acting to conclude agreements to buy or sell one or more *financial instruments* on behalf of *clients*.

[Note: article 4 (1)(5) of *MiFID*]

*execution venue*

**FCA** **PRA**

for the purposes of the provisions relating to best execution in **■ COBS 11.2** and in *COLL*, execution venue means a *regulated market*, an *MTF*, a *systematic internaliser*, or a *market maker* or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

[Note: article 44(1) of the *MiFID implementing Directive*]

*execution-only transaction*

**FCA** **PRA**

a transaction *executed* by a *firm* upon the specific instructions of a *client* where the *firm* does not give *advice on investments* relating to the merits of the transaction and in relation to which the *rules* on assessment of appropriateness (**■ COBS 10**) do not apply .

*executive procedures*

**FCA** **PRA**

the procedures relating to the giving of warning notices, decision notices and *supervisory notices* that are described in **■ DEPP 4** (Decisions by *FCA* staff under executive procedures) .

*exempt activity*

**FCA** **PRA**

(in relation to a *recognised body*) any *regulated activity* in respect of which the body is exempt from the *general prohibition* as a result of section 285(2) or (3) of the *Act* (Exemption for recognised investment exchanges and clearing houses).

*exempt BIPRU commodities firm*

**FCA** **PRA**

a *BIPRU firm* to which the exemption in **■ BIPRU TP 15.6R** (Exemption for a BIPRU firm whose main business relates to commodities) applies.

*exempt CAD firm*

**FCA** **PRA**

(1) (except in *SYSC* and *IPRU(INV)*) has the meaning set out **■ BIPRU 1.1.16 R** (Types of investment firm: exempt CAD firm) which is in summary an *investment firm* that satisfies certain specified conditions.

(2) (in *SYSC* and *IPRU(INV)*) a *firm* in (1) whose head office (or, if it has a registered office, that office) is in the United Kingdom.

*exempt full scope BIPRU*

a *full scope BIPRU investment firm* falling into BIPRU 12.1.4R.

*investment firm*

FCA PRA

*exempt insurance intermediary*

FCA PRA

*exempt person*

FCA PRA

*exempt professional firm*

FCA PRA

*exempt regulated activity*

FCA PRA

*Exemption Order*

FCA PRA

*exercise notice*

FCA PRA

*exercise price*

FCA PRA

an *insurance intermediary*:

(a) whose *Part 4A permission* is limited to or includes *insurance mediation activity*;

(b) which, in relation to *insurance mediation activity* (but disregarding *money* or other assets held in relation to other activities) either:

(i) does not hold any *client money* or other *client* assets in any form; or

(ii) holds *client money* as trustee under a statutory trust imposed by ■ CASS 5.3 (statutory trust) but does not otherwise hold *client money*; and

(c) which (when aggregating the amount calculated in accordance with ■ CASS 5.5.65 R) does not in relation to *insurance mediation activity* hold *client money* in excess of £30,000 at any time during a *financial year*.

(1) (as defined in section 417(1) of the *Act* (Definitions)) (in relation to a *regulated activity*) a *person* who is exempt from the *general prohibition* in respect of that activity as a result of:

(a) the *Exemption Order*; or

(b) being an *appointed representative*; or

(c) section 285(2) or (3) of the *Act* (Exemption for recognised investment exchanges and clearing houses) ;

and

(2) a *person* who is exempt from the general prohibition as a result of section 312A(2) of the *Act*.

a *person* to whom, under section 327 of the *Act*, the *general prohibition* does not apply; guidance is given in ■ PROF 2.1 (*Exempt regulated activities*).

(as defined in section 325(2) of the *Act* (FCA's general duty)) a *regulated activity* which may, as a result of Part XX of the *Act* (Provision of Financial Services by Members of the Professions), be carried on by *members* of a profession which is supervised and regulated by a *designated professional body* without breaching the *general prohibition*.

the Financial Services and Markets Act 2000 (Exemption) Order 2001 (SI 2001/1201).

(in *LR*) (in relation to *securitised derivatives*), a document that notifies the *issuer* of a holder's intention to exercise its rights under the *securitised derivative*.

(in *LR*) (in relation to *securitised derivatives*), the price stipulated by the *issuer* at which the holder can buy or sell the *underlying instrument* from or to the *issuer*.



|   |   |
|---|---|
| <p><i>exercise time</i><br/>FCA PRA</p>                     | <p>(in LR) (in relation to <i>securitised derivatives</i>), the time stipulated by the <i>issuer</i> by which the holder must exercise their rights.</p>  |
| <p><i>expected exposure</i><br/>FCA PRA</p>                 | <p>(in accordance with Part 1 of Annex III of the <i>Banking Consolidation Directive</i> (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the average of the distribution of <i>exposures</i> at any particular future date before the longest maturity transaction in the <i>netting set</i> matures.</p>   |
| <p><i>expected loss</i><br/>FCA PRA</p>                     | <p>(in accordance with Article 4(29) of the <i>Banking Consolidation Directive</i> (Definitions) and for the purposes of the <i>IRB approach</i> and the <i>standardised approach</i> to credit risk) the ratio of the amount expected to be lost on an <i>exposure</i> from a potential <i>default</i> of a counterparty or dilution over a one year period to the amount outstanding at default.</p>  |
| <p><i>expected positive exposure</i><br/>FCA PRA</p>        | <p>(in accordance with Part 1 of Annex III of the <i>Banking Consolidation Directive</i> (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the weighted average over time of <i>expected exposures</i> where the weights are the proportion that an individual <i>expected exposures</i> represents of the entire time interval; when calculating the minimum capital requirement, the average is taken over the first year or, if all the contracts within the <i>netting set</i> mature before one year, over the time period of the longest-maturity contract in the <i>netting set</i>.</p>   |
| <p><i>expiration date</i><br/>FCA PRA</p>                   | <p>(in LR) (in relation to <i>securitised derivatives</i>), the date stipulated by the <i>issuer</i> on which the holder's rights in respect of the <i>securitised derivative</i> ends.</p>   |
| <p><i>exposure</i><br/>FCA PRA</p>                          | <p>(1) (in relation to a <i>firm</i> but subject to (2) and (3)) the maximum loss which the firm might suffer if:</p> <ul style="list-style-type: none"> <li>(a) a counterparty or a group of connected counterparties fail to meet their obligations; or</li> <li>(b) it realises assets or off-balance sheet positions</li> </ul> <p>(2) (in accordance with Article 77 of the <i>Banking Consolidation Directive</i> and for the purposes of the calculation of the <i>credit risk capital component</i> and the <i>counterparty risk capital component</i> (including ■ BIPRU 3 (Standardised credit risk), ■ BIPRU 4 (The IRB approach), ■ BIPRU 5 (Credit risk mitigation) and ■ BIPRU 9 (Securitisation) an asset or off-balance sheet item.</p> <p>(3) (for the purposes of ■ BIPRU 10 (Large exposures requirements)) has the meaning in ■ BIPRU 10.2 (Identification of exposures and recognition of credit risk mitigation).</p> |
| <p><i>ex-section 43 firm</i><br/>FCA PRA</p>                | <p>a <i>firm</i> that was a listed institution, as defined in section 43 of the Financial Services Act 1986, immediately before <i>commencement</i>.</p>  |
| <p><i>ex-section 43 lead regulated firm</i><br/>FCA PRA</p> | <p>an <i>ex-section 43 firm</i> for which the FSA (in its capacity as the regulatory body under section 43 of the Financial Services Act 1986) was lead regulator for financial supervision purposes, and that was subject to the <i>section 43 capital requirements</i>, immediately before <i>commencement</i>.</p>   |

*external management company*

**FCA** **PRA**

(in *LR* and *PR*) has the meaning in ■ PR 5.5.3A R.

*extraction*

**FCA** **PRA**

(in relation to *mineral companies*), includes mining, production, quarrying or similar activities and the reworking of mine tailings or waste dumps.

*extraordinary resolution*

**FCA** **PRA**

(in *COLL*) a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution at a general meeting or (as the case may be) *class meeting* of holders, of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given.

*EZPUT*

**FCA** **PRA**

*Enterprise Zone Property Unit Trust.*

*facilities*

FCA PRA

(in relation to a *recognised body*) the facilities and services which it provides in the course of carrying on *exempt activities*. References to the use of the facilities of an *RIE* or *RAP* are to be construed as follows:

(a) dealings or transactions on an *RIE* or *RAP* are references to dealings or transactions which are effected by means of the *RIE*'s or *RAP*'s facilities or which are governed by the rules of the *RIE* or *RAP*;

(b) references to the use of the facilities of an *RIE* or *RAP* include use which consists of any such dealings or entering into any such transactions.

*facility grade*

FCA PRA

(in relation to the *advanced IRB approach* and the *sovereign, institutional and corporate IRB exposure class* and in accordance with ■ BIPRU 4.4.49 R) a risk category within a *rating system*'s facility scale to which *exposures* are assigned on the basis of a specified and distinct set of rating criteria from which own estimates of *LGDs* are derived.

*FAIF*

FCA PRA

*fund of alternative investment funds.*

*failure*

FCA PRA

the appointment of a liquidator, receiver or administrator, or trustee in bankruptcy, or any equivalent procedure in any relevant jurisdiction.

*fair, clear and not misleading rule*

FCA PRA

■ COBS 4.2.1 R.

*FC*

FCA PRA

Financial crime: a guide for firms

*FCA*

FCA PRA

Financial Conduct Authority

*FCA candidate*

FCA PRA

a *person* in respect of whom an application is made for approval under section 59 of the *Act* (Approval for particular arrangements) of the performance of an *FCA controlled function*.

*FCA controlled function*

FCA PRA

a *controlled function* which is specified by the *FCA* under section 59 of the *Act* (Approval for particular arrangements) in the *table of FCA controlled functions*.

*FCA governing functions*

FCA PRA

any of the *FCA controlled functions* 1 to 6 in Part 1 of the *table of FCA controlled functions*.

*FCA Handbook*

FCA PRA

the *FCA*'s Handbook of rules and guidance

|  |   |
|--|---|
| <p><i>FCA provider contribution class</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span></p>   | <p>a <i>class</i> to which the <i>FSCS</i> may only allocate a <i>compensation costs levy</i> or <i>specific costs levy</i> allocated to the <i>retail pool</i>, as described in ■ FEES 6.5A, namely: the deposit acceptor's contribution class; the insurers - life contribution <i>class</i>; the insurers - general contribution <i>class</i>; or the home finance providers and administrators' contribution <i>class</i>.</p>                          |
| <p><i>FCA registered tied agent</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>           | <p>a <i>tied agent</i> who is an <i>agent</i> for the purposes of section 39A of the <i>Act</i>.</p>  |
| <p><i>FCA required functions</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>              | <p>any of the <i>FCA controlled functions</i> 8 to 11 in Part 1 or Part 2 of the <i>table of FCA controlled functions</i>.</p>  |
| <p><i>FCA significant-influence functions</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>any of the <i>FCA controlled functions</i> 1 to 29 in Part 1 or Part 2 of the <i>table of FCA controlled functions</i>.</p>  |
| <p><i>FCA-approved person</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                 | <p>an <i>approved person</i> in relation to whom the <i>FCA</i> has given its approval under section 59 of the <i>Act</i> (Approval for particular arrangements) for the performance of an <i>FCA controlled function</i>.</p>  |
| <p><i>FCA-authorised person</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>an <i>authorised person</i> who is not a <i>PRA-authorised person</i>.</p>   |
| <p><i>fee</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                 | <p>any payment or remuneration offered or made by a <i>client</i> to a <i>firm</i> in connection with <i>designated investment business</i> or with any other business of the <i>firm</i>, including (where applicable) any <i>mark-up</i> or <i>mark-down</i>.</p>   |
| <p><i>fee year</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                            | <p>(1) in relation to the <i>PRA</i>:</p> <p style="padding-left: 40px;">(a) before 1 March 2014: from and including 1 April 2013 to 28 February 2014 inclusive;</p> <p style="padding-left: 40px;">(b) from and including 1 March 2014: 1 March to 28 February inclusive;</p> <p>(2) in relation to the <i>FCA</i>, 1 April to 31 March inclusive.</p>   |
| <p><i>feeder fund</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                         | <p>an <i>AUT</i> that is a <i>relevant pension scheme</i> and <i>dedicated to units</i> in a single <i>regulated collective investment scheme</i> .</p>   |
| <p><i>feeder NURS</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                         | <p>a <i>non-UCITS retail scheme</i> which:</p> <p style="padding-left: 40px;">(a) does not operate as:</p> <p style="padding-left: 80px;">(i) a <i>FAIF</i>; or</p> <p style="padding-left: 80px;">(ii) a <i>feeder fund</i>; or</p> <p style="padding-left: 80px;">(iii) a <i>scheme dedicated to units</i> in a single <i>property authorised investment fund</i>; and</p> <p style="padding-left: 40px;">(b) is <i>dedicated to units</i> in either:</p> |

- (i) a single *qualifying master scheme*; or
- (ii) a single *sub-fund* of a *qualifying master scheme* that is an *umbrella*; and

which, in the case of either (i) or (ii), is:

- (A) a *UCITS*; or
- (B) a *non-UCITS retail scheme*; or
- (C) a *recognised scheme*.

*feeder UCITS*

**FCA** **PRA**

(in accordance with article 58(1) of the *UCITS Directive*):

- (a) a *UCITS scheme* or a *sub-fund* of a *UCITS scheme* which has been approved by the *FCA*; or
- (b) an *EEA UCITS scheme* or a *sub-fund* of an *EEA UCITS scheme* which has been approved by the *competent authority* of the *UCITS Home State*;

to invest at least 85% of its assets in the *units* of a single *master UCITS*.

*fee-paying electronic money issuer*

**FCA** **PRA**

any of the following when they issue *electronic money*:

- (a) an *authorised electronic money institution*;
- (b) a *small electronic money institution*;
- (c) an *EEA authorised electronic money institution*;
- (d) a *full credit institution*, including a branch of the *full credit institution* within the meaning of article 4(3) of the *BCD* which is situated within the *EEA* and which has its head office in a territory outside the *EEA* in accordance with article 38 of the *BCD*;
- (e) the Post Office Limited;
- (f) the Bank of England, when not acting in its capacity as a monetary authority or carrying out functions of a public nature;
- (g) government departments and local authorities, when carrying out functions of a public nature;
- (h) a *credit union*;
- (i) a municipal bank; and
- (j) the National Savings Bank.

A *full credit institution* that is an *EEA firm* is only a *fee-paying electronic money issuer* if it is exercising an *EEA right* in accordance with Part II of Schedule 3 to the *Act* (Exercise of passport rights by *EEA firms*) to issue *electronic money* in the *United Kingdom*. An *EEA authorised electronic money institution* is only a *fee-paying electronic money issuer* if it is exercising a right under Article 3 of the *Electronic Money Directive* to issue *electronic money* in the *United Kingdom*.

*fee-paying payment service provider*

**FCA** **PRA**

any of the following when they provide *payment services*:

- (a) a *payment institution*;
- (b) a *full credit institution*;
- (c) an *electronic money issuer* (except where it is an *electronic money issuer* whose only *payment service* activities are those relating to the issuance of *electronic money* by itself or if it is a *credit union*, a municipal bank or the National Savings Bank);
- (d) the Post Office Limited;
- (e) the Bank of England, other than when acting in its capacity as a monetary authority or carrying out functions of a public nature; and

|                                    |   |
|------------------------------------|---|
|                                    | (f) government departments and local authorities, other than when carrying out functions of a public nature.  |
|                                    | A <i>full credit institution</i> that is an <i>EEA firm</i> is only a <i>fee-paying payment service provider</i> if it is exercising an <i>EEA right</i> in accordance with Part 2 of Schedule 3 to the <i>Act</i> (exercise of passport rights) to provide <i>payment services</i> in the <i>United Kingdom</i> . An <i>EEA authorised payment institution</i> or an <i>EEA authorised electronic money institution</i> is only a <i>fee-paying payment service provider</i> if it is exercising a right under Article 25 of the <i>Payment Services Directive</i> or Article 3 of the <i>Electronic Money Directive</i> to provide <i>payment services</i> in the <i>United Kingdom</i> . |
| FEES                               | the FEES manual.  |
| <span>FCA</span> <span>PRA</span>  |   |
| <i>field representative</i>        | an <i>appointed representative</i> or, where applicable, a <i>tied agent</i> , or an <i>employee</i> of the <i>firm</i> (or of its <i>appointed representative</i> or, where applicable, its <i>tied agent</i> ), whose normal fixed place of business is not a business address of the <i>firm</i> which appears on the <i>firm's</i> stationery.  |
| <span>FCA</span> <span>PRA</span>  |   |
| <i>final bonus</i>                 | (in relation to a <i>with-profits insurance contract</i> ) a discretionary payment which might be made by a <i>long-term insurer</i> , in addition to the guaranteed benefits, when the benefits under the <i>with-profits insurance contract</i> become payable.   |
| <span>FCA</span> <span>PRA</span>  |   |
| <i>final notice</i>                | a notice given by the <i>appropriate regulator</i> under section 390 of the <i>Act</i> (Final notices).   |
| <span>FCA</span> <span>PRA</span>  |   |
| <i>final response</i>              | (1) (in <span>■</span> CREDS 9 ) a written response from the <i>firm</i> which: <ol style="list-style-type: none"> <li>(a) accepts the complaint, and, where appropriate, offers redress; or</li> <li>(b) offers redress without accepting the complaint; or</li> <li>(c) rejects the complaint and gives reasons for doing so;</li> </ol> and which informs the complainant that, if he remains dissatisfied with the <i>firm's</i> response, he may now refer his complaint to the <i>Financial Ombudsman Service</i> and must do so within six months.   |
| <span>FCA</span> <span>PRA</span>  |   |
|                                    | (2)<br>[deleted]  |
|                                    | (3) (in <i>DISP</i> ) has the meaning given in <span>■</span> DISP 1.6.2 R (1).   |
| <i>final terms</i>                 | (in <i>LR</i> ) the document containing the final terms of each issue which is intended to be <i>listed</i> .   |
| <span>FCA</span> <span>PRA</span>  |   |
| <i>Financial Action Task Force</i> | the inter-governmental body responsible for developing and promoting policies, both nationally and internationally, to combat money laundering.   |
| <span>FCA</span> <span>PRA</span>  |   |
| <i>financial adviser</i>           | (a) an individual appointed by an independent intermediary or by its <i>appointed representative</i> or where applicable, <i>tied agent</i> , to provide any or all of the following services: <ol style="list-style-type: none"> <li>(i) giving advice on <i>investments</i> to <i>clients</i>;</li> </ol>   |
| <span>FCA</span> <span>PRA</span>  |   |

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| <p><i>financial analyst</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                               | <ul style="list-style-type: none"> <li>(ii) <i>arranging (bringing about) deals in investments</i> or <i>executing transactions</i> involving, in each case, <i>designated investments</i> with or for <i>clients</i>;</li> <li>(iii) <i>managing investments</i>;</li> <li>(iv) receiving or holding <i>client money</i> or other <i>client assets</i>;</li> <li>(v) <i>safeguarding and administering investments</i>.</li> </ul> <p>(b) For the purposes of this definition, an independent intermediary is a <i>firm</i> acting as an intermediary but excluding:</p> <ul style="list-style-type: none"> <li>(i) a <i>firm</i> which is a member of a <i>marketing group</i>;</li> <li>(ii) a <i>product provider</i> which <i>sells its own packaged products</i>.</li> </ul> <p>a <i>relevant person</i> who produces the substance of <i>investment research</i>.</p> <p>[Note: article 2(4) of the <i>MiFID implementing Directive</i>]</p> |
| <p><i>financial collateral comprehensive method</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>       | <p>the method for calculating the effects of credit risk mitigation described in those parts of <span style="color: #000080;">■</span> BIPRU 5.4 (Financial collateral) that are expressed to apply to that method.</p>   |
| <p><i>Financial Collateral Directive</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                  | <p>the Council Directive of 6 June 2002 relating to financial collateral arrangements (No. 2002/47/EC).</p>   |
| <p><i>financial collateral simple method</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>              | <p>the method for calculating the effects of credit risk mitigation described in those parts of <span style="color: #000080;">■</span> BIPRU 5.4 (Financial collateral) that are expressed to apply to that method.</p>   |
| <p><i>financial conglomerate</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                          | <p>(in accordance with Article 2(14) of the <i>Financial Groups Directive</i> (Definitions)) a <i>consolidation group</i> that is identified as a <i>financial conglomerate</i> by the <i>financial conglomerate definition decision tree</i>.</p>  |
| <p><i>financial conglomerate definition decision tree</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>the decision tree in GENPRU 3 Ann 4R.</p>  |
| <p><i>financial crime</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                 | <p>(in accordance with section 1H of the <i>Act</i>) any kind of criminal conduct relating to money or to financial services or markets, including any offence involving:</p> <ul style="list-style-type: none"> <li>(a) fraud or dishonesty; or</li> <li>(b) misconduct in, or misuse of information relating to, a financial market; or</li> <li>(c) handling the proceeds of crime; or</li> </ul>  |

*financial derivative instrument*

**FCA** **PRA**

*Financial Groups Directive*

**FCA** **PRA**

*Financial Groups Directive Regulations*

**FCA** **PRA**

*financial holding company*

**FCA** **PRA**

*financial information table*

**FCA** **PRA**

*financial institution*

**FCA** **PRA**

(d) the financing of terrorism;

in this definition, "offence" includes an act or omission which would be an offence if it had taken place in the *United Kingdom*.

has the meaning in ■ BIPRU 13.3.3 R (Definition of a financial derivative instrument); the definition is adjusted for the purposes of the definition of *counterparty risk capital component* in accordance with ■ BIPRU 14.2.3 R (Credit derivatives).

Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.

the Financial Conglomerates and Other Financial Groups Regulations 2004 (SI 2004/1862).

a *financial institution* that fulfils the following conditions:

(a) its *subsidiary undertakings* are either exclusively or mainly *credit institutions*, *investment firms* or *financial institutions*;

(b) at least one of those *subsidiary undertakings* is a *credit institution* or an *investment firm*; and

(c) it is not a *mixed financial holding company*.

(in LR) financial information presented in tabular form that covers the reporting period set out in ■ LR 13.5.13 R in relation to the entities set out in ■ LR 13.5.14 R, and to the extent relevant ■ LR 13.5.17A R.

(1) (in accordance with paragraph 5(c) of Schedule 3 to the Act (EEA Passport Rights: EEA firm) and article 4 (5) of the *Banking Consolidation Directive* (Definitions)), but not for the purposes of *GENPRU*, *BIPRU* and *INSPRU*), an undertaking, other than a *credit institution*, the principal activity of which is to acquire holdings or to carry on one or more of the listed activities listed in points 2 to 12 and 15 of Annex I to the *BCD*, which is a subsidiary of the kind mentioned in article 24 of the *BCD* and which fulfils the conditions in that article.

(2) for the purposes of *GENPRU*, *BIPRU* and *INSPRU* and in accordance with Articles 1(3) (Scope) and 4(5) (Definitions) of the *Banking Consolidation Directive*) the following :

(a) an *undertaking*, other than a *credit institution*, the principal activity of which is to acquire holdings or to carry on one or more of the *listed activities* listed in points 2 to 12 and 15 of Annex I to the *Banking Consolidation Directive* including the services and activities provided for in Sections A and B of Annex I of the *MIFID* when referring to the financial instruments provided for in Section C of Annex I of that Directive ;

(b) (for the purposes of consolidated requirements) those institutions permanently excluded by Article 2 of the *Banking*



financial  
instrument

FCA PRA

*Consolidation Directive* (Scope), with the exception of the *central banks* of EEA States

- (1) (other than in (2) ) instruments specified in Section C of Annex I of *MiFID*, that is:
- (a) *transferable securities*;
  - (b) *money-market instruments*;
  - (c) units in collective investment undertakings;
  - (d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;
  - (e) options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
  - (f) options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a *regulated market* and/or an *MTF*;
  - (g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (f) and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls (see articles 38(1), (2) and (4) of the *MiFID Regulation*);
  - (h) derivative instruments for the transfer of credit risk;
  - (i) financial contracts for differences; and
  - (j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to
    - (i) climatic variables;
    - (ii) freight rates;
    - (iii) emission allowances;
    - (iv) inflation rates or other official economic statistics;
    - (v) telecommunications bandwidth;
    - (vi) commodity storage capacity;
    - (vii) transmission or transportation capacity relating to commodities, whether cable, pipeline or other means;
    - (viii) an allowance, credit, permit, right or similar asset which is directly linked to the supply, distribution or consumption of energy derived from renewable resources;
    - (ix) a geological, environmental or other physical variable;
    - (x) any other asset or right of a fungible nature, other than a right to receive a service, that is capable of being transferred;
    - (xi) an index or measure related to the price or value of, or volume of transactions in any asset, right, service or obligation;

where the conditions in Articles 38(3) and (4) of the *MiFID Regulation* are met.

[Note: article 4(1)(17) and section C of Annex I to *MiFID* and articles 38 and 39 of the *MiFID Regulation*]

( 2 ) (in ■ MAR 1 and ■ MAR 2, ■ DTR 1, ■ 2 and ■ 3 and otherwise where used in relation to the *Market Abuse Directive*) (as defined in Article 5 of the *Prescribed Markets and Qualifying Investments Order* and Article 1(3) of the *Market Abuse Directive*, and which consequently carries the same meaning in the *Buy-back and Stabilisation Regulation*):

- (a) transferable securities as defined in the *ISD*;
- (b) units in collective investment undertakings;
- (c) money-market instruments;
- (d) financial-futures contracts, including equivalent cash-settled instruments;
- (e) forward interest-rate agreements;
- (f) interest-rate, currency and equity swaps;
- (g) options to acquire or dispose of any instrument falling into these categories, including equivalent cash-settled instruments. This category includes in particular options on currency and on interest rates;
- (h) derivatives on commodities; and
- (i) any other instrument admitted to trading on a *regulated market* in an *EEA State* or for which a request for admission to trading on such a market has been made.

*Financial  
Ombudsman  
Service*

FCA PRA

the scheme provided under Part XVI of the *Act* (The Ombudsman Scheme) under which certain disputes may be resolved quickly and with minimum formality by an independent *person*.

*Financial  
Ombudsman  
Service Limited*

FCA PRA

the *body corporate* established by the *FSA* under paragraph 2(1) of Schedule 17 to the *Act* (The Scheme Operator) (as originally enacted) to administer the *Financial Ombudsman Service*.

*financial  
promotion*

FCA PRA

(1) an invitation or inducement to *engage in investment activity* that is communicated in the course of business;

[Note: section 21 of the *Act* (Restrictions on financial promotion)]

(2) (in relation to ■ COBS 3.2.1 R (3), ■ COBS 4.3.1 R, ■ COBS 4.5.8 R and ■ COBS 4.7.1 R) (in addition to (1)) a marketing communication within the meaning of *MiFID* made by a *firm* in connection with its *MiFID* or *equivalent third country business*.

*Financial  
Promotion  
Order*

FCA PRA

the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529).

*financial promotion rules*

**FCA** **PRA**

(1) (in relation to COBS) any or all of the *rules* in ■ COBS 4 that impose requirements in relation to a *financial promotion* but only to the extent that they apply to a *financial promotion*.

(2) (in relation to ICOBS) ■ ICOBS 2.2 .

(3) (in relation to MCOB) ■ MCOB 3.

(4) (in relation to BCOBS) all or any of the *rules* in ■ BCOBS 2 that impose requirements in relation to a *financial promotion* but only to the extent that they apply to a *financial promotion*.

*financial resources*

**FCA** **PRA**

(in UPRU) the financial resources calculated in accordance with ■ UPRU 2.2.1 R (Financial resources) that a UCITS firm needs to meet its *financial resources requirement*.

*financial resources requirement*

**FCA** **PRA**

(in UPRU) has the meaning given in ■ UPRU 2.1.2 R.

*financial return*

**FCA** **PRA**

(in UPRU) means *annual financial return*, *quarterly financial return* or *monthly financial return* as the case may be.

*financial sector*

**FCA** **PRA**

(1) (subject to (2)) one of the *banking sector*, the *insurance sector* or the *investment services sector*.

(2) (for the purposes of the definition of *financial conglomerate* and for any other provision of GENPRU 3 that treats the *banking sector* and the *investment services sector* as one) one of the *banking and investment services sector* or the *insurance sector*.

*Financial Services Compensation Scheme Limited*

**FCA** **PRA**

the *body corporate* established by the FSA under section 212 of the Act (The scheme manager) (as originally enacted) to administer the *compensation scheme*.

*Financial Services Register*

**FCA** **PRA**

the public record, as required by section 347 of the Act (The public record), regulation 4 of the *Payment Services Regulations* of every:

(a) *authorised person*

(aa) *authorised payment institution* and its EEA branches;

(ab) *small payment institution*;

(ac) *agent* of an *authorised payment institution* or *small payment institution*;

(aca) *authorised electronic money institution* and an EEA branch of an *authorised electronic money institution*;

(acb) *small electronic money institution*;

(acc) *agent* of an *authorised electronic money institution* or *small electronic money institution*;

(ad) *credit union*, municipal bank and the National Savings Bank where such persons provide a *payment service*; or issue *electronic money*;

|   |  |
|---|--|
| <p>(b) <i>AUT</i>;</p> <p>(c) <i>ICVC</i>;</p> <p>(d) <i>recognised scheme</i>;</p> <p>(e) <i>recognised investment exchange</i>;</p> <p>(f) [deleted]</p> <p>(g) individual to whom a <i>prohibition order</i> relates;</p> <p>(h) <i>approved person</i>; and</p> <p>(i) <i>person</i> within such other class (if any) as the <i>FCA</i> may determine; except as provided by any transitional provisions.</p> | <p>the <i>PRA</i>'s power under section 165A of the <i>Act</i> (<i>PRA</i>'s power to require information: financial stability) which, in summary, is a power to require a <i>person</i> to provide information or documents relevant to the stability of one or more aspects of the <i>UK financial system</i>.</p>   |
| <p><i>financial stability information power</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>a requirement imposed on a <i>person</i> by the <i>PRA</i> using the <i>financial stability information power</i> or the <i>overseas financial stability information power</i>.</p>   |
| <p><i>financial stability information requirement</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>(1) (in <i>DISP</i> and <span style="color: blue;">■</span> <i>FEES</i> 5) the 12 <i>months</i> ending with 31 March.</p> <p>(3) (in <i>GENPRU</i> and <i>INSPRU</i>) the period at the end of which the balance of the accounts of the <i>insurer</i> is struck, or, if no balance is struck, the calendar year.</p>   |
| <p><i>financial year</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>(for the purposes of <i>INSPRU</i> 1.1 and of the definition of <i>non-directive insurer</i>) the last <i>financial year</i> to end before the date on which the latest accounts of the <i>insurer</i> are required to be deposited with the <i>appropriate regulator</i>; the preceding <i>financial year</i> and previous <i>financial years</i> are construed accordingly.</p>   |
| <p><i>financial year in question</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>(in relation to a <i>share</i>, <i>debenture</i> or other investment in, or external contribution to the capital of, a <i>firm</i>) an amount that represents a reasonable estimate of the part of the <i>coupon</i> on that instrument that reflects the cost of financing generally but excludes costs reflecting factors relating to the issuer, guarantor or other person to whom the instrument creates an exposure.</p>   |
| <p><i>financing cost amount</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>the Financial Stability and Market Confidence sourcebook.</p>   |
| <p><i>FINMAR</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph 8 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against loss of or damage to property (other than property to which paragraphs 3 to 7 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Land vehicles; railway rolling stock; aircraft; ships; goods in transit) relate) due to fire, explosion, storm, natural forces other than storm, nuclear energy or land subsidence.</p> |
| <p><i>fire and natural forces</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>(1) in the <i>FCA Handbook</i>, an <i>authorised person</i>, but not a <i>professional firm</i> unless it is an <i>authorised professional firm</i> (see also <span style="color: blue;">■</span> <i>GEN</i> 2.2.18 R</p>   |
| <p><i>firm</i></p> <p><span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   |  |

for the position of an authorised partnership or unincorporated association which is dissolved).

(1A) in the *PRA Handbook*, a *PRA-authorised person*.

(2) (in ■ DISP 2 and ■ 3) includes, in accordance with the *Ombudsman Transitional Order*, *unauthorised persons* subject to the *Compulsory Jurisdiction* in relation to *relevant existing complaints* and *relevant new complaints*.

(3) (in ■ DISP 2 and ■ 3) includes, in accordance with the *Mortgage and General Insurance Complaints Transitional Order*, former *firms* subject to the *Compulsory Jurisdiction* in relation to *relevant transitional complaints*.

(4) (in ■ DISP 2 and ■ 3) includes, as a result of the *insurance market direction* given in ■ DISP 2.1.7 D under section 316 of the *Act* (Direction by a regulator), *members* of the *Society of Lloyd's*.

(5) (in ■ FEES 3, ■ FEES 4, ■ FEES 5 and ■ FEES 7) includes a *fee-paying payment service provider* and a *fee-paying electronic money issuer* in accordance with ■ FEES 3.1.1A R, ■ FEES 4.1.1A R, ■ FEES 5.1.1A R and ■ FEES 7.1.1 R.

(6) (in CONRED):

(a) an *authorised person*; or

(b) a *person* who was an *authorised person* when the relevant activity took place but has since ceased to be one.

*firm in run-off*

FCA PRA

a *firm* whose *Part 4A permission* has been varied so as to remove the *regulated activity* of *effecting contracts of insurance*.

*firm type*

FCA PRA

one of a list of firm types set out in ■ SUP 16 Annex 17 G used for the purposes of checking and correcting *standing data* under ■ SUP 16.10.4 R.

*firm-specific liquidity stress*

FCA PRA

(in relation to a *firm* and any reporting obligations under ■ SUP 16 (Reporting requirements)):

(a) (in the case of reporting obligations on a solo basis (including on the basis of the *firm's UK branch*) the *firm* failing to meet, not complying with or being in breach of:

(i) the liquidity resources requirement calculated by that *firm* as adequate in its current *Individual Liquidity Adequacy Assessment* or *Individual Liquidity Systems Assessment*; or

(ii) the level of its liquid assets buffer advised in any current *individual liquidity guidance* that the *firm* has accepted; or

(iii) its funding profile advised in any current *individual liquidity guidance* that the *firm* has accepted; or

(iv) the *overall liquidity adequacy rule*; or

(v) BIPRU 12.2.8R (*ILAS BIPRU firm* adequate buffer of high quality, unencumbered assets) or BIPRU 12.2.11R (liquid assets buffer is at least equal to the *simplified buffer requirement*); or

(vi) the *simplified buffer requirement* (taking into account ■ BIPRU TP 29 (Liquid assets buffer scalar: simplified ILAS BIPRU firms) unless this has been superseded by *individual liquidity guidance* that it has accepted; or

(vii) any requirement imposed by or under the *regulatory system* under which the *firm* must hold a specified level of liquidity resources;

|  |   |
|--|---|
|  | or it being likely that the <i>firm</i> will do so;   |
|  | (b) (in the case of reporting obligations with respect to the <i>firm</i> and a group of other <i>persons</i> ) has the same meaning as in (a) except that references to any <i>rule</i> or other requirement, <i>Individual Liquidity Adequacy Assessment</i> , <i>Individual Liquidity Systems Assessment</i> or <i>individual liquidity guidance</i> are to any such thing so far as it applies to the <i>firm</i> and that group considered together. |
| <i>First Life Directive</i><br>FCA PRA                         | the Council Directive of 5 March 1979 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance (No 79/267/EEC).  |
| <i>First Non-Life Directive</i><br>FCA PRA                     | the Council Directive of 24 July 1973 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct insurance other than life insurance (No 73/239/EEC).   |
| <i>FIT</i><br>FCA PRA  | the part of the <i>Handbook</i> in High Level Standards which has the title the Fit and Proper test for Approved Persons.   |
| <i>fixed overheads requirement</i><br>FCA PRA                  | the part of the <i>capital resources requirement</i> calculated in accordance with ■ GENPRU 2.1.53 R (Calculation of the fixed overheads requirement).  |
| <i>fixed-sum credit</i><br>FCA PRA                             | (in accordance with section 10(1)(b) of the Consumer Credit Act 1974) any facility under a contract, other than <i>running-account credit</i> , by which the <i>customer</i> is enabled to receive credit (whether in one amount or by instalments).  |
| <i>flat rate benefits business friendly society</i><br>FCA PRA | a <i>friendly society</i> whose <i>insurance business</i> is restricted to the provision of benefits which vary according to the resources available and in which the contributions of members are determined on a flat rate basis.   |
| <i>foreign currency</i><br>FCA PRA                             | (in <i>GENPRU</i> and <i>BIPRU</i> ) (in relation to a <i>firm</i> ) any currency other than the <i>base currency</i> .   |
| <i>foreign currency PRR</i><br>FCA PRA                         | the part of the <i>market risk capital requirement</i> calculated in accordance with ■ BIPRU 7.5 (Foreign currency PRR) or, in relation to a particular position, the portion of the overall <i>foreign currency PRR</i> attributable to that <i>position</i> .   |
| <i>foreign law contract</i><br>FCA PRA                         | any contract other than a contract:<br>(a) governed by the laws of any part of the <i>United Kingdom</i> ; and<br>(b) whose parties agree to the exclusive jurisdiction of the courts of any part of the <i>United Kingdom</i> .  |
| <i>former member</i>   | a <i>person</i> who has ceased to be a <i>member</i> , whether by resignation or otherwise, in accordance with Lloyd's Act 1982 and any <i>byelaw</i> made under it.  |

FCA PRA

*former  
Ombudsman*an ombudsman, arbitrator or independent investigator appointed under a *former scheme*.

FCA PRA

*former scheme*(1) (except in relation to a *relevant transitional complaint*) any of the following:

- (a) the *Banking Ombudsman scheme*;
- (b) the *Building Societies Ombudsman scheme*;
- (c) the *FSA scheme*;
- (d) the *IMRO scheme*;
- (e) the *Insurance Ombudsman scheme*;
- (f) the *Personal Insurance Arbitration Service*;
- (g) the *PIA Ombudsman scheme*;
- (h) the *SFA scheme*;

(2) (in relation to a *relevant transitional complaint*)

- (a) the *GISC facility*; or
- (b) the *MCAS scheme*.

*former  
underwriting  
member*(as defined in section 324(1) of the *Act* (Interpretation of Part XIX: Lloyd's)) a *person* ceasing to be an *underwriting member* on, or at any time after, 24 December 1996.

FCA PRA

*forward*a contract to buy or sell where the date for settlement has been agreed as a particular date in the future but excluding a *future*.

FCA PRA

*forward price*(in relation to *units*) a *price* calculated by reference to the *valuation point* next following the *authorised fund manager's* agreement to *sell* or, as the case may be, to redeem the *units* in question.

FCA PRA

*forward rate  
agreement*

an agreement under which one party agrees to pay another an amount of interest based on an agreed interest rate for a specified period from a specified settlement date applied to an agreed principal amount but under which no commitment is made by either party to lend or borrow the principal amount.

FCA PRA

FOS Ltd

*Financial Ombudsman Service Limited*.

FCA PRA

PAGE  
F13*foundation  
IRB approach*

one of the following:

- (a) (in relation to the *sovereign, institutional and corporate IRB exposure class*) the approach under the *IRB approach*, described in ■ BIPRU 4.4 (The *IRB approach: Exposures to corporates, institutions and sovereigns*) under which a *firm* uses the values for *LGD* and *conversion factors* set out in ■ BIPRU 4.4 rather than supplying its own estimates;

FCA PRA

|   |  |
|---|--|
| <p><i>Fourth Company Law Directive</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with ■ BIPRU 8 (Group risk - consolidation); or</p> <p>(c) when the reference is to the rules of or administered by a <i>regulatory body</i> other than the <i>appropriate regulator</i>, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.</p> <p>Council Directive 78/660/EEC on the annual accounts of certain types of companies as amended by, amongst other instruments, Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006.</p> |
| <p>FRA</p> <p><b>FCA</b> <b>PRA</b></p>                                 | <p><i>forward rate agreement.</i></p>  |
| <p><i>framework contract</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>(in accordance with regulation 2(1) of the <i>Payment Services Regulations</i>) a contract for <i>payment services</i> which governs the future execution of individual and successive payment transactions and which may contain the obligation and conditions for setting up a payment account.</p> <p>[Note: article 4(12) of the <i>Payment Services Directive</i>]</p>   |
| <p><i>free delivery</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p>a transaction of the type set out in ■ BIPRU 14.4.2 R (Requirement to hold capital resources with respect to free deliveries) which, in summary, is a transaction under which a <i>person</i>:</p> <p>(a) has paid for <i>securities, foreign currencies</i> or <i>commodities</i> before receiving them or it has delivered <i>securities, foreign currencies</i> or <i>commodities</i> before receiving payment for them; and</p> <p>(b) in the case of cross-border transactions, one day or more has elapsed since it made that payment or delivery.</p>  |
| <p><i>friendly society</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>an <i>incorporated friendly society</i> or a <i>registered friendly society</i>.</p>  |
| <p><i>front end loaded</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>(in relation to an <i>investment</i>) one where deductions for <i>charges</i> and expenses are loaded disproportionately on the early years.</p>  |
| <p>FSA</p> <p><b>FCA</b> <b>PRA</b></p>                                 | <p>the Financial Services Authority.</p>   |
| <p><i>FSA scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>                   | <p>the <i>former scheme</i> operated by the FSA under paragraph 4 of Schedule 7 to the Financial Services Act 1986 for the investigation of complaints arising out of the conduct of investment business.</p>  |
| <p>FSAVC</p> <p><b>FCA</b> <b>PRA</b></p>                               | <p>an arrangement which allows a member of an <i>occupational pension scheme</i> to make <i>AVCs</i> to a private <i>pension policy</i> or <i>pension contract</i>, where the policy or contract is separate from, but associated with, an <i>occupational pension scheme</i> which is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.</p>  |



FSB  
Compensation  
Standards

FCA PRA

the Implementation Standards for Principles for Sound Compensation Practices issued by the Financial Stability Board on 25 September 2009.

FSCS

FCA PRA

*Financial Services Compensation Scheme Limited.*

full BCD credit  
institution

FCA PRA

a *BCD credit institution* that falls within paragraph (1) (a) of the definition of *credit institution*.

full credit  
institution

FCA PRA

a *credit institution* that falls within paragraph (1) (a) of the definition of *credit institution*.

full scope  
BIPRU  
investment  
firm

FCA PRA

has the meaning in BIPRU ■ BIPRU 1.1.17 R (Types of BIPRU investment firm) which is in summary a *CAD full scope firm* that satisfies the following conditions:

- (a) it is a *firm*; and
- (b) its head office is in the *United Kingdom* and it is not otherwise excluded from the definition of *BIPRU firm* under ■ BIPRU 1.1.17 R (Exclusion of certain types of firm from the definition of BIPRU firm).

fund  
application  
rules

FCA PRA

(in *COLL* and *SUP*) the rules set out in ■ COLL 12.3.5 R (COLL fund rules under the management company passport: the fund application rules) that relate to the constitution and functioning of a *UCITS scheme* and that an *EEA UCITS management company* must comply with when acting as the *operator* of the *UCITS scheme*, whether from a *branch* in the *United Kingdom* or under the freedom to provide *cross border services*, as required by article 19(3) of the *UCITS Directive*.

fund of  
alternative  
investment  
funds

FCA PRA

a *non-UCITS retail scheme*, or a *sub-fund* of a *non-UCITS retail scheme* which is an *umbrella* whose *authorised fund manager* operates, or proposes to operate, it in accordance with the investment and borrowing powers in ■ COLL 5.7 (Investment powers and borrowing limits for *NURS* operating as *FAIFs*).

funded credit  
protection

FCA PRA

(in accordance with Article 4(31) of the *Banking Consolidation Directive* (Definitions)) a technique of *credit risk mitigation* where the reduction of the credit risk on the *exposure* of an undertaking derives from the right of the *undertaking*, in the event of the default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the *exposure* to, or to replace it with, the amount of the difference between the amount of the *exposure* and the amount of a claim on the *undertaking*.

funds at  
Lloyd's

FCA PRA

assets (not being *syndicate assets*) provided by or on behalf of a *member* to meet the liabilities arising from the *member's insurance business* at Lloyd's which are held in a *Lloyd's trust fund* and managed by the *Society* as trustee.

*funds under management*

FCA PRA

(in UPRU and GENPRU)

(1) *collective investment schemes* other than *OEICs managed* by the *firm* including *schemes* where it has delegated the management function but excluding *schemes* that it is *managing* as delegate; and

(2) *OEICs* for which the *firm* is the designated management company.

*funeral plan contract*

FCA PRA

the *investment*, specified in articles 59(2), 60 and 87 of the *Regulated Activities Order* which come into force on 1 January 2002, which is in summary: rights under a contract under which:

(a) a *person* ("the customer") makes one or more payments to another *person* ("the provider"); and

(b) the provider undertakes to provide, or secure that another *person* provides, a funeral in the *United Kingdom* for the customer (or some other *person* who is living at the date when the contract is entered into) on his death;

unless, at the time of entering into the contract, the customer and the provider intend or expect the funeral to occur within one month; but excluding certain contracts under which sums paid will be applied towards a *contract of insurance* or will be held on trust.

*future*

FCA PRA

the *investment*, specified in article 84 of the *Regulated Activities Order* (Futures), which is in summary: rights under a contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed on when the contract is made.

*future policy-related liabilities*

FCA PRA

(in relation to a *with-profits fund*) the future policy-related liabilities of the *with-profits fund* calculated in accordance with the *rules* in ■ PRU 7.4.137 R to ■ PRU 7.4.189 G.

GCR

FCA PRA

*group capital resources.*

GCRR

FCA PRA

*group capital resources requirement.*

GEN

FCA PRA

the part of the *Handbook* in High Level Standards which has the title General Provisions.*general application rule*

FCA PRA

■ COBS 1.1.1 R (which in summary provides that COBS applies to a *firm* with respect to certain activities carried on from an establishment maintained by it in the *United Kingdom*).*general client bank account*

FCA PRA

a *client bank account* that holds *client money* of one or more *clients* and which is not:

- (a) a *designated client bank account*; or
- (b) a *designated client fund account*.

*general insurance business*

FCA PRA

the business of *effecting* or *carrying out general insurance contracts*.*general insurance capital requirement*

FCA PRA

the highest of the *premiums amount*, *claims amount* and *brought forward amount* as set out in INSPRU 1.1 .*general insurance contract*

FCA PRA

(in accordance with article 3(1) of the *Regulated Activities Order* (Interpretation: general)) any *contract of insurance* within Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), namely:

- (a) *accident* (paragraph 1);
- (b) *sickness* (paragraph 2);
- (c) *land vehicles* (paragraph 3);
- (d) *railway rolling stock* (paragraph 4);
- (e) *aircraft* (paragraph 5);
- (f) *ships* (paragraph 6);
- (g) *goods in transit* (paragraph 7);
- (h) *fire and natural forces* (paragraph 8);
- (i) *damage to property* (paragraph 9);
- (j) *motor vehicle liability* (paragraph 10);
- (k) *aircraft liability* (paragraph 11);
- (l) *liability of ships* (paragraph 12);

|   |  |
|---|--|
|   | (m) <i>general liability</i> (paragraph 13);   |
|   | (n) <i>credit</i> (paragraph 14);  |
|   | (o) <i>suretyship</i> (paragraph 15);  |
|   | (p) <i>miscellaneous financial loss</i> (paragraph 16);  |
|   | (q) <i>legal expenses</i> (paragraph 17);  |
|   | (r) <i>assistance</i> (paragraph 18).  |
| <i>general insurance liabilities</i>                | liabilities arising from <i>general insurance business</i> .   |
| <b>FCA</b> <b>PRA</b>                               |  |
| <i>general levy</i>                                 | (in <i>FEES</i> ) the annual fee raised from a <i>firm</i> under the <i>rules</i> to fund a part agreed between the <i>Financial Ombudsman Service</i> and the <i>FCA</i> of the <i>Financial Ombudsman Service's</i> annual budget.   |
| <b>FCA</b> <b>PRA</b>                               |  |
| <i>general liability</i>                            | (in relation to a <i>class of contract of insurance</i> ) the <i>class of contract of insurance</i> , specified in paragraph 13 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against risks of the <i>persons</i> insured incurring liabilities to third parties, the risks in question not being risks to which paragraph 10 (Motor vehicle liability), 11 (Aircraft liability) or 12 (Liability of ships) of that Schedule relates. |
| <b>FCA</b> <b>PRA</b>                               |  |
| <i>general market risk</i>                          | (in accordance with paragraph 12 of Annex I of the <i>Capital Adequacy Directive</i> ) the risk of a price change in an <i>investment</i> :  |
| <b>FCA</b> <b>PRA</b>                               |  |
|   | (a) (in relation to items that may or must be treated under <b>■</b> BIPRU 7.2 (Interest Rate PRR)) owing to a change in the level of interest rates; or   |
|   | (b) (in relation to items that may or must be treated under <b>■</b> BIPRU 7.3 (Equity PRR and basic interest rate PRR for equity derivatives) except insofar as <b>■</b> BIPRU 7.3 relates to the calculation of the <i>interest rate PRR</i> ) owing to a broad equity-market movement unrelated to any specific attributes of individual <i>securities</i> .  |
| <i>general market risk position risk adjustment</i> | a <i>position risk adjustment</i> with respect to <i>general market risk</i>   |
| <b>FCA</b> <b>PRA</b>                               |  |
| <i>general prohibition</i>                          | the prohibition imposed by section 19 of the <i>Act</i> (The general prohibition) which states that no <i>person</i> may carry on a <i>regulated activity</i> in the <i>United Kingdom</i> , or purport to do so, unless he is:  |
| <b>FCA</b> <b>PRA</b>                               |  |
|   | (a) an <i>authorised person</i> ; or   |
|   | (b) an <i>exempt person</i> .  |
| <i>General Protocol</i>                             | the "General Protocol relating to the collaboration of the insurance supervisory authorities of the Member States of the European Union" issued by the Committee of European Insurance and Occupational Pensions Supervisors.  |
| <b>FCA</b> <b>PRA</b>                               |  |
| <i>general representative</i>                       | a <i>person</i> resident in the <i>United Kingdom</i> who is authorised to act generally, and to accept service of any <i>document</i> , on behalf of the <i>firm</i> .  |
| <b>FCA</b> <b>PRA</b>                               |  |

general  
rule-making  
powers

FCA PRA

- (1) In the *FCA Handbook* section 137A of the *Act*.  
(2) In the *PRA Handbook* section 137G of the *Act*.

general stress  
and scenario  
testing rule

FCA PRA

- GENPRU 1.2.42 R (Stress and scenario tests).

general  
wrong-way  
risk

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the risk that arises when the probability of default of counterparties is positively correlated with general market risk factors.

generic key  
features  
illustration

FCA PRA

(in COBS) a *key features illustration* which reflects the terms of a contract which is representative of the type of business normally undertaken by the *firm*, or the type of business it is promoting, rather than the terms of a particular contract with, or that will be offered to, a particular *client*.

generic  
projection

FCA PRA

(in COBS) a projection which reflects the terms of a contract which is representative of the type of business normally undertaken by the *firm*, or the type of business it is promoting, rather than the terms of a particular contract with, or that will be offered to, a particular *client*.

GENPRU

FCA PRA

the General Prudential sourcebook.

Gibraltar  
Order

FCA PRA

the Financial Services and Markets Act 2000 (Gibraltar) Order 2001 (SI 2001/3084).

GICR

FCA PRA

*general insurance capital requirement*.

GISC facility

FCA PRA

The Dispute Resolution Facility established by the General Insurance Standards Council.

global account

FCA PRA

the aggregate accounts produced by the *Council* in accordance with Regulation 8(1) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004.

PAGE  
G3

Glossary

FCA PRA

the Glossary giving the meanings of the defined expressions used in the *Handbook*.

goods in transit

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 7 of Part I of Schedule 1 to the *Regulated Activities Order*

*governing body*

FCA PRA

(Contracts of general insurance), against loss of or damage to merchandise, baggage and all other goods in transit, irrespective of the form of transport.

the board of *directors*, committee of management or other governing body of a *firm* or *recognised body*, including, in relation to a *sole trader*, the *sole trader*.

*government and public security*

FCA PRA

the *investment*, specified in article 78 of the *Regulated Activities Order* (Government and public securities), which is in summary: a loan stock, bond or other instrument creating or acknowledging indebtedness, issued by or on behalf of:

- (a) the government of the *United Kingdom*; or
- (b) the Scottish Administration; or
- (c) the Executive Committee of the Northern Ireland Assembly; or
- (d) the National Assembly of Wales; or
- (e) the government of any country or territory outside the *United Kingdom*; or
- (f) a local authority in the *United Kingdom* or elsewhere; or
- (g) a body the members of which comprise:
  - (i) States including the *United Kingdom* or another *EEA State*; or
  - (ii) bodies whose members comprise States including the *United Kingdom* or another *EEA State*; but excluding:
    - (A) the instruments specified in article 77(2)(a) to (d) of the *Regulated Activities Order*;
    - (B) any instrument creating or acknowledging indebtedness in respect of:
      - (I) money received by the Director of Savings as *deposits* or otherwise in connection with the business of the National Savings Bank; or
      - (II) money raised under the National Loans Act 1968 under the auspices of the Director of Savings or treated as so raised under section 11(3) of the National Debt Act 1972.

*Great Britain credit union*

FCA PRA

a body corporate registered under the Industrial and Provident Societies Act 1965 as a *credit union* in accordance with the Credit Unions Act which is an *authorised person*.

*greenshoe option*

FCA PRA

(as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) an option granted by the *offeror* in favour of the *investment firm(s)* or *credit institution(s)* involved in the *offer* for the purpose of covering *overallotments*, under the terms of which such firm(s) or institution(s) may purchase up to a certain amount of *relevant securities* at the offer price for a certain period of time after the *offer* of the relevant securities.

*gross adjusted claims amount*

FCA PRA

(for the purposes of INSPRU 1.1) an amount, as defined in INSPRU 1.1.60R to INSPRU 1.1.65G, used in calculating the *claims amount*.

*gross adjusted premiums amount*

**FCA** **PRA**

(for the purposes of INSPRU 1.1) an amount as defined in INSPRU 1.1.56R to INSPRU 1.1.59G, used in calculating the *premiums amount*.

*gross earned premiums*

**FCA** **PRA**

(in relation to a *financial year*) such proportion of *gross written premiums* as is attributable to risk borne by the *insurer* during that *financial year*.

*gross leverage*

**FCA** **PRA**

the ratio of total assets to total equity.

*gross written premiums*

**FCA** **PRA**

the amounts required by the *insurance accounts rules* to be shown in the profit and loss account of an *insurer* :

- (a) (for *general insurance business*) at general business technical account item I.1.(a); and
- (b) (for *long-term insurance business*) at long term business technical account item II.1.(a).

*group*

**FCA** **PRA**

(1) (except in relation to an *ICVC* and except for the purposes of ■ SYSC 12 (Group risk systems and controls requirement) and *LR*) as defined in section 421 of the *Act* (Group) (in relation to a *person* ("A")) A and any *person* who is:

- (a) a *parent undertaking* of A;
- (b) a *subsidiary undertaking* of A;
- (c) a *subsidiary undertaking* of a *parent undertaking* of A;
- (d) a *parent undertaking* of a *subsidiary undertaking* of A;
- (e) an *undertaking* in which A or an *undertaking* in (a) to (d) has a participating interest;
- (f) if A or an *undertaking* in (a) or (d) is a *building society*, an associated undertaking of that *building society*;
- (g) if A or an *undertaking* in (a) or (d) is an *incorporated friendly society*, a *body corporate* of which that *friendly society* has joint control (as defined in section 13(9)(c) or (cc) of the Friendly Societies Act 1992); in this definition:

(i) "participating interest" has the same meaning as in:

- (A) Part VII of the Companies Act 1985 or Part VIII of the Companies (Northern Ireland) Order 1986, where these provisions are applicable; or
- (B) paragraph 11(1) of Schedule 10 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) where applicable; or
- (C) paragraph 8 of Schedule 7 to the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409) where applicable; or

(D) paragraph 8 of Schedule 4 to the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1913) where applicable; or

(E) paragraph 8 of Schedule 5 to the Small Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1912) where applicable;

In (A) to (E), the meaning also includes an interest held by an individual which would be a participating interest for the purposes of those provisions if he were an *undertaking*.

(ii) "associated undertaking" has the meaning given in section 119(1) of the Building Societies Act 1986.

(2) (in relation to an *ICVC*) a group as in (1) but (in *SYSC*) including also the *ICVC's authorised corporate director* (if any). (see also *immediate group*)

(3) (for the purposes of ■ SYSC 12 (Group risk systems and controls requirement), ■ SYSC 20 (Reverse stress testing) and ■ GENPRU 1.2 (Adequacy of financial resources) and in relation to a *person* "A") A and any *person*:

(a) who falls into (1);

(b) who is a member of the same *financial conglomerate* as A;

(c) who has a *consolidation Article 12(1) relationship* with A;

(d) who has a *consolidation Article 12(1) relationship* with any *person* in (3)(a);

(e) who is a *subsidiary undertaking* of a *person* in (3)(c) or (3)(d); or

(f) whose omission from an assessment of the risks to A of A's connection to any *person* coming within (3)(a)-(3)(e) or an assessment of the financial resources available to such *persons* would be misleading.

(4) (in *LR*):

(a) (except in ■ LR 6.1.19 R and ■ LR 8.7.8R (10)) an *issuer* and its *subsidiary undertakings* (if any); and

(b) in ■ LR 6.1.19 R and ■ LR 8.7.8R (10), as defined in section 421 of the *Act*.

(5) (in relation to a *common platform firm*) means the group of which that *firm* forms a part, consisting of a parent undertaking, its subsidiaries and the entities in which the parent undertaking or its subsidiaries hold a participation, as well as undertakings linked to each other by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC on consolidated accounts.

[Note: article 2(5) of the *MiFID implementing Directive*]

in relation to an *undertaking* in INSPRU 6.1.17R, that *undertaking's* group capital resources as calculated in accordance with INSPRU 6.1.36R.

group capital  
resources

FCA PRA



*group capital resources requirement*

FCA PRA

in relation to an *undertaking* in INSPRU 6.1.17R, that *undertaking's* group capital resources requirement as calculated in accordance with INSPRU 6.1.33R

*group ISA*

FCA PRA

an *individual savings account* of which the *plan manager* is the *authorised fund manager*, or in the same *group* as the *authorised fund manager*, of the *authorised fund* by reference to *units* in which the *plan register* is being, or is proposed to be, maintained.

*group liquidity low frequency reporting conditions*

FCA PRA

(in relation to a *group liquidity reporting firm* and its *defined liquidity group*) the *defined liquidity group* meets the group liquidity low frequency reporting conditions if the *defined liquidity group* meets the following conditions:

(a) the *firm* or any other member is a *low frequency liquidity reporting firm*; and

(b) no member of that group is a *standard frequency liquidity reporting firm*.

For the purpose of deciding whether these conditions are met in relation to a *DLG by default*, any group member (other than the *group liquidity reporting firm* itself) that is a member of the group through no more than a *participation* is ignored.

*group liquidity reporting firm*

FCA PRA

see the definitions of *DLG by default*, *DLG by modification (firm level)*, and *non-UK DLG by modification (DLG level)*.

(*Guidance* about this definition, and its inter-relation with other related definitions, is set out in ■ SUP 16 Annex 26 G (*Guidance on designated liquidity groups* in ■ SUP 16.12).)

*group liquidity standard frequency reporting conditions*

FCA PRA

(in relation to a *group liquidity reporting firm* and its *defined liquidity group*) the *defined liquidity group* meets the group liquidity standard frequency reporting conditions if the group does not meet the *group liquidity low frequency reporting conditions*.

*group of connected clients*

FCA PRA

has the meaning given to it in ■ BIPRU 10.3.5 G.

*group personal pension scheme*

FCA PRA

a *personal pension scheme* (including a group *SIPP*) which is available to employees of the same employer or of employers within a *group*.

*group plan*

FCA PRA

a *group ISA* or a *group savings plan*.

*group policy*

FCA PRA

a *non-investment insurance contract* which a *person* enters into as legal holder of the *policy* on his own behalf and for other persons who are or will become *policyholders* and:

(a) those other *persons* are or become *policyholders* by virtue of a common employment, occupation or activity which has arisen independently of the *contract of insurance*;

|  |   |
|--|---|
| <p><i>group respondents</i></p> <p><b>FCA</b></p>                    | <p>(b) the common employment, occupation or activity is not brought about, in relation to the <i>contract of insurance</i>, by</p> <p style="padding-left: 20px;">(i) the <i>insurance undertaking</i> which <i>effects</i> it or carries it out; or</p> <p style="padding-left: 20px;">(ii) any activity which if carried on by a firm would be an <i>insurance mediation activity</i>; and</p> <p>(c) the risks insured under the <i>policy</i> are related to the common employment, occupation or activity of the <i>policyholders</i>.</p> <p>all <i>respondents</i> identified as part of the relevant <i>charging group</i> as defined in ■ FEES 5 Annex 3R Part 3.</p>  |
| <p><i>group savings plan</i></p> <p><b>FCA PRA</b></p>               | <p>a savings plan:</p> <p>(a) of which the <i>plan manager</i> is the <i>authorised fund manager</i>, or in the same <i>group</i> as the <i>authorised fund manager</i>, of the <i>authorised fund</i> by reference to <i>units</i> in which the <i>plan register</i> is being, or is proposed to be, maintained;</p> <p>(b) under which <i>investments</i> are periodically acquired and held by a nominee for the absolute benefit of the respective subscribers to the savings plan; and</p> <p>(c) under which all the <i>investments</i> are <i>units</i> in one or more <i>authorised funds</i> managed by (or, in the case of an <i>ICVC</i>, whose <i>ACD</i> is) the <i>plan manager</i>, or a <i>body corporate</i> in the same <i>group</i> as the <i>plan manager</i>.</p>  |
| <p><i>group stakeholder pension scheme</i></p> <p><b>FCA PRA</b></p> | <p>a <i>stakeholder pension scheme</i> which is available to employees of the same employer or of employers within a <i>group</i>.</p>  |
| <p><i>guarantee</i></p> <p><b>FCA PRA</b></p>                        | <p>(1) (in <i>LR</i>) (in relation to <i>securitised derivatives</i>), either:</p> <p style="padding-left: 20px;">(a) a guarantee given in accordance with ■ LR 19.2.2 R (3) (if any); or</p> <p style="padding-left: 20px;">(b) any other guarantee of the issue of <i>securitised derivatives</i>.</p> <p>(2) (in <i>PR</i>) (as defined in the <i>PD Regulation</i>) any arrangement intended to ensure that any obligation material to the issue will be duly serviced, whether in the form of guarantee, surety, keep well agreement, mono-line insurance policy or other equivalent commitment.</p>   |
| <p><i>guarantee fund</i></p> <p><b>FCA PRA</b></p>                   | <p>(1)</p> <p style="padding-left: 20px;">(a) subject to (1)(b), in relation to a <i>firm</i> carrying on <i>general insurance business</i>, the higher of one third of the <i>general insurance capital requirement</i> and the <i>base capital resources requirement</i> applicable to that <i>firm</i>;</p> <p style="padding-left: 20px;">(b) where the <i>firm</i> is required to calculate a <i>UK MCR</i> or an <i>EEA MCR</i> under ■ INSPRU 1.5, for the purposes of that section in (1)(a) the reference to the <i>general insurance capital requirement</i> is replaced by <i>UK MCR</i> or <i>EEA MCR</i>, as appropriate, and the reference to the <i>base capital resources requirement</i> is replaced by the amount which is one half of the <i>base capital resources requirement</i> applicable to the <i>firm</i> set out in ■ GENPRU 2.1.30 R.</p> <p>(2)</p> |

(a) subject to (2)(b), in relation to a *firm* carrying on *long-term insurance business*, the higher of one third of the *long-term insurance capital requirement* and the *base capital resources requirement* applicable to that *firm*;

(b) where the *firm* is required to calculate a *UK MCR* or an *EEA MCR* under INSPRU 1.5 , for the purposes of that section in (2)(a) the reference to the *long-term insurance capital requirement* is replaced by *UK MCR* or *EEA MCR*, as appropriate , and the reference to the *base capital resources requirement* is replaced by the amount which is one half of the *base capital resources requirement* applicable to the *firm* set out in ■ GENPRU 2.1.30 R .

*guarantor*

FCA PRA

(in *PR*) a *person* that provides a *guarantee*.

*guidance*

FCA PRA

guidance given :

- (a) in the *FCA Handbook*, by the *FCA* under the *Act*; or
- (b) in the *PRA Handbook*, by the *PRA*.



*habitual residence*

FCA PRA

(a) if the *policyholder* is an individual, the address given by the *policyholder* as his residence if it reasonably appears to be a residential address and there is no evidence to the contrary;

(b) if the *policyholder* is not an individual or a *group* of individuals, the State in which the *policyholder* has its place of establishment, or, if it has more than one, its relevant place of establishment;

(c) in respect of the variation of a *life policy*, or the purchase of a *pension annuity* related to a *life policy*, unless there is evidence to the contrary, the habitual residence of the *policyholder* at the date on which the *policyholder* signed the proposal for the *life policy*.

*half-yearly accounting period*

FCA PRA

(in COLL) a period determined in accordance with ■ COLL 6.8.2 R (2) (Accounting periods).

*Handbook*

FCA PRA

the *FCA Handbook* or the *PRA Handbook* as appropriate.

*hedging set*

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) a group of *risk positions* from the transactions within a single *netting set* for which only their balance is relevant for determining the *exposure* value under the *CCR standardised method*.

*high earner*

FCA PRA

(in SYSC and SUP) an *employee* whose total annual *remuneration* is EUR 1 million or more per year or its equivalent in another currency determined by reference to the conversion rate applicable to the corresponding High Earners Report under ■ SUP 16.

*higher lending charge*

FCA PRA

a fee charged by a *mortgage lender* (under a *regulated mortgage contract*) where the amount borrowed exceeds a given percentage of the value of the property.

*higher rate of return*

FCA PRA

(in COBS) the higher rate of return described in paragraph 2.3 of the projection rules (■ COBS 13 Annex 2).

*higher stage of capital*

FCA PRA

(with respect to a particular item of capital in the capital resources table) a stage in the *capital resources table* above that in which that item of capital appears.

*higher volatility fund*

FCA PRA

(a) a *regulated collective investment scheme* which is:

(i) a *scheme* where the investment policies which the *operator* adopts, or proposes to adopt, mean that, as a result of making investments in *warrants* or *derivatives*, or through borrowing that is not temporary in nature, movements in the *price* of *units* are likely to be significantly amplified; or

(ii) an *umbrella* with a *sub-fund* that would fall within (i) if that sub-fund were a separate *scheme*; or

(b) an *authorised fund dedicated to units* in:

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|---|--|
| <p style="margin: 0;"><i>historic price</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p>                                 | <p style="margin: 0;">(i) a number of <i>regulated collective investment schemes</i>; or</p> <p style="margin: 0;">(ii) <i>sub-funds</i> of one or more <i>umbrellas</i> that are <i>regulated collective investment schemes</i>;</p> <p style="margin: 0;">any one of which falls within (a).</p>   |
| <p style="margin: 0;"><i>HMRC allocated CTF</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p>                             | <p style="margin: 0;">a <i>price</i> calculated by reference to the <i>valuation point</i> immediately preceding the <i>authorised fund manager's</i> agreement to <i>sell</i> or, as the case may be, to redeem the <i>units</i> in question.</p> <p style="margin: 0;">a CTF opened in accordance with regulation 6 of the <i>CTF Regulations</i>.</p>   |
| <p style="margin: 0;"><i>holder</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p>   | <p style="margin: 0;">(a) (in relation to a <i>unit</i> in an <i>authorised fund</i>):</p> <p style="margin: 0;">    (i) the <i>shareholder</i>; or</p> <p style="margin: 0;">    (ii) the <i>unitholder</i>;</p> <p style="margin: 0;">(b) (in relation to a <i>unit</i> in any other <i>collective investment scheme</i>):</p> <p style="margin: 0;">    (i) the <i>person</i> who is entered in the <i>register</i> of the <i>scheme</i> as the <i>holder</i> of that <i>unit</i>; or</p> <p style="margin: 0;">    (ii) the bearer of a <i>bearer certificate</i> representing that <i>unit</i>.</p>   |
| <p style="margin: 0;"><i>holding company</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p>                                | <p style="margin: 0;">(as defined in section 1159(1) of the Companies Act 2006 (Meaning of "subsidiary" etc) (in relation to another <i>body corporate</i> ("S")) a <i>body corporate</i> which:</p> <p style="margin: 0;">    (a) holds a majority of the voting rights in S; or</p> <p style="margin: 0;">    (b) is a member of S and has the right to appoint or remove a majority of its board of directors; or</p> <p style="margin: 0;">    (c) is a member of S and controls alone, under an agreement with other shareholders and members, a majority of the voting rights in S.</p>  |
| <p style="margin: 0;"><i>Holloway policy special application conditions</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p> | <p style="margin: 0;">conditions that will be met by a <i>firm</i> where:</p> <p style="margin: 0;">    (a) in the case of a <i>firm</i> which underwrites <i>Holloway sickness policies</i>:</p> <p style="margin: 0;">        (i) all of the <i>Holloway sickness policies</i> of a particular type underwritten by the <i>firm</i> show a projected maturity value of not more than 20% of accumulated <i>premiums</i> at the mid-rate projection in the <i>key features illustrations</i> prepared for the purposes of ■ COBS 13.1.1 R (2); except that no more than 5% of the relevant <i>Holloway sickness policies</i> underwritten by the <i>firm</i> may show a projected maturity value of between 20% and 25% of accumulated <i>premiums</i> at the mid-rate projection in the <i>key features illustrations</i> prepared for the purposes of ■ COBS 13.1.1 R (2);</p> <p style="margin: 0;">        (ii) the <i>firm</i> conducts a regular assessment to determine whether the relevant <i>Holloway sickness policies</i> meet the conditions in (i) and, if such an assessment indicates that the conditions in (i) may no longer be met, takes any steps necessary to ensure that the relevant <i>Holloway sickness policies</i> will meet the conditions in (i) within three months of the relevant assessment having been carried out; and</p> <p style="margin: 0;">        (iii) the assessment in (ii) is carried out at least annually and on a more frequent basis if a change is made to the projection rates or pricing of the relevant <i>Holloway sickness policies</i>;</p> |

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| <p><i>Holloway sickness policy</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>(b) in the case of an intermediary who makes a <i>personal recommendation</i> to a <i>retail client</i> in relation to a <i>Holloway sickness policy</i>, the intermediary has received a written notification from the <i>firm</i> which underwrites the policy confirming that the conditions in (a) have been met.</p>  |
| <p><i>home finance activity</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>a <i>long-term insurance contract</i> offered or effected by a <i>friendly society</i> under the Holloway system, providing <i>permanent health</i> benefits and, in addition, investment benefits, where the investment benefits:</p> <p>(a) are derived from surpluses accrued by the <i>friendly society</i> and apportioned to <i>policyholders</i>; and</p> <p>(b) are payable to <i>policyholders</i> at maturity, on retirement, on death, or as otherwise specified by contractual provisions or individual society rules.</p> |
| <p><i>home finance administration</i></p> <p><b>FCA</b> <b>PRA</b></p>     | <p>any of the <i>regulated activities</i> of:</p> <p>(a) <i>administering a regulated mortgage contract</i>;</p> <p>(b) <i>administering a home purchase plan</i>;</p> <p>(c) <i>administering a home reversion plan</i>;</p> <p>(cc) <i>administering a regulated sale and rent back agreement</i>; or</p> <p>(d) <i>agreeing to carry on a regulated activity</i> in (a) to (cc).</p>   |
| <p><i>home finance administrator</i></p> <p><b>FCA</b> <b>PRA</b></p>      | <p>a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) for <i>administering a home finance transaction</i>.</p>   |
| <p><i>home finance adviser</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) for <i>advising on a home finance transaction</i>.</p>   |
| <p><i>home finance arranger</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) for <i>arranging a home finance transaction</i>.</p>   |
| <p><i>home finance intermediary</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) to carry on a <i>home finance mediation activity</i>.</p>  |
| <p><i>home finance mediation activity</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>any <i>mortgage mediation activity</i>, <i>home purchase mediation activity</i>, <i>reversion mediation activity</i> or <i>regulated sale and rent back mediation activity</i>.</p>  |
| <p><i>home finance provider</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) for <i>entering into a home finance transaction</i>.</p>   |

*home finance providing activity*

**FCA** **PRA**

any of the *regulated activities* of:

- (a) *entering into a regulated mortgage contract;*
- (aa) *entering into a regulated sale and rent back agreement;*
- (b) *entering into a home purchase plan;*
- (c) *entering into a home reversion plan;* or
- (d) *agreeing to carry on a regulated activity in (a) to (c).*

*home finance transaction*

**FCA** **PRA**

a *regulated mortgage contract, home purchase plan, home reversion plan or regulated sale and rent back agreement.*

*home financing*

**FCA** **PRA**

any *home finance providing activity.*

*Home Member State*

**FCA** **PRA**

(in DTR; PR and LR) *Home State.*

*home purchase activity*

**FCA** **PRA**

any of the *regulated activities* of:

- (a) *arranging (bringing about) a home purchase plan* (article 25C(1));
- (b) *making arrangements with a view to a home purchase plan* (article 25C(2));
- (c) *advising on a home purchase plan* (article 53C);
- (d) *entering into a home purchase plan* (article 63F(1));
- (e) *administering a home purchase plan* (article 63F(2)); or
- (f) *agreeing to carry on a regulated activity in (a) to (e)* (article 64).

*home purchase administrator*

**FCA** **PRA**

a *firm with permission* (or which ought to have *permission*) for *administering a home purchase plan.*

*home purchase adviser*

**FCA** **PRA**

a *firm with permission* (or which ought to have *permission*) for *advising on a home purchase plan.*

*home purchase arranger*

**FCA** **PRA**

a *firm with permission* (or which ought to have *permission*) for *arranging a home purchase plan.*

*home purchase intermediary*

**FCA** **PRA**

a *firm with permission* (or which ought to have *permission*) to carry on a *home purchase mediation activity.*



*home purchase mediation activity*

**FCA** **PRA**

any of the following *regulated activities*:

- (a) *arranging (bringing about) a home purchase plan* (article 25C(1));
- (b) *making arrangements with a view to a home purchase plan* (article 25C(2));
- (c) *advising on a home purchase plan* (article 53C); or
- (d) *agreeing to carry on a regulated activity* in (a) to (c) (article 64).

*home purchase plan*

**FCA** **PRA**

(in accordance with article 63F(3) of the *Regulated Activities Order*) an arrangement comprised in one or more instruments or agreements which meets the following conditions at the time it is entered into:

- (a) the arrangement is one under which a *person* (the 'home purchase provider') buys a *qualifying interest in land* or an undivided share of a *qualifying interest in land*;
- (b) where an undivided share of a *qualifying interest in land* is bought, the interest is held on trust for the home purchase provider and the individual or trustees in (c) as beneficial tenants in common;
- (c) the arrangement provides for the obligation of an individual or trustees (the *home purchaser*) to buy the interest bought by the home purchase provider during the course of or at the end of a specified period; and
- (d) the *home purchaser* (if he is an individual) or an individual who is a beneficiary of the trust (if the *home purchaser* is a trustee), or a related person, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling during that period and intends to do so;

in this definition "related person" means:

- (A) that *person's* spouse or civil partner;
- (B) a *person* (whether or not of the opposite sex) whose relationship with that *person* has the characteristics of the relationship between husband and wife; or
- (C) that *person's* parent, brother, sister, child, grandparent or grandchild.

*home purchase provider*

**FCA** **PRA**

a *firm* with *permission* (or which ought to have *permission*) for *entering into a home purchase plan*.

*home purchaser*

**FCA** **PRA**

the individual (or trustees), specified in article 63F(3) of the *Regulated Activities Order*, who in summary:

- (a) is (or are) obliged under a *home purchase plan* to buy the interest in land bought by the home purchase provider (as defined in article 63F(3) of the *Regulated Activities Order*) over the course of or at the end of a specified period; and
- (b)
  - (i) in the case of an individual, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling and intends to do so; or
  - (ii) in the case of trustees, are trustees of a trust a beneficiary of which is an individual described in (i).

*home reversion plan*

FCA PRA

(in accordance with article 63B(3) of the *Regulated Activities Order*) an arrangement comprised in one or more instruments or agreements which meets the following conditions at the time it is entered into:

- (a) the arrangement is one under which a *person* (the *reversion provider*) buys all or part of a *qualifying interest in land* from an individual or trustees (the *reversion occupier*);
- (b) the *reversion occupier* (if he is an individual) or an individual who is a beneficiary of the trust (if the *reversion occupier* is a trustee), or a related person, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling and intends to do so; and
- (c) the arrangement specifies that the entitlement to occupy will end on the occurrence of one or more of:
  - (i) a *person* in (b) becoming a resident of a care home;
  - (ii) a *person* in (b) dying; or
  - (iii) the end of a specified period of at least twenty years from the date the *reversion occupier* entered into the arrangement;

in this definition "related person" means:

- (A) that *person's* spouse or civil partner;
- (B) a *person* (whether or not of the opposite sex) whose relationship with that *person* has the characteristics of the relationship between husband and wife; or
- (C) that *person's* parent, brother, sister, child, grandparent or grandchild.

*Home State*

FCA PRA

(1) (in relation to a *credit institution*) the *EEA State* in which the *credit institution* has been authorised in accordance with the *Banking Consolidation Directive*.

(2) (in relation to an *investment firm*):

- (a) if the *investment firm* is a natural *person*, the *EEA State* in which his head office is situated;
- (b) if the *investment firm* is a legal *person*, the *EEA State* in which its registered office is situated; or
- (c) if the *investment firm* has, under its national law, no registered office, the *EEA State* in which its head office is situated.

[Note: article 4(1)(20) of *MiFID*]

(3) (in relation to a *UCITS management company*) the *EEA State* in which the management company's registered office is situated;

(4) (in relation to an *insurance undertaking* with an *EEA right*) the *EEA State* in which the registered office of the *insurance undertaking* is situated.

(5) (in relation to an *IMD insurance intermediary* or an *IMD reinsurance intermediary*):

- (a) where the *insurance intermediary* is a natural person, the *EEA State* in which his residence is situated and in which he carries on business;
- (b) where the *insurance intermediary* is a legal person, the *EEA State* in which its registered office is situated or, if under its national law it has no registered office, the *EEA State* in which its head office is situated.

(6) (except in *REC*) (in relation to a market) the *EEA State* in which the registered office of the body which provides training facilities is situated

or, if under its national law it has no registered office, the *EEA State* in which that body's head office is situated.

(7) (in relation to a *Treaty firm*) the *EEA State* in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the *Act* (Treaty Rights). (in *LR* and *PR*) (as defined in section 102C of the *Act*) in relation to an issuer of *transferable securities*, the *EEA State* which is the "home Member State" for the purposes of the *prospectus directive* (which is to be determined in accordance with Article 2.1(m) of that directive).

(8) (in *LR* and *PR*) (as defined in section 102C of the *Act*) in relation to an issuer of *transferable securities*, the *EEA State* which is the "home Member State" for the purposes of the *prospectus directive* (which is to be determined in accordance with Article 2.1(m) of that directive).

(9) (in *DTR*)

(a) in the case of an *issuer* of debt *securities* the denomination per unit of which is less than EUR 1 000 or an *issuer* of *shares* :

(i) where the *issuer* is incorporated in the *EEA*, the *EEA State* in which it has its registered office;

(ii) where the *issuer* is incorporated in a third country, the *EEA State* referred to in point (iii) of article 2(1)(m) of Directive 2003/71/EC.

The definition of *Home State* shall be applicable to debt securities in a currency other than Euro, provided that the value of such denomination per unit is, at the date of the issue, less than EUR 1 000, unless it is nearly equivalent to EUR 1 000;

(b) for an *issuer* not covered by (a), the *EEA State* chosen by the *issuer* from among the *EEA State* in which the *issuer* has its registered office and those *EEA States* which have admitted its securities to trading on a *regulated market* on their territory. The *issuer* may choose only one *EEA State* as its *Home Member State*. Its choice shall remain valid for at least three years unless its securities are no longer admitted to trading on any *regulated market* in the *EEA*;

(10) (in relation to a *UCITS*) the *EEA State* in which the unit trust, common fund or investment company is established and authorised under article 5 of the *UCITS Directive*.

(11) (in *REC*) in relation to an *EEA market operator*, the *EEA State* in which it has its registered office, or if it has no registered office, its head office.

(12) (in relation to a person who has received authorisation under article 18 of the *auction regulation*) the *EEA state* in which the person is established and authorised under the *auction regulation*.

(as defined in paragraph 3(1)(a) of Schedule 4 to the *Act* (Treaty Rights)) authorisation of a *firm* under the law of its *Home State* to carry on a *regulated activity*.

*Home State  
authorisation*

**FCA** **PRA**

*Home State  
regulator*

**FCA** **PRA**

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H7

(1) (in relation to an *EEA firm*) (as defined in paragraph 9 of Schedule 3 to the *Act* (EEA Passport Rights)) the *competent authority* (under the relevant *Single Market Directive* or the *auction regulation*) of an *EEA State* (other than the *United Kingdom*) in relation to the *EEA firm* concerned.

(2) (in relation to a *UK firm* or *UCITS scheme*) the *FCA* or *PRA* as the case may be.

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|---|---|
| <p><i>home territory</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>(3) (in relation to a <i>Treaty firm</i>) (as defined in paragraph 1 of Schedule 4 to the <i>Act</i> (Treaty Rights)) the competent authority of the <i>firm's Home State</i> for the purpose of its <i>Home State authorisation</i>.</p> <p>(4) (in <i>REC</i>) the competent authority (within the meaning of Article (4)(1)(22) of <i>MiFID</i>) of the <i>EEA State</i> which is the <i>Home State</i> in relation to the <i>EEA market operator</i> concerned.</p> <p>(5) (in relation to an <i>EEA UCITS scheme</i>) the <i>competent authority</i> of the <i>EEA State</i> in which the <i>scheme</i> is authorised.</p>  |
| <p><i>Host Member State</i></p> <p><b>FCA</b> <b>PRA</b></p>    | <p>(in relation to an <i>overseas investment exchange</i> ) the country or territory in which its head office is situated.</p> <p>(in <i>PR</i> and <i>LR</i>) <i>Host State</i>.</p>   |
| <p><i>Host State</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>(1) (in <i>LR</i> and <i>PR</i>) as defined in Article 2.1(n) of the <i>Prospectus Directive</i> ) the <i>EEA State</i> where an offer to the public is made or <i>admission to trading</i> is sought, when different from the <i>Home State</i>.</p> <p>(2) (except in <i>LR</i> and <i>PR</i> and except in relation to <i>MiFID</i>) the <i>EEA State</i> in which an <i>EEA firm</i>, a <i>UK firm</i>, or a <i>Treaty firm</i> is exercising an <i>EEA right</i> or <i>Treaty right</i> to establish a <i>branch</i> or provide <i>cross border services</i>.</p> <p>(3) (in relation to <i>MiFID</i>) the <i>EEA State</i>, other than the <i>Home State</i>, in which an <i>investment firm</i> has a branch or performs <i>investment services and/or activities</i> or the <i>EEA State</i> in which a <i>regulated market</i> provides appropriate arrangements so as to facilitate access to trading on its system by remote members or participants established in that same <i>EEA State</i>.</p> <p>(4) (in relation to the <i>UCITS Directive</i>) the <i>EEA State</i>, other than the <i>UCITS Home State</i>, in which <i>units</i> of a <i>UCITS</i> are marketed in accordance with a notification made under article 93 of that directive.</p> <p>[Note: article 4(1)(21) of <i>MiFID</i>]</p>  |
| <p><i>Host State regulator</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(1) (in relation to an <i>EEA firm</i> or a <i>Treaty firm</i> exercising an <i>EEA right</i> or <i>Treaty right</i> in the <i>United Kingdom</i>) the <i>FCA</i> or <i>PRA</i> as the case may be.</p> <p>(2) (in relation to a <i>UK firm</i>) (as defined in paragraph 11 of Schedule 3 to the <i>Act</i> (EEA Passport Rights)) the <i>competent authority</i> (under the relevant <i>Single Market Directive</i> or the <i>auction regulation</i>) of an <i>EEA State</i> (other than the <i>United Kingdom</i>) in relation to a <i>UK firm's</i> exercise of <i>EEA rights</i> there.</p> <p>(3) (in <i>REC</i> in relation to a <i>UK RIE</i>) the competent authority (within the meaning of Article (4)(1)(22) of <i>MiFID</i>) of the <i>EEA State</i> in which the <i>UK RIE</i> intends to make, or has made, arrangements to facilitate access to, or use of, a <i>regulated market</i> or a <i>multilateral trading facility</i> operated by the <i>UK RIE</i>.</p> <p>(4) (in relation to an <i>EEA UCITS scheme</i> which is a <i>recognised scheme</i>) the <i>FCA</i>.</p> <p>(5) (in relation to a <i>UCITS</i> that is the subject of a notification in accordance with article 93 of the <i>UCITS Directive</i>) the <i>competent authority</i> of an <i>EEA State</i> (other than the <i>United Kingdom</i>) in which <i>units</i> of the <i>UCITS</i> may be marketed to the public.</p> |
| <p><i>hybrid capital</i></p>                                    | <p>an item of capital that is stated in ■ <b>GENPRU 2.2</b> as eligible for inclusion at stage B1, B2 or C of the calculation in the <i>capital resources table</i>.</p>  |

FCA PRA

*hypothetical  
profit and loss  
figure*

FCA PRA

(in ■ BIPRU 7.10 (Use of a value at risk model) and in relation to a *business day*) the *profit and loss figure* that would have occurred for that *business day* if the portfolio on which the *VaR number* for that *business day* is based remained unchanged, as more fully defined in ■ BIPRU 7.10.111 R (Backtesting: Hypothetical profit and loss).



IAS

**FCA** **PRA**

(in LR) *International Accounting Standards*.

IBNR

**FCA** **PRA**

(in relation to *claims* (as defined for the purposes of *INSPRU*, *SUP* and *TC*)) *claims* that have been incurred but not reported arising out of events that have occurred by the balance sheet date but have not been reported to the *insurance undertaking* at that date.

ICA

**FCA** **PRA**

*individual capital assessment*.

ICAAP

**FCA** **PRA**

the *internal capital adequacy assessment process*.

ICAAP rules

**FCA** **PRA**

the *rules* in ■ GENPRU 1.2.30 R to ■ GENPRU 1.2.39 R (Systems, strategies, processes and reviews), ■ GENPRU 1.2.42 R (Main Requirements: Stress and scenario tests) and ■ GENPRU 1.2.60 R to ■ GENPRU 1.2.61 R (Documentation of risk assessments) as they apply on a solo level and on a consolidated level.

ICD claim

**FCA** **PRA**

a *claim*:

(a) against a *MiFID investment firm* (including a *credit institution* which is a *MiFID investment firm*), whether established in the *United Kingdom* or in another *EEA State*; and

(b) in relation to:

(i) any *investment services and activities* other than the making of a *personal recommendation*;

(ii) the *ancillary service* of safekeeping and administration of *financial instruments* for the account of *clients*, including custodianship and related services such as cash/collateral management;

(iii) the firm's inability to repay money owed to or belonging to investors and held on their behalf or the firm's inability to return to investors any instruments belonging to them and held, administered or managed on their behalf, in each case, in connection with the *investment service* of the making of a *personal recommendation* relating to a *financial instrument* in accordance with the legal and contractual conditions applicable.

[Note: Article 2(2) of the *Investor Compensation Directive*]

ICG

**FCA** **PRA**

*individual capital guidance*.

ICOBS

**FCA** **PRA**

the Insurance: New Conduct of Business sourcebook.

ICVC

**FCA** **PRA**

*investment company with variable capital*.

*IFA pensions review claim*

**FCA** **PRA**

a claim arising from the sale of a personal pension scheme by a former member of *PIA* which was an independent financial adviser; in this definition:

(a) a "personal pension scheme" includes:

(i) a personal pension scheme that was approved under Chapter IV Part XIV of ICTA 88 (when that chapter was in force) ;

(ii) a 'section 32' buy-out policy that was approved under Section 32 of the Finance Act 1981 (when that Act was in force); and

(iii) in relation to opt-outs and non-joiners, a retirement annuity contract that was approved under Chapter III Part XIV of ICTA 88 (when sections 618 to 628 of that Chapter were in force); and

(b) "ICTA 88" means the Income and Corporation Taxes Act 1988.

*IFRS*

**FCA** **PRA**

*International Financial Reporting Standards.*

*ILAA*

**FCA** **PRA**

*Individual Liquidity Adequacy Assessment.*

*ILAS*

**FCA** **PRA**

*Individual Liquidity Adequacy Standards.*

*ILAS BIPRU firm*

**FCA** **PRA**

a *firm* falling into BIPRU 12.1.1R, but excluding a *firm* that is:

(a) an *exempt full scope BIPRU investment firm*; or

(b) a *BIPRU limited licence firm*; or

(c) a *BIPRU limited activity firm*; or

(d) an *exempt BIPRU commodities firm*.

*illiquid asset*

**FCA** **PRA**

has the meaning in ■ GENPRU 2.2.260 R (Deductions from total capital: Illiquid assets).

*illustration*

**FCA** **PRA**

(in MCOB) the illustration of the costs and features of a *regulated mortgage contract* or *home reversion plan* which is required to be provided by ■ MCOB 5 (Pre-application disclosure), ■ MCOB 6 (Disclosure at the offer stage), ■ MCOB 7 (Disclosure at start of contract and after sale) and ■ MCOB 9 (Equity release : product disclosure) and the template for which is set out:

(a) for a *regulated mortgage contract* other than a *lifetime mortgage*, at ■ MCOB 5 Annex 1 R;

(b) for a *lifetime mortgage*, at ■ MCOB 9 Annex 1 R; and

(c) for a *home reversion plan*, at ■ MCOB 9 Annex 2 R.

*ILSA*

**FCA** **PRA**

*Individual Liquidity Systems Assessment.*

*IMA SORP*

**FCA** **PRA**

the Statement of Recommended Practice for financial statements of *authorised funds* issued by the Investment Management Association in October 2010.



*image advertising*

**FCA** **PRA**

a communication that consists only of one or more of the following:

- (a) the name of the *firm*;
- (b) a logo or other image associated with the *firm*;
- (c) a contact point; and
- (d) a reference to the types of *regulated activities* provided by the *firm*, or to its fees or commissions.

*IMD insurance intermediary*

**FCA** **PRA**

(as defined in article 2(5) of the *IMD*) any natural or legal person who, for remuneration, takes up or pursues *insurance mediation*.

*IMD insurance undertaking*

**FCA** **PRA**

(as defined in article 2(1) of the *Insurance Mediation Directive* ) an undertaking which has received official authorisation in accordance with article 6 of the *Consolidated Life Directive* or article 6 of the *First Non-Life Directive*.

*IMD reinsurance intermediary*

**FCA** **PRA**

(as defined in article 2(6) of the *Insurance Mediation Directive* ) any natural or legal person who, for remuneration, takes up or pursues *reinsurance mediation*.

*IMD reinsurance undertaking*

**FCA** **PRA**

(as defined in article 2(2) of the *Insurance Mediation Directive* ) an undertaking, other than an *IMD insurance undertaking* or a non-member-country *insurance undertaking*, the main business of which consists in accepting risks ceded by an *IMD insurance undertaking*, a non-member country *insurance undertaking* or other *IMD reinsurance undertaking*.

*immediate group*

**FCA** **PRA**

(1) (in relation to a person ("A" ) (as defined in section 421ZA of the *Act* (Immediate group ))):

- (a) A;
- (b) a *parent undertaking* of A;
- (c) a *subsidiary undertaking* of A;
- (d) a *subsidiary undertaking* of a *parent undertaking* of A;
- (e) a *parent undertaking* of a *subsidiary undertaking* of A.

(2) (in *BIPRU* and in relation to any *person*) has the same meaning as in paragraph (1), with the omission of (1)(e).

*implicit items*

**FCA** **PRA**

(in relation to *long-term insurance business*) economic reserves arising in respect of future profits, *zillmerising* or hidden reserves as more fully described in **■ GENPRU 2 Annex 8 G .**

*IMRO*

**FCA** **PRA**

the Investment Management Regulatory Organisation Limited.

*IMRO scheme*

**FCA** **PRA**

the *former scheme* set up by *IMRO* under the Financial Services Act 1986 and the *Investment Ombudsman* Memorandum to handle complaints against members of *IMRO*.

*in default*

the status of being in default following a determination made under **■ COMP 6.3.1 R.**

FCA PRA

*in the money*

FCA PRA

(1) (in *LR*) (in relation to securitised derivatives):(a) where the holder has the right to buy the *underlying instrument* or instruments from the *issuer*, when the *settlement price* is greater than the *exercise price*; or(b) where the holder has the right to sell the *underlying instrument* or instruments to the *issuer*, when the *exercise price* is greater than the *settlement price*;(2) (for the purposes of BIPRU 7 (Market risk) and in relation to an *option* or *warrant*) the strike price of that *option* or *warrant* being less than the current market value of the underlying instrument (in the case of a call *option* or *warrant*) or vice versa (for a put *option*).*in the money percentage*

FCA PRA

(for the purposes of ■ BIPRU 7 (Market risk) and in relation to an *option* or *warrant*) the percentage calculated under ■ BIPRU 7.6.6 R (The in the money percentage).*inception*

FCA PRA

in relation to *permitted links*, refers to the time when the liability of the *insurer* under a *linked long-term* contract of insurance commenced.*income account*

FCA PRA

(in *COLL*) an account relating to the *income property* of an *authorised fund*.*income equalisation*

FCA PRA

(in relation to a *scheme*) a capital sum which, in accordance with a power contained in the *instrument constituting the scheme*, is included in an allocation of income for a *unit* issued, sold or converted during the accounting period in respect of which that income allocation is made.*income property*

FCA PRA

the amount available for income allocations calculated in accordance with ■ COLL 6.8.3 R (3A) and not including any amount for the time being standing to the credit of the *distribution account*.*income unit*

FCA PRA

a *unit* in an *AUT* which is not an *accumulation unit*.*income withdrawals*

FCA PRA

(a) (as defined in paragraph 7 of Schedule 28 to the Finance Act 2004) in relation to a member of a pension scheme, amounts (other than an annuity) which the member is entitled to be paid from the member's drawdown pension fund (as defined in paragraph 8 of that Schedule) in respect of an arrangement; or

(b) payments made under interim arrangements in accordance with section 28A of the Pension Schemes Act 1993;

in respect of an election to make income withdrawals, a reference to a *retail client*, an investor or a *policyholder* includes, after that *person's* death, his surviving spouse, his surviving civil partner or anyone who is, at that time, his dependant, or both.

|   |   |
|---|---|
| <p><i>incoming ECA provider</i><br/>FCA PRA</p>                 | <p>a <i>person</i>, other than an <i>exempt person</i> , who:</p> <p>(a) provides an <i>electronic commerce activity</i>, from an <i>establishment</i> in an <i>EEA State</i> other than the <i>United Kingdom</i>, with or for an <i>ECA recipient</i> present in the <i>United Kingdom</i> ; and</p> <p>(b) is a national of an <i>EEA State</i> or a company or firm mentioned in article 54 of the <i>Treaty</i>.</p>   |
| <p><i>incoming EEA firm</i><br/>FCA PRA</p>                     | <p>(in accordance with section 193(1)(a) of the <i>Act</i> (Interpretation of this Part)) an <i>EEA firm</i> which is exercising, or has exercised, its right to carry on a <i>regulated activity</i> in the <i>United Kingdom</i> in accordance with Schedule 3 to the <i>Act</i> (EEA Passport Rights).</p>   |
| <p><i>incoming electronic commerce activity</i><br/>FCA PRA</p> | <p>(in accordance with regulation 2(1) of the <i>ECD Regulations</i>) an activity:</p> <p>(a) which consists of the provision of an <i>information society service</i> from an <i>establishment</i> in an <i>EEA State</i> other than the <i>United Kingdom</i> to a <i>person</i> or <i>persons</i> in the <i>United Kingdom</i>; and</p> <p>(b) which would, but for article 72A of the <i>Regulated Activities Order</i> (Information society services) (and irrespective of the effect of article 72 of that Order (Overseas Persons)), be a <i>regulated activity</i>.</p> |
| <p><i>incoming firm</i><br/>FCA PRA</p>                         | <p>(in accordance with section 193(1) of the <i>Act</i> (Interpretation of this Part)) an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i>.</p>   |
| <p><i>incoming Treaty firm</i><br/>FCA PRA</p>                  | <p>(in accordance with section 193(1)(b) of the <i>Act</i> (Interpretation of this Part)) a <i>Treaty firm</i> which is exercising, or has exercised, its right to carry on a <i>regulated activity</i> in the <i>United Kingdom</i> in accordance with Schedule 4 to the <i>Act</i> (Treaty rights).</p>   |
| <p><i>incorporated friendly society</i><br/>FCA PRA</p>         | <p>a society incorporated under the Friendly Societies Act 1992.</p>  |
| <p><i>incremental risk charge</i><br/>FCA PRA</p>               | <p>(in ■ BIPRU 7.10 (Use of a value at risk model)) has the meaning in ■ BIPRU 7.10.116 R (Capital calculations for VaR models), which is in summary, in relation to a <i>business day</i>, the incremental risk charge required under the provisions in ■ BIPRU 7.10 about <i>specific risk</i>, in respect of the previous <i>business day's</i> close-of-business <i>positions</i> with respect to which those provisions apply.</p>   |
| <p><i>independent advice</i><br/>FCA PRA</p>                    | <p>a <i>personal recommendation</i> to a <i>retail client</i> in relation to a <i>retail investment product</i> where the <i>personal recommendation</i> provided meets the requirements of the <i>rule</i> on independent advice (■ COBS 6.2A.3 R).</p>  |
| <p><i>independent expert</i><br/>FCA PRA</p>                    | <p>(in ■ SUP 18) the person approved or nominated by the <i>appropriate regulator</i> to make the <i>scheme report</i> for an <i>insurance business transfer scheme</i>.</p>  |
| <p>Independent Investigator<br/>FCA PRA</p>                     | <p>the <i>former Ombudsman</i> under the <i>FSA scheme</i>.</p>   |

*index-linked assets*

**FCA** **PRA**

in relation to *permitted links*, the assets held by an *insurer* for the purposes of matching *index-linked liabilities*.

*index-linked benefits*

**FCA** **PRA**

benefits:

- (a) provided for under a *linked long-term contract of insurance*; and
- (b) determined by reference to an index of the value of property of any description (whether specified in the contract or not).

*index-linked contract*

**FCA** **PRA**

a *linked long-term contract* conferring *index-linked benefits*.

*index-linked liabilities*

**FCA** **PRA**

insurance liabilities in respect of *index-linked benefits*.

*index-linked security*

**FCA** **PRA**

(in *COLL*) a *debt security* for which the cash flows are determined by reference to an index of consumer prices.

*indicative adviser charge*

**FCA** **PRA**

a cash figure which is indicative of the cost to the *pure protection contract insurer* of the services associated with making a *personal recommendation* in relation to a *pure protection contract*.

*individual capital assessment*

**FCA** **PRA**

(in *INSPRU* and **■** *COBS 20.2*) an assessment by a *firm* of the adequacy of its capital resources undertaken as part of an assessment of the adequacy of the *firm's* overall financial resources carried out in accordance with **■** *GENPRU 1.2*.

*individual capital guidance*

**FCA** **PRA**

*guidance* given to a *firm* about the amount and quality of capital resources that the *appropriate regulator* thinks the *firm* should hold at all times under the *overall financial adequacy rule* as it applies on a solo level or a consolidated level.

*individual capital resources requirement*

**FCA** **PRA**

has the meaning in **■** *INSPRU 6.1.34 R*.

*individual client account*

**FCA** **PRA**

an account maintained by a *firm* at an *authorised central counterparty* for a *client* of the *firm* in respect of which the *authorised central counterparty* has agreed with the *firm* to provide *individual client segregation*.

*individual client segregation*

**FCA** **PRA**

as defined in article 39(3) of *EMIR*.

*individual CNCOM*

**FCA** **PRA**

the amount calculated with respect to an individual *exposure* under **■ BIPRU 10.10A.8 R** (How to calculate the concentration risk capital component).

*individual counterparty CNCOM*

**FCA** **PRA**

has the meaning in **■ BIPRU 10.10A.8 R** (How to calculate the concentration risk capital component), which is in summary the sum of a *firm's individual CNCOMs* with respect to its *counterparties* falling within **■ BIPRU 10.10A.1 R**.

*Individual Liquidity Adequacy Assessment*

**FCA** **PRA**

a *standard ILAS BIPRU firm's* assessment of the adequacy of its liquidity resources and systems and controls as required by the *rules* in BIPRU 12.5.

*Individual Liquidity Adequacy Standards*

**FCA** **PRA**

the regime of liquidity assessment set out in the *rules* and *guidance* in BIPRU 12.5.

*individual liquidity guidance*

**FCA** **PRA**

*guidance* given to a *firm* about the amount, quality and funding profile of liquidity resources that the *appropriate regulator* has asked the *firm* to maintain.

*Individual Liquidity Systems Assessment*

**FCA** **PRA**

a *simplified ILAS BIPRU firm's* assessment of the adequacy of its systems and controls as required by the *rules* in BIPRU 12.6.

*individual member*

**FCA** **PRA**

a *member*, or *former member*, who is a natural *person*.

*individual pension account*

**FCA** **PRA**

an account for the holding of *IPA eligible investments* , which satisfies the conditions described in regulation 2(2) of the Stamp Duty and Stamp Duty Reserve Tax (Definition of Unit Trust Scheme and Open-ended Investment Company) Regulations 2001 (SI 2001/964) .

*individual  
pension  
contract*

**FCA** **PRA**

a *pension policy* or *pension contract* under which contributions are paid to:

- (a) a *personal pension scheme*; or
- (b) a retirement benefits scheme for the provision of relevant benefits by means of an annuity contract made with an insurance company of the employee's choice where that contract:
  - (i) was approved under section 591(2)(g) of the Income and Corporation Taxes Act 1988 (when that section was in force); or
  - (ii) is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

*individual  
savings  
account*

**FCA** **PRA**

an account which is a scheme of investment satisfying the conditions prescribed in the *ISA Regulations*.

*industrial and  
provident  
society*

**FCA** **PRA**

a society registered or deemed to be registered under the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) 1969.

*industrial  
assurance  
policy*

**FCA** **PRA**

a *contract of insurance* on human life, premiums in respect of which are received by means of collectors, but excluding:

- (a) a *contract of insurance*, the premiums in respect of which are payable at intervals of two *months* or more;
- (b) a *contract of insurance*, effected whether before or after the passing of the Industrial Assurance Act 1923 by a society or company established before the date of the passing of that Act which at that date had no *contracts of insurance* outstanding the premiums on which were payable at intervals of less than one *month* so long as the society or company continues not to effect any such contracts;
- (c) a *contract of insurance* effected before the passing of the Industrial Assurance Act 1923, premiums in respect of which are payable at intervals of one *month* or more, and which have up to the passing of that Act been treated as part of the business transacted by a branch other than the industrial branch of the society or company; and
- (d) a *contract of insurance* for £25 or more effected after the passing of the Industrial Assurance Act 1923, premiums in respect of which are payable at intervals of one *month* or more, and which are treated as part of the business transacted by a branch other than the industrial branch of the society or company, in cases where the relevant authority certified prior to 1 December 2001 under section 1(2)(d) of that Act that the terms and conditions of the contract is on the whole not less favourable to the assured than those imposed by that Act;

in this definition:

- (i) "collector" includes every *person*, however remunerated, who, by himself or by any deputy or substitute, makes house to house visits for the purpose of receiving premiums payable on policies of insurance on human life, or holds any interest in a collecting book, and includes such a deputy or substitute;
- (ii) "collecting book" includes any book or document held by a collector in which payments of premiums are recorded.

|  |   |
|--|---|
| <p><i>industry block</i></p> <p><b>FCA</b> <b>PRA</b></p>              | <p>(in <i>FEES</i>) a grouping of <i>firms</i> by common business activity for the purposes of calculating the <i>general levy</i>.</p>   |
| <p><i>information centre</i></p> <p><b>FCA</b> <b>PRA</b></p>          | <p>a centre established by an <i>EEA State</i> to meet its obligations under article 23 of the <i>Consolidated Motor Insurance Directive</i> (Information Centres).</p>   |
| <p><i>information society service</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>an information society service, as defined by article 2(a) of the <i>E-Commerce Directive</i> and article 1(2) of the Technical Standards and Regulations Directive (98/34/EC), which is in summary any service normally provided for remuneration, at a distance, by means of electronic equipment for the processing (including the digital compression) and storage of data at the individual request of a service recipient.</p>   |
| <p><i>inherited estate</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>an amount representing the fair market value of the <i>with-profits assets</i> less the <i>realistic value of liabilities</i> of a with-profits fund .</p>   |
| <p><i>initial capital</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>(1) [deleted]</p> <p>(2)</p> <p>(3) (in <i>UPRU</i>) capital calculated in accordance with ■ <a href="#">UPRU Table 2.2.1 R</a> (Method of calculation of financial resources) composed of the specified items set out in that Table.</p> <p>(4) (in the case of a <i>BIPRU firm</i>) <i>capital resources</i> included in stage A (Core tier one capital) of the <i>capital resources table</i> plus <i>capital resources</i> included in stage B of the <i>capital resources table</i> (Perpetual non-cumulative preference shares);</p> <p>(5) (in the case of an <i>institution</i> that is an <i>EEA firm</i>) capital resources calculated in accordance with the <i>CRD implementation measures</i> of its <i>Home State</i> for Article 4 of the <i>Capital Adequacy Directive</i> (Definition of initial capital) or Article 9 of the <i>Banking Consolidation Directive</i> (Initial capital requirements);</p> <p>(6) (for the purposes of the definition of <i>dealing on own account</i> and in the case of an <i>undertaking</i> not falling within (3) or (4)) <i>capital resources</i> calculated in accordance with (3) and paragraphs (3) and (4) of the definition of <i>capital resources</i>; and</p> <p>(7) (in <i>IPRU(INV)</i> 13) the initial capital of a <i>firm</i> calculated in accordance with <i>IPRU(INV)</i> 13.1A.6R.</p> |
| <p><i>initial commitment</i></p> <p><b>FCA</b> <b>PRA</b></p>          | <p>(for the purposes of <i>BIPRU</i> and in relation to <i>underwriting</i>) the date specified in ■ <a href="#">BIPRU 7.8.13 R</a> (Time of initial commitment).</p>   |
| <p><i>initial coupon rate</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>(in relation to a <i>tier one instrument</i>) the <i>coupon</i> rate of the instrument at the time it is issued.</p>   |
| <p><i>initial disclosure document</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>information about the <i>scope of advice</i> and the nature of the services offered by a <i>firm</i> in relation to:</p> <p>(a) a <i>regulated mortgage contract</i> other than a <i>lifetime mortgage</i> as required by ■ <a href="#">MCOB 4.4.1 R</a> (1) and set out in ■ <a href="#">MCOB 4 Annex 1 R</a>;</p>  |

|   |   |
|---|---|
| <p><i>initial fund</i><br/>FCA PRA</p>                          | <p>(b) an <i>equity release transaction</i> as required by ■ MCOB 4.4.1 R (1) and set out in ■ MCOB 8 Annex 1 R;</p> <p>(c) a <i>home purchase plan</i> as required by ■ MCOB 4.10.2 R and set out in ■ MCOB 4 Annex 1 R; or</p> <p>(d) a <i>non-investment insurance contract</i> in accordance with ■ ICOBS 4.5.1 G and set out in ■ ICOBS 4 Annex 1 G .</p>  |
| <p><i>initial offer</i><br/>FCA PRA</p>                         | <p>the items of capital which are available to a <i>mutual</i> at <i>authorisation</i>.</p>   |
| <p><i>initial outlay</i><br/>FCA PRA</p>                        | <p>(in <i>COLL</i> ) an offer for sale of <i>units</i> in an <i>authorised fund</i> or in a <i>sub-fund</i> (otherwise than in accordance with <i>arrangements</i> of the type described in ■ COLL 5.5.9 R (3) (b) (iii) (Guarantees and indemnities) , where all or part of the consideration paid for the account of the <i>authorised fund</i> for the <i>units</i> is to be used to acquire the initial <i>scheme property</i> of the <i>authorised fund</i> or the initial <i>scheme property</i> attributable to the <i>sub-fund</i>.</p> |
| <p><i>initial price</i><br/>FCA PRA</p>                         | <p>(in relation to an <i>authorised fund</i>) the amount which the <i>authorised fund</i> is required to provide in order to obtain rights under a transaction in <i>derivatives</i>, excluding any payment or transfer on exercise of rights.</p>  |
| <p><i>injunction</i><br/>FCA PRA</p>                            | <p>(in <i>COLL</i> ) in relation to a <i>unit</i> of any <i>class</i>:</p> <p>(a) in a <i>single-priced authorised fund</i>, the <i>price</i> to be paid; or</p> <p>(b) in a <i>dual-priced authorised fund</i>, the amount agreed by the <i>depository</i> and <i>authorised fund manager</i> as being the maximum <i>price</i> , inclusive of any <i>preliminary charge</i>, that may be paid to the <i>authorised fund manager</i>; during the period of the <i>initial offer</i> under COLL 6.2.3 R (Initial offer).</p>                    |
| <p><i>injured party</i><br/>FCA PRA</p>                         | <p>a court order made by the High Court that prohibits a <i>person</i> from doing or continuing to do a certain act or requires a <i>person</i> to carry out a certain act.</p>   |
| <p><i>innovative tier one capital</i><br/>FCA PRA</p>           | <p>(in <i>ICOBS</i>) a resident of the <i>EEA</i> entitled to compensation in respect of any loss or injury caused by <i>vehicles</i>.<br/>[Note: article 1(2) of Directive 72/166/EC (First Motor Insurance Directive)]</p>  |
| <p><i>innovative tier one capital resources</i><br/>FCA PRA</p> | <p>an item of capital that is stated in ■ GENPRU 2.2(Capital resources) to be innovative tier one capital.</p>  |
| <p><i>innovative tier one instrument</i><br/>FCA PRA</p>        | <p>the amount of <i>capital resources</i> at stage C of the <i>capital resources table</i> (Innovation tier one capital) .</p>  |
| <p><i>innovative tier one instrument</i><br/>FCA PRA</p>        | <p>a <i>potential tier one instrument</i> that is stated in ■ GENPRU 2.2(Capital resources) to be an innovative instrument.</p>   |



*inside information*

FCA PRA

(as defined in section 118C of the *Act*):

(a) in relation to *qualifying investments*, or *related investments*, which are not commodity derivatives, *inside information* is information of a precise nature which:

- (i) is not generally available,
- (ii) relates, directly or indirectly, to one or more issuers of the *qualifying investments* or to one or more of the *qualifying investments*, and
- (iii) would, if generally available, be likely to have a significant effect on the price of the *qualifying investments* or on the price of *related investments*.

(b) in relation to *qualifying investments*, or *related investments*, which are commodity derivatives, *inside information* is information of a precise nature which:

- (i) is not generally available,
- (ii) relates, directly or indirectly, to one or more such derivatives, and
- (iii) users of markets in which the derivatives are traded would expect to receive in accordance with *accepted market practices* on those markets.

(c) in relation to a person charged with the execution of orders concerning any *qualifying investments* or *related investments*, *inside information* includes information conveyed by a client and related to the client's pending orders which:

- (i) is of a precise nature;
- (ii) is not generally available;
- (iii) relates, directly or indirectly, to one or more issuers of *qualifying investments* or to one or more *qualifying investments*; and
- (iv) would, if generally available, be likely to have a significant effect on the price of those *qualifying investments* or the price of *related investments*;

(d) information is precise if it:

- (i) indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur; and
- (ii) is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of *qualifying investments* or *related investments*;

(e) information would be likely to have a significant effect on price if and only if it is information of that kind which a reasonable investor would be likely to use as part of the basis of his investment decisions;

(f) for the purposes of (b)(iii), users of markets on which investments in commodity derivatives are traded are to be treated as expecting to receive information relating directly or indirectly to one or more such derivatives in accordance with any *accepted market practices*, which is:

- (i) routinely made available to the users of those markets; or
- (ii) required to be disclosed in accordance with any statutory provision, market rules, or contracts or customs on the relevant underlying commodity market or commodity derivatives market;

*insider*

FCA PRA

(g) information which can be obtained by research or analysis conducted by, or on behalf of, users of a market is to be regarded, for the purposes of *market abuse*, as being generally available to them.

(as defined in section 118B of the *Act*) a *person* who has *inside information*:

(a) as a result of his membership of the administrative, management or supervisory bodies of an *issuer of qualifying investments*;

(b) as a result of his holding in the capital of an *issuer of qualifying investments*;

(c) as a result of having access to the information through the exercise of his employment, profession or duties;

(d) as a result of his criminal activities; or

(e) which he has obtained by other means and which he knows, or could reasonably be expected to know, is *inside information*.

*insider dealing*

FCA PRA

the activity described in section 52 of the Criminal Justice Act 1993, which is in summary:

(a) the offence of which an individual is guilty if he has information as an insider and:

(i) in the circumstances described in (b), he deals in securities that are price-affected securities in relation to the information;

(ii)

(A) he encourages another *person* to deal in securities that are (whether or not that other knows it) price-affected securities in relation to the information, knowing or having reasonable cause to believe that the dealing would take place in the circumstances mentioned in (b); or

(B) he discloses the information, otherwise than in the proper performance of the functions of his employment, office or profession, to another *person*;

(b) the circumstances referred to in (a) are that the acquisition or disposal in question occurs on a regulated market (identified in an Order made by the Treasury), or that the *person* dealing relies on a professional intermediary or is himself acting as a professional intermediary.

*insider list*

FCA PRA

a list, as required by ■ DTR 2.8.1 R, of *persons* with access to *inside information*.

*insolvency order*

FCA PRA

an administration order, compulsory winding up order, bankruptcy order, or sequestration order.

## INSPRU

FCA PRA

the Prudential sourcebook for Insurers.

*instalment reversion plan*

FCA PRA

a *home reversion plan* under which more than one payment is made to the *customer* during the life of the plan.

|   |  |
|---|--|
| <p><i>institution</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                        | <p>(in accordance with Article 3(1)(c) of the <i>Capital Adequacy Directive</i> and Article 4(6) of the <i>Banking Consolidation Directive</i> (Definitions) and for the purposes of GENPRU and BIPRU) a <i>credit institution</i> or a <i>CAD investment firm</i>, whether or not it is incorporated in, or has its head office in, an <i>EEA State</i>.</p>  |
| <p><i>institutional linked policyholders</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>in relation to <i>permitted links</i>, <i>linked policyholders</i> who are trustees of a <i>defined benefit occupational pension scheme</i>.</p>  |
| <p><i>instrument constituting the scheme</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>(a) (in relation to an <i>ICVC</i>) the <i>instrument of incorporation</i>;<br/>                 (b) (in relation to an <i>AUT</i>) the <i>trust deed</i>;<br/>                 (ba) (in relation to an <i>EEA UCITS scheme</i>) the fund rules or instrument of incorporation of such a <i>scheme</i>;<br/>                 (c) (in relation to a <i>collective investment scheme</i> other than an <i>authorised fund</i> or an <i>EEA UCITS scheme</i>) any instrument to which the <i>operator</i> is a party setting out any arrangements with any other <i>person</i> relating to any aspect of the operation or management of the <i>scheme</i>.</p> |
| <p><i>instrument of incorporation</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>        | <p>the instrument of incorporation of an <i>ICVC</i> (as from time to time amended) initially provided to the <i>FCA</i> in accordance with regulation 14(1)(c) of the <i>OEIC regulations</i>.</p>  |
| <p><i>insurance accounts rules</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>           | <p>Schedule 9A to the Companies Act 1985 (Form and content of accounts of insurance companies) and Schedule 9A to the Companies Act (Northern Ireland) Order 1986 where these provisions are applicable, otherwise Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).</p>  |
| <p><i>insurance business</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                 | <p>the business of <i>effecting</i> or <i>carrying out contracts of insurance</i>.</p>   |
| <p><i>insurance business grouping</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>        | <p>a grouping comprising descriptions of <i>general insurance business</i> determined in accordance with <span style="color: blue;">■</span> INSPRU 1.4.12 R.</p>  |
| <p><i>insurance business transfer</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>        | <p>a transfer in accordance with an <i>insurance business transfer scheme</i>.</p>   |
| <p><i>insurance business transfer scheme</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>(a) a scheme, defined in section 105 of the <i>Act</i>, which is in summary: a scheme to transfer the whole or part of the business of an <i>insurer</i> (other than a <i>friendly society</i>) to another body;<br/>                 (b) a similar scheme to transfer the whole or part of the business carried on by one or more <i>members</i> of the <i>Society</i> or <i>former underwriting members</i> that meets the conditions of article 4 of the Financial Services and Markets Act 2000 (Control of Transfers of Business Done at Lloyd's) Order 2001 (SI 2001/3626).</p>   |

*insurance client  
money chapter*

**FCA** **PRA**

■ CASS 5.

*insurance  
component*

**FCA** **PRA**

a *qualifying investment* prescribed in regulation 9 of the *ISA Regulations*.

*insurance  
conglomerate*

**FCA** **PRA**

a *financial conglomerate* that is identified in paragraph 4.3 of  
■ GENPRU 3 Annex 1 R (Types of financial conglomerate) as an insurance  
conglomerate.

*insurance  
death risk  
capital  
component*

**FCA** **PRA**

one of the components of the *long-term insurance capital requirement* as set  
out in ■ INSPRU 1.1.81 R to ■ INSPRU 1.1.83 R.

*Insurance  
Directives*

**FCA** **PRA**

the *Consolidated Life Directive* and the *First Non-Life Directive*, *Second  
Non-Life Directive* and *Third Non-Life Directive*.

*insurance  
expense risk  
capital  
component*

**FCA** **PRA**

one of the components of the *long-term insurance capital requirement* as set  
out in ■ INSPRU 1.1.88 R.

*insurance  
group*

**FCA** **PRA**

(1) an *insurance parent undertaking* and its *related undertakings*; or  
(2) a *participating insurance undertaking* (not within (1)) and its *related  
undertakings*.

*Insurance  
Groups  
Directive*

**FCA** **PRA**

Directive of the European Parliament and of the Council of 27 October 1998  
on the supplementary supervision of insurance undertakings in an insurance  
group (1998/78/EC).

*insurance  
health risk and  
life protection  
reinsurance  
capital  
component*

**FCA** **PRA**

one of the components of the *long-term insurance capital requirement* as set  
out in ■ INSPRU 1.1.85 R to ■ INSPRU 1.1.86 R .

*insurance holding company*

**FCA** **PRA**

(1) a *parent undertaking*, other than an *insurance undertaking*, the main business of which is to acquire and hold participations in *subsidiary undertakings* and which fulfils the following conditions:

(a) its *subsidiary undertakings* are either exclusively or mainly *insurance undertakings*; and

(b) at least one of those *subsidiary undertakings* is an *insurer* or an *EEA firm* that is a *regulated insurance entity* or a *reinsurance undertaking*;

a *parent undertaking*, other than an *insurance undertaking*, that fulfils the conditions in paragraphs (1) (a) and (b) of this definition is not an *insurance holding company* if:

(c) it is a *mixed financial holding company*; and

(d) notice has been given in accordance with Article 4(2) of the *Financial Groups Directive* that the *financial conglomerate* of which it is a *mixed financial holding company* is a *financial conglomerate*.

(2) For the purposes of:

(a) the definition of the *insurance sector*;

(b) [deleted]

(c) the definition of *material insurance holding*; paragraph (1)(b) of this definition does not apply.

*Insurance Intermediaries Order*

**FCA** **PRA**

the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) (Insurance Intermediaries) Order 2003 (SI 2003/1476).

*insurance intermediary*

**FCA** **PRA**

a *firm* carrying on *insurance mediation activity* other than an *insurer*.

*Insurance market activity*

**FCA** **PRA**

means a *regulated activity* relating to *contracts of insurance* written at Lloyd's.

*Insurance market direction*

**FCA** **PRA**

a direction made by the *appropriate regulator* under section 316(1) of the *Act* (Direction by a regulator).

*insurance market risk capital component*

**FCA** **PRA**

one of the components of the *long-term insurance capital requirement* as set out in ■ INSPRU 1.1.89 R.

*insurance mediation*

**FCA** **PRA**

(as defined in article 2(3) of the *IMD*) the activities of introducing, proposing or carrying out other work preparatory to the conclusion of contracts of insurance, or of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim. These

*insurance mediation activity*

**FCA** **PRA**

activities when undertaken by an *IMD insurance undertaking* or an employee of an *IMD insurance undertaking* who is acting under the responsibility of the *IMD insurance undertaking* shall not be considered as *insurance mediation*. The provision of information on an incidental basis in the context of another professional activity provided that the purpose of that activity is not to assist the customer in concluding or performing an insurance contract, the management of claims of an *IMD insurance undertaking* on a professional basis, and loss adjusting and expert appraisal of claims shall also not be considered as *insurance mediation*.

any of the following *regulated activities* carried on in relation to a *contract of insurance* or rights to or interests in a life policy:

- (a) *dealing in investments as agent* (article 21);
- (b) *arranging (bringing about) deals in investments* (article 25(1));
- (c) *making arrangements with a view to transactions in investments* (article 25(2));
- (d) *assisting in the administration and performance of a contract of insurance* (article 39A);
- (e) *advising on investments* (article 53);
- (f) *agreeing to carry on a regulated activity* in (a) to (e) (article 64).

*Insurance Mediation Directive*

**FCA** **PRA**

the European Parliament and Council Directive of 9 December 2002 on insurance mediation (No 2002/92/EC).

*Insurance Ombudsman scheme*

**FCA** **PRA**

the former scheme set up, on a voluntary basis, to handle complaints against those insurance companies which subscribed to it.

*insurance parent undertaking*

**FCA** **PRA**

a *parent undertaking* which is:

- (a) a *participating insurance undertaking* which has a *subsidiary undertaking* that is an *insurance undertaking*; or
- (b) an *insurance holding company* which has a *subsidiary undertaking* which is an *insurer*; or
- (c) an *insurance undertaking* (not within (a)) which has a *subsidiary undertaking* which is an *insurer*.

*insurance sector*

**FCA** **PRA**

a sector composed of one or more of the following entities:

- (a) an insurance undertaking;
- (b) an *insurance holding company*; and
- (c) (in the circumstances described in **■ GENPRU 3.1.39 R** (The financial sectors: Asset management companies)) an *asset management company*.

*insurance special purpose vehicle*

**FCA** **PRA**

an *undertaking*, other than an *insurance undertaking* or *reinsurance undertaking* which has received an official authorisation in accordance with article 6 of the *First Non-Life Directive*, article 4 of the *Consolidated Life Directive* or article 3 of the *Reinsurance Directive*:

- (a) which assumes risks from such *insurance undertakings* or *reinsurance undertakings*; and

|   |  |
|---|--|
| <p><i>insurance undertaking</i></p> <p><b>FCA</b> <b>PRA</b></p>                    | <p>(b) which fully funds its exposures to such risks through the proceeds of a debt issuance or some other financing mechanism where the repayment rights of the providers of such debt or other financing mechanism are subordinated to the <i>undertaking's reinsurance</i> obligations.</p> <p>(1) (except in COBS) an undertaking, or (in <b>■ CASS 5</b> and <b>COMP</b>) a <i>member</i>, whether or not an <i>insurer</i>, which carries on <i>insurance business</i>.</p> <p>(2) (in COBS) an undertaking or a <i>member</i> which carries on <i>insurance business</i>.</p> |
| <p><i>insurance-related capital requirement</i></p> <p><b>FCA</b> <b>PRA</b></p>    | <p>a component of the calculation of the <i>ECR</i> for a <i>firm</i> carrying on <i>general insurance business</i> as set out in <b>■ INSPRU 1.1.76 R</b> to <b>■ INSPRU 1.1.79 R</b>.</p>  |
| <p><i>insurer</i></p> <p><b>FCA</b> <b>PRA</b></p>                                  | <p>a <i>firm</i> with <i>permission</i> to <i>effect</i> or <i>carry out contracts of insurance</i> (other than a <i>UK ISPV</i>).</p>   |
| <p><i>interdict</i></p> <p><b>FCA</b> <b>PRA</b></p>                                | <p>a Scottish court order made by the Court of Session that prohibits a <i>person</i> from doing or continuing to do a certain act or requires a <i>person</i> to carry out a certain act.</p>   |
| <p><i>interest rate duration method</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>the method of calculating the part of the <i>interest rate PRR</i> that relates to <i>general market risk</i> set out in <b>■ BIPRU 7.2.63 R</b> (General market risk calculation: Duration method).</p>  |
| <p><i>interest rate maturity method</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>the method of calculating the part of the <i>interest rate PRR</i> that relates to <i>general market risk</i> set out in <b>■ BIPRU 7.2.59 R</b> (General market risk calculation: The maturity method).</p>  |
| <p><i>interest rate PRR</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>the part of the <i>market risk capital requirement</i> calculated in accordance with <b>■ BIPRU 7.2</b> (Interest rate PRR) or <b>■ BIPRU 7.3.45 R</b> (Basic interest rate PRR for equity derivatives) or, in relation to a particular <i>position</i>, the portion of the overall <i>interest rate PRR</i> attributable to that <i>position</i>.</p>  |
| <p><i>interest rate simplified maturity method</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>the method of calculating the part of the <i>interest rate PRR</i> that relates to <i>general market risk</i> set out in <b>■ BIPRU 7.2.56 R</b> (General market risk calculation: Simplified maturity method).</p>   |
| <p><i>interested party</i></p> <p><b>FCA</b> <b>PRA</b></p>                         | <p>(in relation to an application made under section 60 of the <i>Act</i> (Applications for approval)):</p> <p>(a) the <i>firm</i> making the application;</p> <p>(b) the <i>person</i> in respect of whom the application is being made ("A"); and</p> <p>(c) the <i>person</i> by whom A's services are to be retained, if not the <i>firm</i> making the application.</p>   |

*interest-only mortgage*

**FCA** **PRA**

a *regulated mortgage contract* other than a *repayment mortgage*.

*interim accounting period*

**FCA** **PRA**

(in *COLL*) a period within an *annual accounting period* in respect of which an allocation of income is to be made.

*interim income allocation date*

**FCA** **PRA**

any date specified in the *prospectus* of an *authorised fund* as the date on or before which an allocation of income will be made.

*intermediaries offer*

**FCA** **PRA**

(1) (in *LR*) a marketing of *securities* already or not yet in issue, by means of an offer by, or on behalf of, the *issuer* to intermediaries for them to allocate to their own clients.

(2) (for the purposes of the *Code of Market Conduct* (■ **MAR 1**)) a marketing of *securities* not yet in issue, by means of an offer by, or on behalf of, the *issuer* to intermediaries for them to allocate to their own clients.

*intermediate broker*

**FCA** **PRA**

(in relation to a transaction in a *contingent liability investment*) any *person* acting in the capacity of an intermediary through whom the *firm* undertakes that transaction.

*intermediate customer*

**FCA** **PRA**

(for the purposes only of ■ **COBS TP 1** (Transitional Provisions in relation to Client Categorisation)):

(1) (except in ■ **COB 3**) a *client* who is not a *market counterparty* and who is:

- (a) a local authority or public authority;
- (b) a *body corporate* whose *shares* have been *listed* or admitted to trading on any *EEA* exchange;
- (c) a *body corporate* whose *shares* have been *listed* or admitted to trading on the primary board of any *IOSCO* member country official exchange;
- (d) a *body corporate* (including a *limited liability partnership*) which has (or any of whose *holding companies* or *subsidiaries* has) (or has had at any time during the previous two years) called up share capital or net assets of at least £5 million (or its equivalent in any other currency at the relevant time);
- (e) a *special purpose vehicle*;
- (f) a *partnership* or unincorporated association which has (or has had at any time during the previous two years) net assets of at least £5 million (or its equivalent in any other currency at the relevant time) and calculated in the case of a limited *partnership* without deducting loans owing to any of the *partners*;
- (g) a trustee of a trust (other than an *occupational pension scheme*, *SSAS*, *personal pension scheme* or *stakeholder pension scheme*) which has (or has had at any time during the previous two years) assets of at least £10 million (or its equivalent in any other currency at the relevant time) calculated by aggregating the value



of the cash and *designated investments* forming part of the trust's assets, but before deducting its liabilities;

(h) a trustee of an *occupational pension scheme* or *SSAS*, or a trustee or operator of a *personal pension scheme* or *stakeholder pension scheme* where the scheme has (or has had at any time during the previous two years):

(i) at least 50 members; and

(ii) assets under management of at least £10 million (or its equivalent in any other currency at the relevant time);

(i) another *firm*, or an *overseas financial services institution*, when, in relation to *designated investment business*, or related *ancillary activities*, conducted with or for that *firm* or institution, that *firm* or institution is an *intermediate customer* in accordance with

■ COB 4.1.7 R (Classification of another firm or an overseas financial services institution);

(j) *collective investment scheme*;

(k) a *client* when he is classified as an *intermediate customer* in accordance with ■ COB 4.1.9 R (Expert *private customer* classified as intermediate customer);

(l) a *recognised investment exchange*, *designated investment exchange*, *regulated market* or *clearing house*, except when it is classified as a *market counterparty* in accordance with ■ COB 4.1.8A R (Classification of an exchange or clearing house);

but excluding:

(i) [deleted]

(ii) a *client* who would otherwise be an *intermediate customer*, when he is classified in accordance with:

(A) ■ COB 4.1.12 R (Large intermediate customer classified as market counterparty); or

(B) (except for the purposes of *DISP*) ■ COB 4.1.14 R (Client classified as *private customer*).

(2) (in ■ COB 3) a *person* in (1) or a *person* who would be such a *person* if he were a *client*.

*intermediate holding vehicle*

FCA PRA

a *company*, trust or partnership but not a *collective investment scheme*, whose purpose is to enable the holding of overseas immovables on behalf of a *non-UCITS retail scheme* or a *qualified investor scheme*.

*intermediate rate of return*

FCA PRA

(in *COBS*) the intermediate rate of return described in paragraph 2.3 of the *projection rules* ( ■ COBS 13 Annex 2).

*internal capital adequacy assessment process*

FCA PRA

a *firm's* assessment of the adequacy of its capital and financial resources, as required by the *ICAAP rules*.

*internal controls*

FCA PRA

the whole system of controls, financial or otherwise, established by the management of a *firm* in order to:

- (a) carry on the business of the *firm* in an orderly and efficient manner;
- (b) ensure adherence to management policies;
- (c) safeguard the assets of the *firm* and other assets for which the *firm* is responsible; and
- (d) secure as far as possible the completeness and accuracy of the *firm's* records (including those necessary to ensure continuous compliance with the requirements or standards under the *regulatory system* relating to the adequacy of the *firm's* financial resources).

*international accounting standards*

FCA PRA

means the international accounting standards, within the meaning of EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, adopted from time to time by the European Commission in accordance with that Regulation.

*International Financial Reporting Standards*

FCA PRA

international financial accounting standards within the meaning of EC Regulation No 1606/2002 of the European Parliament and of the Council of 19 July 2002 as adopted from time to time by the European Commission in accordance with that Regulation.

*international organisation*

FCA PRA

(for the purposes of *GENPRU* and *BIPRU*) an organisation referred to in ■ *BIPRU* 3.4.30 R (Exposures to international organisations).

*International Securities Identification Number (ISIN)*

FCA PRA

a 12-character, alphanumeric code which uniquely identifies a *financial instrument* and provides for the uniform identification of *securities* at trading and settlement.

*inter-professional business*

FCA PRA

the business of a *firm*:

- (a) when it carries on:
  - (i) *regulated activities*; or
  - (ii) related *ancillary activities*;

to the extent that the *regulated activity* that the *firm* is carrying on is:

- (A) *dealing in investments as principal*; or
- (B) dealing in investments as agent; or
- (C) acting as an *arranger*; or
- (D) giving *transaction-specific advice* or agreeing to do so;

but only if that activity is:

- (I) in or in respect of an *inter-professional investment*;
- (II) undertaken with or for a *eligible counterparty* ; and

(III) carried on from an establishment maintained by the *firm* in the *United Kingdom*;

(b) but excluding the carrying on of the following activities:

- (i) the *approval* by a *firm* of a *financial promotion*;
- (ii) activities carried on between *operators*, or between *operators* and *depositories*, of the same *collective investment scheme* (when acting in that capacity);
- (iii) *corporate finance business*;
- (iv) *safeguarding and administering investments* and *agreeing to carry on that regulated activity*;
- (v) concluding a *distance contract* with a *consumer*;
- (vi) activities relating to *life policies*;

in this definition, the exclusion in article 15 of the *Regulated Activities Order* (Absence of holding out etc) is to be disregarded in determining whether dealing in investments as *principal* or *agreeing to do so* is a *regulated activity*.

inter-professional  
investment

FCA PRA

any of the following *investments* specified in Part III of the *Regulated Activities Order* (Specified Investments) or, in the case of *units* in an *exchange traded fund*, defined in the *Glossary* :

- (a) *share* (article 76);
- (b) *debenture* (article 77);
- (ba) *alternative debenture* (article 77A);
- (c) *government and public security* (article 78);
- (d) *warrant* (article 79);
- (e) *certificate representing certain securities* (article 80);
- (f) *option* (article 83); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *option* (excluding a *commodity option* and an *option* on a *commodity future*);
  - (ii) *commodity option* and *option* on a *commodity future*;
- (g) *future* (article 84); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *future* (excluding a *commodity future* and a *rolling spot forex contract*);
  - (ii) *commodity future*;
  - (iii) *rolling spot forex contract*;
- (h) *contract for differences* (article 85); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *contract for differences* (excluding a *spread bet* and a *rolling spot forex contract*);
  - (ii) *spread bet*;
  - (iii) *rolling spot forex contract*;
- (i) *rights to or interests in investments* in (a) to (h) (article 89) ;
- (j) *units* in an *exchange traded fund*.

|  |   |
|--|---|
| <p><i>inter-syndicate reinsurance</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>reinsurance between one <i>syndicate year</i> and another, not being <i>reinsurance to close</i>.</p>  |
| <p><i>intra-group liquidity modification</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a modification to the <i>overall liquidity adequacy rule</i> of the kind described in BIPRU 12.8.7G.</p>   |
| <p><i>intra-group transactions</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>(in accordance with Article 2(18) of the <i>Financial Groups Directive</i> (Definitions)) all transactions by which <i>regulated entities</i> within a <i>financial conglomerate</i> rely either directly or indirectly upon other <i>undertakings</i> within the same <i>financial conglomerate</i> or upon any <i>person</i> linked to the <i>undertakings</i> within that <i>financial conglomerate</i> by <i>close links</i>, for the fulfilment of an obligation whether or not contractual, and whether or not for payment.</p>  |
| <p><i>introducer</i></p> <p><b>FCA</b> <b>PRA</b></p>                          | <p>an individual appointed by a <i>firm</i>, an <i>appointed representative</i> or, where applicable, a <i>tied agent</i>, to carry out in the course of <i>designated investment business</i> either or both of the following activities:</p> <ul style="list-style-type: none"> <li>(a) effecting introductions;</li> <li>(b) distributing <i>non-real time financial promotions</i>.</li> </ul>  |
| <p><i>introducer appointed representative</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>an <i>appointed representative</i> appointed by a <i>firm</i> whose scope of appointment is limited to:</p> <ul style="list-style-type: none"> <li>(a) effecting introductions; and</li> <li>(b) distributing <i>non-real time financial promotions</i>.</li> </ul>  |
| <p><i>introducing broker</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <p>a <i>firm</i> which introduces transactions relating to <i>designated investments arranged</i> (brought about) for its <i>clients</i> to a <i>clearing firm</i>.</p>   |
| <p><i>investment</i></p> <p><b>FCA</b> <b>PRA</b></p>                          | <p>(in accordance with sections 22(4) of the <i>Act</i> (Regulated activities) and section 93(2) of the <i>Financial Services Act 2012</i>) any investment, including any asset, right or interest.</p>   |
| <p><i>investment adviser</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <p>(in relation to an <i>authorised fund</i>) a <i>person</i> who is retained by an <i>ICVC</i>, its <i>directors</i> or its <i>ACD</i> or by a <i>manager</i> of an <i>AUT</i> under a commercial arrangement which is not a contract of service:</p> <ul style="list-style-type: none"> <li>(a) to supply any of them with advice in relation to the <i>authorised fund</i> as to the merits of investment opportunities or information relevant to the making of judgements about the merits of investment opportunities; or</li> <li>(b) to exercise for any of them any function concerning the management of the <i>scheme property</i>.</li> </ul> |
| <p><i>investment agreement</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p>any agreement the making or performance of which by either party constitutes a <i>regulated activity</i>, but disregarding the exclusions in Part II of the <i>Regulated Activities Order</i>.</p>   |

*investment  
business  
compensation  
scheme*

FCA PRA

(as defined in article 2(2) of the *compensation transitionals order*) any of the following:

- (a) the scheme established under section 54 of the Financial Services Act 1986 and known as the Investors Compensation Scheme;
- (b) the scheme established under section 22j of the Grey Paper published by the FSA on 26 September 1998 and known as the Section 43 Compensation Scheme;
- (c) the scheme established by chapter II of part L:VIII of the PIA rule book and known as the PIA Indemnity Scheme;
- (d) the scheme resulting from an agreement dated 1 February 1999 between the Association of British Insurers and the Investors Compensation Scheme Limited for the making of payments by way of compensation to widows, widowers and dependants of persons (since deceased), in connection with advice given to such persons in relation to pensions, or the arranging of pensions for such persons, and known as the ABI/ICS scheme.

*investment  
company with  
variable capital*

FCA PRA

a body incorporated under the *OEIC Regulations*.

*investment  
entity*

FCA PRA

(in LR) an entity whose primary object is investing and managing its assets with a view to spreading or otherwise managing investment risk.

*investment  
firm*

FCA PRA

- (1) any person whose regular occupation or business is the provision of one or more *investment services* to third parties and/or the performance of one or more investment activities on a professional basis.

[Note: article 4(1)(1) of *MiFID*]

- (2) (in REC) a *MiFID investment firm*, or a person who would be a *MiFID investment firm* if it had its head office in the EEA.

*investment  
firm  
consolidation  
waiver*

FCA PRA

a *waiver* (described in ■ BIPRU 8.4 (CAD Article 22 groups and investment firm consolidation waiver)) that disapplies certain requirements so far as they apply on a consolidated basis with respect to a *CAD Article 22 group*.

*investment  
management  
firm*

FCA PRA

( subject to BIPRU TP 1.3R (Revised definition of investment management firm for certain transitional purposes)), a *firm* whose *permitted activities* include *designated investment business*, which is not an *authorised professional firm*, *bank*, *BIPRU investment firm*, *building society*, *credit union*, *energy market participant*, *friendly society*, *ICVC*, *insurer*, *media firm*, *oil market participant*, *service company*, *incoming EEA firm* (without a *top-up permission*), *incoming Treaty firm* (without a *top-up permission*), *UCITS management company* or *UCITS qualifier* (without a *top-up permission*), whose *permission* does not include a *requirement* that it comply with ■ IPRU-INV 3 or ■ IPRU-INV 13 (Personal investment firms) and which is within (a), (b) or (c):

(a) a *firm*:

- (i) which was a member of *IMRO* immediately before *commencement*; and

(ii) which was not, immediately before *commencement*, subject to the financial supervision requirements of the *FSA* (under section 43 of the *Financial Services Act 1986*), or *PIA* or *SFA* (under lead regulation arrangements);

(b) a *firm* whose *permission* includes a *requirement* that it comply with ■ IPRU-INV 5 (Investment management firms);

(c) a *firm*:

(i) which was given a *Part 4A permission* on or after *commencement*, or which was authorised under section 25 of the *Financial Services Act 1986* immediately before *commencement* and was not a member of *IMRO*, *PIA* or the *SFA*; and

(ii) for which the most substantial part of its gross income (including *commissions*) from the *designated investment business* included in its *Part 4A permission* is derived from one or more of the following activities (based, for a *firm* given a *Part 4A permission* after *commencement*, on the business plan submitted as part of the *firm's* application for *permission* or, for a *firm* authorised under section 25 of the *Financial Services Act 1986*, on the *firm's* financial year preceding its *authorisation* under the *Act*):

(A) *managing investments* other than for *retail clients* or where the assets managed are primarily *derivatives*;

(B) *OPS activity*;

(C) acting as the *manager* or *trustee* of an *AUT*;

(D) acting as the *ACD* or *depository* of an *ICVC*;

(E) *establishing, operating or winding up a collective investment scheme* (other than an *AUT* or *ICVC*);

(Ea) *establishing, operating or winding up a personal pension scheme*; and

(F) *safeguarding and administering investments*.

investment  
manager

FCA PRA

(1) (except in *LR*) a *person* who, acting only on behalf of a *client*:

(a) manages *designated investments* in an account or portfolio on a discretionary basis under the terms of a discretionary management agreement; or

(b) manages *designated investments* in an account or portfolio on a non-discretionary basis under the terms of a non-discretionary management agreement.

(2) (in *LR*) a *person* who, on behalf of a *client*, manages *investments* and is not a wholly-owned *subsidiary* of the *client*.

the former *Ombudsman* under the *IMRO scheme*.

Investment  
Ombudsman

FCA PRA

investment  
professional

FCA PRA

(in accordance with article 19(5) of the *Financial Promotion Order*) (in relation to a *financial promotion*):

(a) an *authorised person*;

(b) an *exempt person* when the *financial promotion* relates to a *controlled activity* which is a *regulated activity* in relation to which the *person* is exempt;

(c) any other *person*:

(i) whose ordinary activities involve him in carrying on the *controlled activity* to which the *financial promotion* relates for the purposes of a business carried on by him; or

(ii) who it is reasonable to expect will carry on that activity for the purposes of a business carried on by him;

(d) a government, a local authority (whether in the *United Kingdom* or elsewhere) or an international organisation;

(e) a *person* ("A") who is a *director, officer* or employee of a *person* ("B") falling within any of (a) to (d) where the *financial promotion* is made to A in that capacity and where A's responsibilities when acting in that capacity involve him in the carrying on by B of *controlled activities*.

*investment research*

FCA PRA

research or other information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several *financial instruments* or the issuers of *financial instruments*, including any opinion as to the present or future value or price of such instruments, intended for *distribution channels* or for the public, and in relation to which the following conditions are met:

(a) it is labelled or described as investment research or in similar terms, or is otherwise presented as an objective or independent explanation of the matters contained in the recommendation;

(b) if the recommendation in question were to be made by an *investment firm* to a *client*, it would not constitute the provision of a *personal recommendation*.

[Note: article 24(1) of the *MiFID implementing Directive*]

*investment service*

FCA PRA

any of the following involving the provision of a service in relation to a *financial instrument*:

(a) reception and transmission of orders in relation to one or more *financial instruments*;

(b) execution of orders on behalf of *clients*;

(c) *dealing on own account*;

(d) *portfolio management*;

(e) the making of a *personal recommendation*;

(f) underwriting of *financial instruments* and/or placing of *financial instruments* on a firm commitment basis;

(g) placing of *financial instruments* without a firm commitment basis;

(h) operation of *multilateral trading facilities*.

[Note: article 4(1)(2) of, and section A of Annex 1 to, *MiFID* and article 6(5) of the *auction regulation* ]

*investment services and/or activities*

FCA PRA

any of the services and activities listed in Section A of Annex I to *MiFID* relating to any *financial instrument* , that is:

(a) reception and transmission of orders in relation to one or more *financial instruments*;

(b) execution of orders on behalf of *clients*;

(c) *dealing on own account*;

(d) *portfolio management*;

(e) the making of a *personal recommendation*;

*Investment Services Directive*

FCA PRA

*investment services or activities*

FCA PRA

*investment services sector*

FCA PRA

*investment transaction*

FCA PRA

*investment trust*

FCA PRA

*investment trust savings scheme*

(f) underwriting of *financial instruments* and/or placing of *financial instruments* on a firm commitment basis;

(g) placing of *financial instruments* without a firm commitment basis;

(h) operation of *multilateral trading facilities*.

[Note: article 4(1)(2) of, and section A of Annex 1 to, *MiFID* and article 6(5) of the *auction regulation* ]

the Council Directive of 10 May 1993 on investment services in the securities field (No 93/22/EEC).

any of the services and activities listed in Section A of Annex I to *MiFID* relating to any *financial instrument* , that is:

(a) reception and transmission of orders in relation to one or more *financial instruments*;

(b) execution of orders on behalf of *clients*;

(c) *dealing on own account*;

(d) *portfolio management*;

(e) the making of a *personal recommendation*;

(f) underwriting of *financial instruments* and/or placing of *financial instruments* on a firm commitment basis;

(g) placing of *financial instruments* without a firm commitment basis;

(h) operation of *multilateral trading facilities*.

[Note: article 4(1)(2) of, and section A of Annex 1 to, *MiFID* and article 6(5) of the *auction regulation* ]

a sector composed of one or more of the following entities:

(a) an *investment firm*;

(b) a *financial institution*; and

(c) (in the circumstances described in ■ GENPRU 3.1.39 R (The financial sectors: Asset management companies)) an *asset management company*.

a transaction to *buy, sell, subscribe for or underwrite a security or contractually based investment*.

a *company listed* in the *United Kingdom* or another *EEA State* which:

(a) is approved by the Commissioners for HM Revenue and Customs under section 842 of the Income and Corporation Taxes Act 1988 (or, in the case of a newly formed *company*, has declared its intention to conduct its affairs so as to obtain such approval); or

(b) is resident in an *EEA State* other than the *United Kingdom* and would qualify for such approval if resident and *listed* in the *United Kingdom*.

(a) a *dealing service* (whether or not held within a *pension contract*) dedicated to the *securities* of one or more *investment trusts*;



|  |  |
|--|--|
| <p><b>FCA</b> <b>PRA</b></p> <p><i>Investor Compensation Directive</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IOSCO</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IPA</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IPA eligible investment</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IPRU</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IPRU(BANK)</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IPRU(BSOC)</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IPRU(FSOC)</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IPRU(INS)</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IPRU(INV)</i></p> <p><b>FCA</b> <b>PRA</b></p> <p><i>IRB approach</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(b) <i>securities</i> to be acquired through an investment trust savings scheme in (a).</p> <p>the Council Directive of 3 March 1997 on investor compensation schemes (No 97/9/EC).</p> <p>the International Organisation of Securities Commissions.</p> <p>individual pension account.</p> <p>a type of investment specified in regulation 2(2) (condition 5) of the Stamp Duty and Stamp Duty Reserve Tax (Definition of Unit Trust Scheme and Open-ended Investment Company) Regulations 2001 (SI 2001/964) .</p> <p>the Interim Prudential sourcebook, comprising ■ <b>IPRU(BANK)</b>, ■ <b>IPRU(BSOC)</b>, ■ <b>IPRU(FSOC)</b>, ■ <b>IPRU(INS)</b> and ■ <b>IPRU(INV)</b>, or according to the context one of these Interim Prudential sourcebooks.</p> <p>the Interim Prudential sourcebook for Banks.</p> <p>the Interim Prudential sourcebook for Building Societies.</p> <p>the Interim Prudential sourcebook for Friendly Societies.</p> <p>the Interim Prudential Sourcebook for Insurers.</p> <p>the Interim Prudential sourcebook for Investment Businesses.</p> <p>one of the following:</p> <p>(a) the adjusted method of calculating the <i>credit risk capital component</i> set out in ■ <b>BIPRU 4</b> (IRB approach) and ■ <b>BIPRU 9.12</b> (Calculation of risk weighted exposure amounts under the internal ratings based approach), including that approach as applied under ■ <b>BIPRU 14</b> (Capital requirements for settlement and counterparty risk);</p> <p>(b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with ■ <b>BIPRU 8</b> (Group risk - consolidation); or</p> |
|--|--|

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|---|---|
| <p><i>IRB exposure class</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(c) when the reference is to the rules of or administered by a <i>regulatory body</i> other than the <i>appropriate regulator</i>, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.</p> <p>(in relation to the <i>IRB approach</i>) one of the classes of <i>exposure</i> set out in <b>■</b> BIPRU 4.3.2 R (exposure classes).</p>  |
| <p><i>IRB permission</i></p> <p><b>FCA</b> <b>PRA</b></p>     | <p>an <i>Article 129 implementing measure</i>, a <i>requirement</i> or a <i>waiver</i> that requires a <i>BIPRU firm</i> or an <i>institution</i> to use the <i>IRB approach</i>.</p>   |
| <p><i>ISA</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p>an <i>individual savings account</i>.</p>  |
| <p><i>ISA manager</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>a <i>person</i> who is approved by HM Revenue and Customs for the purposes of the <i>ISA Regulations</i> as an account manager.</p>  |
| <p><i>ISA Regulations</i></p> <p><b>FCA</b> <b>PRA</b></p>    | <p>the Individual Savings Account Regulations 1998 (SI 1998/1870).</p>  |
| <p><i>ISA transfer</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>a transaction resulting from a decision, made with or without advice from a <i>firm</i>, by a <i>customer</i> who is an individual, to transfer the <i>investments</i> (or their value) held in his existing <i>ISA</i> in favour of another <i>ISA</i> which may or may not be managed by the same <i>ISA manager</i>.</p>  |
| <p><i>ISD</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p><i>Investment Services Directive</i>.</p>  |
| <p><i>ISPV</i></p> <p><b>FCA</b> <b>PRA</b></p>               | <p>an <i>insurance special purpose vehicle</i>.</p>   |
| <p><i>issue</i></p> <p><b>FCA</b> <b>PRA</b></p>              | <p>(in relation to <i>units</i>) :</p> <p>(1) (except in <b>■</b> EG 14 ) the issue of new <i>units</i> by the <i>trustee</i> of an <i>AUT</i> or by an <i>ICVC</i>;</p> <p>(2) (in <b>■</b> EG 14 ):</p> <p style="padding-left: 40px;">(a) an issue in accordance with (1); and</p> <p style="padding-left: 40px;">(b) the sale of <i>units</i>.</p>  |
| <p><i>issue price</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>(in relation to the <i>issue</i> of <i>units</i> of a <i>dual-priced authorised fund</i>) the <i>price</i> for each <i>unit</i> payable by the <i>authorised fund manager</i> to the <i>depository</i> on that <i>issue</i>.</p>   |
| <p><i>issuer</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>(1) (except in <i>LR</i>, <i>PR</i> and <i>DTR</i>) :</p> <p style="padding-left: 40px;">(a) (in relation to any <i>security</i>) (other than a <i>unit</i> in a <i>collective investment scheme</i>) the <i>person</i> by whom it is or is to be issued;</p> <p style="padding-left: 40px;">(b) (in relation to a <i>unit</i> in a <i>collective investment scheme</i>) the <i>operator</i> of the <i>scheme</i>;</p> |

- (c) (in relation to an interest in a limited *partnership*) the *partnership*;
- (d) (in relation to *certificates representing certain securities*) the *person* who issued or is to issue the *security* to which the certificate or other instrument relates ; or
- (e) an entity which issues *transferable securities* and, where appropriate, other *financial instruments*.

[Note: article 2(2) of the *MiFID Regulation*]

(2) (in chapters 1, 2 and 3 of *DTR* and *FEES* in relation to *DTR*) any *company* or other legal person or undertaking (including a *public sector issuer*), any class of whose *financial instruments*:

- (a) have been *admitted to trading* on a *regulated market*; or
- (b) are the subject of an application for *admission to trading* on a *regulated market*;

other than *issuers* who have not requested or approved admission of their *financial instruments* to trading on a *regulated market*.

(2A) (in chapters 1A, 1B, 4, 6 and 7 of *DTR*) a legal entity governed by private or public law, including a State, whose securities are admitted to trading on a *regulated market*, the issuer being, in the case of depository receipts representing securities, the issuer of the securities represented;

(2B) (in chapter 5 of *DTR*) :

- (a) a legal entity governed by private or public law, including a State whose *shares* are admitted to trading on a *regulated market*, the issuer being in the case of depository receipts representing securities, the issuer of the *shares* represented; or
- (b) a public company within the meaning of section 4(2) of the Companies Act 2006 and any other body corporate incorporated in and having a principal place of business in the *United Kingdom*, whose *shares* are admitted to trading on a market which (not being a *regulated market*) is a *prescribed market*.

(3) (in *LR* and *FEES* in relation to *LR* ) any *company* or other legal person or undertaking (including a *public sector issuer*), any *class* of whose *securities* has been *admitted to listing* or is the subject of an application for *admission to listing*.

(4) (in *PR* and *FEES* in relation to *PR* ) (as defined in section 102A of the *Act*) a legal person who issues or proposes to issue the *transferable securities* in question.

(5) (in *RCB* and ■ *FEES* 1 to ■ *FEES* 4, where applicable) (as defined in Regulation 1(2) of the *RCB Regulations*) a person which issues a *covered bond*.

the activity specified in article 9B of the *Regulated Activities Order* (Issuing electronic money), which is the activity of issuing *electronic money* by:

- (a) a *credit institution*, a *credit union* or a municipal bank; or
- (b) a person who is deemed to have been granted authorisation under regulation 74 of the *Electronic Money Regulations* or who falls within regulation 76(1) of the *Electronic Money Regulations*.

issuing  
electronic  
money

FCA PRA



*joint enterprise*

FCA PRA

(as defined in article 3(1) of the *Regulated Activities Order* (Interpretation)) an enterprise into which two or more *persons* ("the participators") enter for commercial purposes related to a business or businesses (other than the business of engaging in a *regulated activity*) carried on by them; where a participator is a member of a *group*, each other member of the *group* is also to be regarded as a participator in the enterprise.



key features document

FCA PRA

a *document* prepared in accordance with the *rules* on preparing product information (■ COBS 13).

key features illustration

FCA PRA

information describing projected performance and the effect of charges prepared in accordance with the *rules* on preparing product information (■ COBS 13).

key features scheme

FCA PRA

a *scheme* that is not:

- (a) a *UCITS scheme* or an *EEA UCITS scheme*;
- (b) a *qualified investor scheme*; or
- (c) a recognised scheme under section 264 of the *Act* (Schemes constituted in other EEA States).

key individual

FCA PRA

(in relation to a *UK recognised body*):

- (a) its chairman or president;
- (b) its *chief executive*;
- (c) a member of its *governing body*;
- (d) a *person* who, alone or jointly with one or more others, is responsible under the immediate authority of a *person* in (a), (b) or (c) or a committee of the *governing body* for the conduct of any *relevant function*.

key information

FCA PRA

(in *PR*) (as defined in section 87A(9) and (10) of the *Act*) the information which is essential to enable investors to understand the *transferable securities* to which the *prospectus* relates and decide whether to consider the *offer* further. The *key information* must include:

- (a) the essential characteristics of, and risks associated with, the *issuer* and any *guarantor*, including their assets, liabilities and financial positions;
- (b) the essential characteristics of, and risks associated with, investment in the *transferable securities*, including any rights attaching to the *securities*;
- (c) the general terms of the *offer*, including an estimate of the expenses charged to an investor by the *issuer* and the person offering the *securities* to the public, if not the *issuer*;
- (d) details of the *admission to trading*; and
- (e) the reasons for the *offer* and proposed use of the proceeds.

key investor information

FCA PRA

key information for investors on the essential elements of a *UCITS scheme* or *EEA UCITS scheme*, as detailed in article 78 of the *UCITS Directive* and in the *KII Regulation*.

key investor information document

FCA PRA

a short *document* containing *key investor information* for investors on the essential elements of a *UCITS scheme*, as detailed in ■ COLL 4.7.2 R (Key investor information).

keyfacts logo provisions

FCA PRA

■ GEN 5.1 and ■ GEN 5 Annex 1 G.

*KII Regulation*

**FCA** **PRA**

Commission Regulation (EU) No 583/2010, specifying the form and contents of *key investor information*, the text of which is reproduced in

■ [COLL Appendix 1EU](#).

*kind of control*

**FCA** **PRA**

(in relation to a *firm*) (for the purposes of *SUP*) ):

(a) *control* arising as a result of holding shares in the *firm*;

(b) *control* arising as a result of holding shares in a *parent undertaking* of the *firm*;

(c) *control* arising as a result of the entitlement to exercise or control the exercise of *voting power* in the *firm*;

(d) *control* arising as a result of the entitlement to exercise or *control* the exercise of *voting power* in a *parent undertaking* of the *firm*;

in this definition, "shares" has the meaning given in the definition of "*controller*".

*KIRB*

**FCA** **PRA**

(for the purposes of ■ [BIPRU 9](#) (Securitisation), in relation to a *securitisation* (within the meaning of paragraph (2) of the definition of securitisation) and in accordance with Part 1 of Annex IX of the *Banking Consolidation Directive* (Securitisation definitions)) 8% of the *risk weighted exposure amounts* that would be calculated under the *IRB approach* in respect of the *securitised exposures*, had they not been *securitised*, plus the amount of *expected losses* associated with those *exposures* calculated under the *IRB approach*.



|  |  |
|--|--|
| <p><i>land vehicles</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph 3 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against loss of or damage to vehicles used on land, including motor vehicles but excluding railway rolling stock.</p>   |
| <p><i>large business customer</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>(in relation to a <i>regulated mortgage contract</i> or <i>qualifying credit</i>, and in relation to an activity to be carried on by a <i>firm</i>) a <i>client</i>, if the credit is for the purposes of a business which has a group annual turnover of £1 million or more.</p>   |
| <p><i>large company</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>a <i>body corporate</i> which does not qualify as a small company under section 247 of the Companies Act 1985 , or section 382 of the Companies Act 2006 as applicable.</p>   |
| <p><i>large deal</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                | <p>(in COLL) a transaction (or <i>series of transactions</i> ) in one <i>dealing period</i>) by any <i>person</i> to <i>buy, sell</i> or exchange <i>units</i> in an <i>authorised fund</i>, of any value as set out in the <i>prospectus</i>, for the purposes of:</p> <ul style="list-style-type: none"> <li>(a) an <i>SDRT provision</i>;</li> <li>(b) a <i>dilution levy</i>;</li> <li>(c) a <i>dilution adjustment</i> ; or</li> <li>(d) calculating the <i>prices</i>, for a <i>dual-priced authorised fund</i>, at which <i>units</i> may be <i>sold</i> or <i>redeemed</i>.</li> </ul> |
| <p><i>large exposure</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>has the meaning set out in ■ BIPRU 10.5.1 R, which in summary is the <i>total exposure</i> of a <i>firm</i> to a <i>counterparty</i>, or a <i>group of connected clients</i>, whether in the <i>firm's non-trading book</i> or <i>trading book</i> or both, and <i>counterparties</i> falling within ■ BIPRU 10.10A.1 R within the trading book, which in aggregate equals or exceeds 10% of the <i>firm's capital resources</i>.</p>   |
| <p><i>large mutual association</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>a mutual association or unincorporated association with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).</p>  |
| <p><i>large partnership</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>         | <p>a <i>partnership</i> or unincorporated association with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).</p>  |
| <p><i>larger denomination share</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>any <i>share</i> that is not a <i>smaller denomination share</i>.</p>   |
| <p><i>lead regulated firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>       | <p>a <i>firm</i> which is the subject of the financial supervision requirements of an <i>overseas regulator</i> in accordance with an agreement between the <i>appropriate regulator</i> and that regulator relating to the financial supervision of <i>firms</i> whose head office is within the country of that regulator.</p> <p>This definition is not related to the defined terms <i>UK lead regulated firm</i> or <i>non UK lead regulated firm</i>.</p>  |
| <p><i>leading insurer</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>           | <p>(in relation to a <i>community co-insurance operation</i>) has the same meaning as in the <i>Community Co-Insurance Directive</i>.</p>  |

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|--|---|
| <p><i>legal expenses</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                            | <p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph 17 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against risks of loss to the <i>persons</i> insured attributable to their incurring legal expenses (including costs of litigation).</p>   |
| <p><i>lending firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                              | <p>(in accordance with Article 90 of the <i>Banking Consolidation Directive</i> (Credit risk mitigation) and for the purposes of <i>rules about credit risk mitigation</i>) a <i>firm</i> that has an <i>exposure</i>, whether or not deriving from a loan.</p>   |
| <p><i>levy limit</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                | <p>(A) In the FCA Handbook:<br/> (in <i>FEES</i>) the maximum aggregate amount of <i>compensation costs</i> and <i>specific costs</i> that may be allocated to a particular <i>class</i> in one financial year as set out in <span style="color: #000080;">■</span> <i>FEES 6 Annex 2 R</i>, whether directly or (where relevant to that <i>class</i>) through the <i>retail pool</i>. <i>FCA provider contribution classes</i> do not have a <i>levy limit</i>: they have a <i>retail pool</i> levy limit: see <span style="color: #000080;">■</span> <i>FEES 6 Annex 5R</i>.</p> <p>(B) In the PRA Handbook:<br/> (in <i>FEES</i>) the maximum aggregate amount of <i>compensation costs</i> and <i>specific costs</i> that may be allocated to a particular <i>class</i> in one financial year as set out in <span style="color: #000080;">■</span> <i>FEES 6 Annex 2 R</i>.</p> |
| <p>LGD<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p><i>loss given default</i>.</p>   |
| <p><i>liability of ships</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                        | <p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph 12 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against damage arising out of or in connection with the use of vessels on the sea or on inland water, including third party risks and carrier's liability.</p>  |
| <p><i>liability subject to compulsory insurance</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>any liability required under any of the following enactments to be covered by insurance or (as the case may be) by insurance or by some other provisions for securing its discharge:</p> <ul style="list-style-type: none"> <li>(a) section 1(4A)(d) of the Riding Establishments Act 1964 (or any corresponding enactment for the time being in force in Northern Ireland);</li> <li>(b) section 1 of the Employers' Liability (Compulsory Insurance) Act 1969 or Article 5 of the Employers' Liability Order (Defective Equipment and Compulsory Insurance) (Northern Ireland) Order 1972;</li> <li>(c) Part VI of the Road Traffic Act 1988 or Part VIII of the Road Traffic (Northern Ireland) Order 1981;</li> <li>(d) section 19 of the Nuclear Installations Act 1965.</li> </ul>   |
| <p><i>liability to a policyholder</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>(in relation to a firm carrying out contracts of insurance) any liability or obligation of that <i>firm</i> to, or in respect of, a <i>policyholder</i>, including any liability or obligation arising:</p> <ul style="list-style-type: none"> <li>(a) from the requirement to treat <i>customers</i> fairly under <i>Principle 6</i>, including with respect to <i>policyholders'</i> reasonable expectations; or</li> <li>(b) from a determination of liability by an <i>Ombudsman</i>; or</li> <li>(c) from any requirement to pay compensation under the <i>regulatory system</i>.</li> </ul>  |

*licensee*

FCA PRA

- (1) (in ■ DISP 2 - ■ 4 and ■ FEES 5) a *person* who is not a *firm* but who is:
- (a) covered by a standard licence under the Consumer Credit Act 1974 (as amended); or
  - (b) authorised to carry on an activity by virtue of section 34(A) of that Act.

- (2) (in ■ DISP 1) a person within (1)(a) above ;

and expressions in that Act have the same meaning in this definition.

*life and annuity*

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph I of Part II of Schedule 1 to the *Regulated Activities Order* (Contracts of long-term insurance), on human life or a contract to pay annuities on human life, but excluding (in each case) contracts within paragraph III of Part II of that Schedule (Linked long-term).

*life policy*

FCA PRA

- (1) (in accordance with the definition of 'qualifying contract of insurance' in article 3(1) of the *Regulated Activities Order*) a *long-term insurance contract* (other than a reinsurance contract and a *pure protection contract*); and

- (a) a *long-term care insurance contract*; and
- (b) (in COBS) a *pension policy*;

unless (2) or (3) apply.

- (2) In *PERG* (other than in relation to a *firm's permission* - see Note 5B to Table 1 in Annex 2, ■ PERG 2) and for the purposes of the *financial promotion rules* in ■ COBS 4, life policy does not include a *long-term care insurance contract*.

- (3) In relation to a *firm's permission*:

- (a) (in accordance with the definition of 'qualifying contract of insurance' in article 3(1) of the *Regulated Activities Order*) a *long-term insurance contract* (other than a reinsurance contract and a *pure protection contract*);
- (b) a *long-term care insurance contract* which is a *pure protection contract*; and
- (c) a *pension term assurance policy*.

*life protection reinsurance business*

FCA PRA

*reinsurance* acceptances which are *contracts of insurance*:

- (a) falling within *long-term insurance business class I*; or
- (b) falling within *long-term insurance business class III* and providing *index-linked benefits*;

that are not:

- (c) *with-profits insurance contracts*; or
- (d) *whole life assurances*; or
- (e) contracts to pay annuities on human life; or
- (f) contracts which pay a sum of money on the survival of the life assured to a specific date or on his earlier death.

a *regulated mortgage contract* under which:

- (a) entry into the mortgage is restricted to older *customers* above a specified age;

and

*lifetime mortgage*

FCA PRA

(b) the *mortgage lender* may or may not specify a mortgage term, but will not seek full repayment of the loan (including interest, if any, outstanding) until the occurrence of one or more of the following:

- (i) the death of the *customer*; or
- (ii) the *customer* leaves the mortgaged land to live elsewhere and has no reasonable prospect of returning (for example by moving into residential care); or
- (iii) the *customer* acquires another dwelling for use as his main residence; or
- (iv) the *customer* sells the mortgaged land; or
- (v) the *mortgage lender* exercises its legal right to take possession of the mortgaged land under the terms of the contract.

and

(c) while the *customer* continues to occupy the mortgaged land as his main residence:

- (i) no instalment repayments of the capital and no payment of interest on the capital (other than interest charged when all or part of the capital is repaid voluntarily by the *customer*), are due or capable of becoming due; or
- (ii) although interest payments may become due, no full or partial repayment of the capital is due or capable of becoming due; or
- (iii) although interest payments and partial repayment of the capital may become due, no full repayment of the capital is due or capable of becoming due.

the London International Financial Futures and Options Exchange.

*LIFFE*

**FCA** **PRA**

*limit of indemnity*

**FCA** **PRA**

(in ■ MIPRU 3 (Professional indemnity insurance)) the sum available to indemnify a *firm* in respect of each claim made under its professional indemnity insurance.

*limit order*

**FCA** **PRA**

an order to buy or sell a *financial instrument* at its specified price limit or better and for a specified size.

[Note: article 4(1)(16) of *MiFID*]

*limitation*

**FCA** **PRA**

a limitation incorporated in a *Part 4A permission* under section 55E(5) of the *Act* (Giving permission: the FCA), section 55F(4) of the *Act* (Giving permission: the PRA) or section 55J(10) of the *Act* (Variation or cancellation on initiative of regulator).

*limited activity firm*

**FCA** **PRA**

has the meaning set out ■ BIPRU 1.1.11 R (Types of investment firm: Limited activity firms).

*limited assurance engagement*

**FCA** **PRA**

a 'limited assurance engagement' as described in the Glossary of terms in the Auditing Practices Board Standards and Guidance for Auditors issued in 2010.

|  |  |
|--|--|
| <p><i>limited liability partnership</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(a) a <i>body corporate</i> incorporated under the Limited Liability Partnerships Act 2000;</p> <p>(b) a <i>body corporate</i> incorporated under legislation having the equivalent effect to the Limited Liability Partnerships Act 2000.</p>  |
| <p><i>limited licence firm</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>has the meaning set out in <b>BIPRU 1.1.12 R</b> (Types of investment firm: Limited licence firms).</p>   |
| <p><i>limited price indexation</i></p> <p><b>FCA</b></p>                   | <p>in relation to transfer value analysis, benefits which increase in line with a recognised index but subject to a minimum and/or maximum rate.</p>   |
| <p><i>limited redemption arrangements</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>the arrangements operated by an <i>authorised fund manager</i> for the <i>redemption</i> of <i>units</i> in an <i>authorised fund</i> where the <i>authorised fund manager</i> holds himself out to redeem units in that <i>scheme</i> less frequently than twice in a calendar <i>month</i> in accordance with <b>COLL 6.2.19 R</b> (Limited redemption).</p>  |
| <p><i>linked assets</i></p> <p><b>FCA</b> <b>PRA</b></p>                   | <p><i>index-linked assets</i> or <i>property-linked assets</i>.</p>  |
| <p><i>linked benefit</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <p>(1) (in <b>COBS 21</b> (Permitted Links)) <i>property-linked benefits</i> or <i>index-linked benefits</i>.</p> <p>(2) (other than in <b>COBS 21</b>) a benefit payable under a <i>life policy</i> or a <i>regulated collective investment scheme</i> the amount of which is determined by reference to:</p> <ul style="list-style-type: none"> <li>(a) the value of the property of any description (whether specified or not); or</li> <li>(b) fluctuations in the value of any such property; or</li> <li>(c) income from such property; or</li> <li>(d) fluctuations in an index of the value of such property.</li> </ul> |
| <p><i>linked borrowing</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p>additional credit facilities (which may be secured, unsecured, or both) that are integral to a <i>regulated mortgage contract</i> but which may be the subject of a separate contract.</p>  |
| <p><i>linked deposits</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>additional facilities (which may be a current account, a savings account, or both) that are linked to a <i>regulated mortgage contract</i> but which may be the subject of a separate contract.</p>   |
| <p><i>linked fund</i></p> <p><b>FCA</b> <b>PRA</b></p>                     | <p>a real or notional account to which an <i>insurer</i> appropriates <i>linked assets</i> for the purposes of their being <i>permitted links</i>, and which may be subdivided into units, the value of each of which is determined by the <i>insurer</i> by reference to the value of those <i>linked assets</i>.</p>   |
| <p><i>linked liabilities</i></p> <p><b>FCA</b> <b>PRA</b></p>              | <p><i>property-linked liabilities</i> or <i>index-linked liabilities</i>.</p>  |

*linked life stakeholder product*

**FCA** **PRA**

the *stakeholder product* specified by regulations 6 and 7 (rights under certain linked long-term contracts) of the *Stakeholder Regulations*;

*linked long-term*

**FCA** **PRA**

(in relation to a *contract of insurance*) a *long-term insurance contract* where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).

*linked policyholders*

**FCA** **PRA**

*policyholders* under a *linked long-term* contract.

*liquidity facility*

**FCA** **PRA**

(for the purposes of ■ BIPRU 9 (Securitisation), in relation to a *securitisation* (within the meaning of paragraph (2) of the definition of securitisation) and in accordance with Part 1 of Annex IX of the *Banking Consolidation Directive* (Securitisation definitions)) the *securitisation position* arising from a contractual agreement to provide funding to ensure timeliness of cash-flows to investors.

*liquidity risk*

**FCA** **PRA**

(1) (in *COLL* and in accordance with article 3(8) of the *UCITS implementing Directive*) the risk that a position in a *UCITS*' portfolio cannot be sold, liquidated or closed out at limited cost in an adequately short timeframe and that the ability of the *scheme* to comply at any time with ■ COLL 6.2.16 R (Sale and redemption) or, in the case of an *EEA UCITS scheme*, article 84(1) of the *UCITS Directive* is thereby compromised.

(2) (except in *COLL*) the risk that a *firm*, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.

*list of sponsors*

**FCA** **PRA**

(in *LR*) the list of sponsors maintained by the *FCA* in accordance with section 88(3)(a) of the *Act*.

*listed*

**FCA** **PRA**

(1) (except in *LR*, *INSPRU* and *IPRU(INS)*) included in an *official list*.

(2) (in *INSPRU* and *IPRU(INS)*):

(a) included in an *official list*; or

(b) in respect of which facilities for *dealing* on a *regulated market* have been granted.

(3) (in *LR*) admitted to the *official list* maintained by the *FCA* in accordance with section 74 of the *Act*.

*listed activity*

**FCA** **PRA**

an activity listed in Annex 1 to the *Banking Consolidation Directive*.

*listed company*

**FCA** **PRA**

(in *LR* and *DEPP*) a *company* that has any *class* of its securities listed.

*listed security*

any *security* that is admitted to an *official list*.

FCA PRA

*listing particulars*

(in *LR*) (in accordance with section 79(2) of the *Act*), a document in such form and containing such information as may be specified in *listing rules*.

FCA PRA

*listing rules*

(in accordance with sections 73A(1) and 73A(2) of the *Act*) *rules* relating to admission to the *official list*.

FCA PRA

*Lloyd's actuary*

the *actuary* appointed by the *Society* under ■ SUP 4.6.1 R .

FCA PRA

*Lloyd's actuary function*

(in the *PRA Handbook*) *PRA controlled functions* CF12B in the *table of PRA controlled functions*, described more fully in ■ SUP 10B.8.3 R.

FCA PRA

*Lloyd's Arbitration Scheme*

the Lloyd's Arbitration Scheme (Members and Underwriting Agents Arbitration Scheme) established under Lloyd's Arbitration Scheme (Members and Underwriting Agents Scheme) Byelaw (No 15 of 1992).

FCA PRA

*Lloyd's complaint procedures*

the procedures maintained by the *Society* under ■ DISP 1.11.1 R.

FCA PRA

*Lloyd's complaint rules*

■ DISP 1.7.

FCA PRA

*Lloyd's market activities*

- (a) *advising on syndicate participation at Lloyd's*, including *advising* on a transaction in the *capacity transfer market*;
- (b) *managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's*;
- (c) agreeing to carry on the *regulated activities* in (a) and (b);
- (d) carrying on *designated investment business* which is not *MiFID business* in relation to *funds at Lloyd's*; or
- (e) *communicating* or *approving a financial promotion* in relation to:
  - (i) the *underwriting capacity of a Lloyd's syndicate*; or
  - (ii) *membership of a Lloyd's syndicate*; or
  - (iii) *life policies* written at Lloyd's; or
  - (iv) any of the activities specified in (a) or (d).

FCA PRA

*Lloyd's member's contribution*

- assets:
- (a) provided to a *managing agent* in response to a cash call; or

FCA PRA

(b) held by the *Society* as funds at Lloyds.Lloyd's  
Members'  
Ombudsman

the office of Ombudsman established under Lloyd's Members' Ombudsman Scheme Byelaw (No 13 of 1987).

FCA PRA

Lloyd's Return

the financial report that the *Society* is required to submit to the *PRA* under IPRU(INS) 9.48(1) .

FCA PRA

Lloyd's trust  
deeda trust deed in the form prescribed by the *Society* and notified to the *PRA*, for execution by a *member* in respect of his *insurance business*.

FCA PRA

Lloyd's trust  
funda fund held on the terms of a *Lloyd's trust deed*.

FCA PRA

local

(1) (except in ■ BIPRU 1.1 (Application and purpose)) a *firm* which is a member of a *futures* and *options* exchange and whose *permission* includes a *requirement* that:

FCA PRA

(a) the *firm* will not conduct *designated investment business* other than:(i) *dealing* for its own account on that *futures* or *options* exchange; or(ii) *dealing* for the accounts of other members of the same *futures* and *options* exchange; or(iii) making a price to other members of the same *futures* and *options* exchange; or(iv) *dealing* for its own account in financial *futures* and *options* or other *derivatives* in the capacity of a customer; and(b) the performance of the *firm's* contracts must be guaranteed by and must be the responsibility of one or more of the clearing members of the same *futures* and *options* exchange.(2) (in ■ BIPRU 1.1 (Application and purpose) and in accordance with article 3(1)(p) of the *Capital Adequacy Directive* (Definitions)) an *undertaking* dealing for its 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 which deals for the accounts of other members of those markets and which are guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such an *undertaking* is assumed by clearing members of the same markets; for these purposes a clearing member means a member of the exchange or the clearing house which has a direct contractual relationship with the central counterparty (market guarantor).

local firm

a *firm* which falls within the definition of "local firm" in Article 3.1P of CAD, that is a firm dealing for its 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 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

FCA PRA



|  |  |
|--|--|
| <p><i>London Stock Exchange</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>entered into by such a firm is assumed by clearing members of the same markets.</p> <p>(in <i>LR</i>) London Stock Exchange Plc.</p>  |
| <p><i>long settlement transaction</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>(in accordance with Part 1 of Annex III of the <i>Banking Consolidation Directive</i> (Definitions)) a transaction where a counterparty undertakes to deliver a security, a <i>commodity</i>, or a <i>foreign currency</i> amount against cash, other <i>CRD financial instruments</i>, or <i>commodities</i>, or vice versa, at a settlement or delivery date that is contractually specified as more than the lower of the market standard for this particular transaction and five <i>business days</i> after the date on which the <i>person</i> enters into the transaction.</p>   |
| <p><i>long-term admissible asset</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>a <i>long-term insurance asset</i> which is an <i>admissible asset</i>.</p>   |
| <p><i>long-term care insurance contract</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>a <i>long-term insurance contract</i>:</p> <p>(a) which provides, would provide at the <i>policyholder's</i> option, or is sold or held out as providing, benefits that are payable or provided if the <i>policyholder's</i> health deteriorates to the extent that he cannot live independently without assistance and that is not expected to change; and</p> <p>(b) under which the benefits are capable of being paid for periodically for all or part of the period that the <i>policyholder</i> cannot live without assistance;</p> <p>where 'benefits' are services, accommodation or goods necessary or desirable for the continuing care of the <i>policyholder</i> because he cannot live independently without assistance.</p> |
| <p><i>long-term incentive scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>(in <i>LR</i>) any arrangement (other than a retirement benefit plan, a deferred bonus or any other arrangement that is an element of an executive <i>director's</i> remuneration package) which may involve the receipt of any asset (including cash or any security) by a <i>director</i> or <i>employee</i> of the <i>group</i>:</p> <p>(a) which includes one or more conditions in respect of service and/or performance to be satisfied over more than one financial year; and</p> <p>(b) pursuant to which the <i>group</i> may incur (other than in relation to the establishment and administration of the arrangement) either cost or a liability, whether actual or contingent.</p>  |
| <p><i>long-term insurance asset</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>has the meaning set out in INSPRU 1.5.21R.</p>  |
| <p><i>long-term insurance business</i></p> <p><b>FCA</b> <b>PRA</b></p>      | <p>the business of <i>effecting</i> or <i>carrying out long-term insurance contracts</i>.</p>  |
| <p><i>long-term insurance business syndicate</i></p>                         | <p>a <i>syndicate</i> in which <i>members</i> carry on <i>long-term insurance business</i>.</p>  |

FCA PRA

*long-term insurance capital requirement*

(in relation to a *firm* carrying on *long-term insurance business*) an amount of *capital resources* that the *firm* must hold calculated in accordance with GENPRU 2.1.36R.

FCA PRA

*long-term insurance contract*

(in accordance with article 3(1) of the *Regulated Activities Order* (Interpretation: general)) any *contract of insurance* within Part II of Schedule 1 to the *Regulated Activities Order* (Contracts of long-term insurance), namely:

FCA PRA

- (a) *life and annuity* (paragraph I);
- (b) *marriage or the formation of a civil partnership and birth* (paragraph II);
- (c) *linked long-term* (paragraph III);
- (d) *permanent health* (paragraph IV);
- (e) *tontines* (paragraph V);
- (f) *capital redemption* (paragraph VI);
- (g) *pension fund management* (paragraph VII);
- (g) *collective insurance* etc (paragraph VIII);
- (h) *social insurance* (paragraph IX).

*long-term insurance fund*

has the meaning set out in INSPRU 1.5.22R .

FCA PRA

*long-term insurance liabilities*

liabilities arising from *long-term insurance business*.

FCA PRA

*long-term insurer*

an *insurer* with *permission* to effect or carry out long-term insurance contracts.

FCA PRA

*loss*

(in accordance with Article 4(26) of the *Banking Consolidation Directive* (Definitions) and for the purposes of the *IRB approach*, the *standardised approach* to credit risk and ■ BIPRU 5 (Credit risk mitigation)) economic loss, including material discount effects, and material direct and indirect costs associated with collecting on the instrument.

FCA PRA

*loss given default*

(in accordance with Article 4(27) of the *Banking Consolidation Directive* (Definitions) and in relation to the *IRB approach*) the ratio of the *loss* on an *exposure* due to the *default* of a counterparty to the amount outstanding at *default*.

FCA PRA

*low frequency liquidity reporting firm*

any of the following:

- (a) a *simplified ILAS BIPRU firm*; or

FCA PRA

(b) a *standard ILAS BIPRU firm* whose most recent *annual report and accounts* show balance sheet assets of less than £5 billion (or its equivalent in foreign currency translated into sterling at the balance sheet date); or

(c) a *standard ILAS BIPRU firm* that meets the following conditions:

(i) it does not have any *annual report and accounts* and it has been too recently established to be required to have produced any;

(ii) it has submitted a projected balance sheet to the *FCA* or *PRA* (as the case may be) as part of an application for a *Part 4A permission* or a variation of one; and

(iii) the most recent such balance sheet shows that the *firm* will meet the size condition set out in (b) in all periods covered by those projections.

In respect of an *incoming EEA firm* or *third country BIPRU firm* that is also a *standard ILAS BIPRU firm* and which reports on the basis of its branch operation in the *United Kingdom*, if the balance sheet assets attributable to the *UK branch* can be determined from the *firm's* most recent *annual report and accounts* (or, if applicable, the projected balance sheet) or any *data item* submitted by the *firm*, then paragraphs (b) and (c) apply at the level of the *branch* rather than of the *firm*.

lower rate of return

(in *COBS*) the lower rate of return described in paragraph 2.3 of the projection rules (■ *COBS 13 Annex 2*).

FCA PRA

lower stage of capital

(with respect to a particular item of capital in the *capital resources table*) a stage in the *capital resources table* below that in which that item of capital appears.

FCA PRA

lower tier three capital

an item of capital that is specified in stage P of the *capital resources table* (Lower tier three).

FCA PRA

lower tier three capital resources

the sum calculated at stage P of the *capital resources table* (Lower tier three).

FCA PRA

lower tier two capital

(1) [deleted]

(2) (in *BIPRU*, *GENPRU* and *INSPRU*) an item of capital that is specified in stage H of the *capital resources table* (Lower tier two capital) .

FCA PRA

lower tier two capital resources

the sum calculated at stage H of the calculation in the *capital resources table* (Lower tier two capital) .

FCA PRA

lower tier two instrument

an item of capital that meets the conditions in *GENPRU 2.2.194R* (Lower tier two capital) and is eligible to form part of a *firm's lower tier two capital resources*.

FCA PRA

LR  
FCA PRA

the Listing Rules sourcebook.

LTICR  
FCA PRA

*long-term insurance capital requirement.*

MAD

FCA PRA

(in LR) the *Market Abuse Directive*.

MAD

*Investment Recommendations Directive*

FCA PRA

The Commission Directive of 22 December 2003 implementing the *Market Abuse Directive* as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest (No. 2003/125/EC).*made to; made only to; to whom it is made*

FCA PRA

a *financial promotion* is made to a *person* if it is addressed, whether orally or in legible form, to a particular *person* or *persons* (for example where it is contained in a telephone call or letter).*main BIPRU firm Pillar 1 rules*

FCA PRA

- GENPRU 2.1.40 R (Variable capital requirement for *BIPRU firms*),
- GENPRU 2.1.41 R (*Base capital resources requirement* for *BIPRU firms*),
- GENPRU 2.1.48 R (Table: *Base capital resources requirement* for a *BIPRU firm*) and, where applicable, ■ GENPRU 2.1.60 R (*Calculation of base capital resources requirement* for banks authorised before 1993).

*major subsidiary undertaking*

FCA PRA

(in LR) a *subsidiary undertaking* that represents 25% or more of the aggregate of the gross assets or profits (after deducting all charges except taxation) of the *group*.*making arrangements with a view to a home finance transaction*

FCA PRA

any of the *regulated activities* of *making arrangements with a view to a regulated mortgage contract*, *making arrangements with a view to a home reversion plan*, *making arrangements with a view to a home purchase plan* or *making arrangements with a view to a regulated sale and rent back agreement*.*making arrangements with a view to a home purchase plan*

FCA PRA

the *regulated activity*, specified in article 25C(2) of the *Regulated Activities Order*, which is in summary: making arrangements with a view to a person who participates in the arrangements entering into a *home purchase plan* as *home purchaser*.*making arrangements with a view to a home reversion plan*

FCA PRA

the *regulated activity*, specified in article 25B(2) of the *Regulated Activities Order*, which is in summary: making arrangements with a view to a *person* who participates in the arrangements *entering into a home reversion plan* as *reversion occupier* or as *plan provider*.*making arrangements*the *regulated activity*, specified in article 25E(2) of the *Regulated Activities Order*, which is in summary making arrangements with a view to a *person* who

*with a view to a regulated sale and rent back agreement*

**FCA** **PRA**

participates in the arrangements entering into a *regulated sale and rent back agreement* as agreement seller or agreement provider.

*making arrangements with a view to regulated mortgage contracts*

**FCA** **PRA**

the *regulated activity*, specified in article 25A(2) of the *Regulated Activities Order*, which is in summary: making arrangements with a view to a *person* who participates in the arrangements entering into a *regulated mortgage contract* as borrower. (see also *arranging* (in relation to *regulated mortgage contracts*) and *arranging (bringing about) regulated mortgage contracts*.)

*making arrangements with a view to transactions in investments*

**FCA** **PRA**

the *regulated activity*, specified in article 25(2) of the *Regulated Activities Order* (Arranging deals in investments), which is in summary: making arrangements with a view to a *person* who participates in the arrangements *buying, selling*, subscribing for or underwriting any of the following *investments* (whether as *principal* or agent):

- (a) a *designated investment*; or
- (b) a *funeral plan contract*; or
- (c) the *underwriting capacity of a Lloyd's syndicate*; or
- (d) *membership of a Lloyd's syndicate*; or
- (e) *rights to or interests in investments* in (b), (c) or (d); or
- (f) a *pure protection contract*; or
- (g) a *general insurance contract*.

*management accounts*

**FCA** **PRA**

(in relation to a *UK recognised body*) accounts showing the actual and budgeted income and expenditure of that body over any period.

*management company*

**FCA** **PRA**

(in accordance with article 2(1)(b) of the *UCITS Directive*) a company, the regular business of which is the management of *UCITS* in the form of unit trusts, common funds or investment companies (*collective portfolio management*), including, where permitted by its *Home State regulator*, the additional services referred to in article 6(3) of that directive.

*management expenses*

**FCA** **PRA**

(1) (except in *INSPRU*) (in accordance with section 223 of the *Act* (Management expenses)) expenses incurred or expected to be incurred by the *FSCS* in connection with its function under the *Act*, other than *compensation costs* and costs incurred under Part 15A of the *Act*; for the purposes of ■ **FEES 6** these are subdivided into *base costs*, *specific costs* and *establishment costs*.

(2) (in *INSPRU*) in relation to *long-term insurance business*, means all expenses, other than *commission*, incurred in the administration of an *insurer* or its business.

*management expenses levy*

**FCA** **PRA**

a levy imposed by the *FSCS* on *participant firms* to meet the *management expenses* and which is made up of one or more of a base cost levy and a *specific costs levy*, each *participant firm's* share being calculated in accordance with ■ **FEES 6.4**.

*manager*

FCA PRA

(1) (in relation to an *AUT*) the *firm*, including, if relevant, an *EEA UCITS management company*, which is the manager of the *AUT* in accordance with the *trust deed*.

(1A) (in relation to an *OEIC* which is an undertaking for collective investment in transferable securities within the meaning of the *UCITS Directive* and which has appointed a *person* to manage the scheme) the *person* appointed to manage the scheme.

(2) (as defined in section 423(1) and (2) of the *Act* (Manager)) (except in relation to a *unit trust scheme* or an undertaking for collective investment in transferable securities within the meaning of the *UCITS Directive* (other than a unit trust scheme) or a *registered friendly society*):

(a) an employee who:

(i) under the immediate authority of his employer, is responsible, either alone or jointly with one or more other individuals, for the conduct of his employer's business; or

(ii) under the immediate authority of his employer or of a *person* who is a manager in accordance with (i) exercises managerial functions or is responsible for maintaining accounts or other records of his employer;

(b) if the employer is not an individual, references in (a) to the authority of the employer are references to the authority:

(i) in the case of a *body corporate*, of the directors;

(ii) in the case of a *partnership*, of the partners; and

(iii) in the case of an unincorporated association, of its officers or the members of its governing body.

(3) (as defined in section 423(3) of the *Act* (Manager)) (in relation to a *body corporate* other than one covered at (1A) above):

(a) a *person* (other than an employee of the body) who is appointed by the body to manage any part of its business, including an employee of the *body corporate* (other than the *chief executive*) who under the immediate authority of a director or *chief executive* of the *body corporate* exercises managerial functions or is responsible for maintaining accounts or other records of the *body corporate*;

(b) for the purposes of (a) and in relation to a *body corporate* whose principal place of business is within the *United Kingdom*, the *chief executive* includes only a *person* who is an employee of the *body corporate* in accordance with section 417(1) of the *Act* (Definitions).

*manager of the relevant scheme*

FCA PRA

the *person* (including a *person* outside the *United Kingdom*) who administers the *relevant scheme* or (if there is no such *person*) the *person* responsible for making payments under it.

*managing agent*

FCA PRA

(as defined in article 3(1) of the *Regulated Activities Order*) a *person* who is permitted by the *Council* in the conduct of his business as an *underwriting agent* to perform for a *member* one or more of the following functions:

(a) underwriting *contracts of insurance* at Lloyd's;

(b) reinsuring such contracts in whole or in part;

(c) paying claims on such contracts.

*managing agent's agreement*

**FCA** **PRA**

an agreement in the form prescribed by the *Society*, between a *managing agent* and a *member*, under which the *managing agent* manages the *insurance business* of that *member*.

*managing dormant account funds (including the investment of such funds)*

**FCA** **PRA**

the *regulated activity*, specified in article 63N(1)(b) of the *Regulated Activities Order*, which is the acceptance of a transfer by a *bank* or *building society* of the *balance* of a *dormant account*, or a proportion of such a balance, and the management of those funds (including the investment of such funds) in such a way as to enable the *dormant account fund operator* to meet whatever *repayment claims* it is prudent to anticipate.

*managing investments*

**FCA** **PRA**

the *regulated activity*, specified in article 37 of the *Regulated Activities Order* (Managing investments), which is in summary: managing assets belonging to another *person* in circumstances which involve the exercise of discretion, if:

(a) the assets consist of or include any *security* or *contractually based investment* (that is, any *designated investment*, *funeral plan contract* or right to or interest in a *funeral plan contract*); or

(b) the arrangements for their management are such that the assets may consist of or include such *investments*, and either the assets have at any time since 29 April 1988 done so, or the arrangements have at any time (whether before or after that date) been held out as arrangements under which the assets would do so.

*managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's*

**FCA** **PRA**

the *regulated activity*, specified in article 57 of the *Regulated Activities Order* (Managing the underwriting capacity of a Lloyd's syndicate), of managing the *underwriting capacity of a Lloyd's syndicate* as a *managing agent* at Lloyd's.

*mandate*

**FCA** **PRA**

any means that give a *firm* the ability to control a *client's* assets or liabilities, which meet the conditions in ■ CASS 8.2.1 R.

*mandate rules*

**FCA** **PRA**

■ CASS 8.

MAR

**FCA** **PRA**

the Market Conduct sourcebook.

*margin*

**FCA** **PRA**

(in *COLL*) cash or other property paid, transferred or deposited under the terms of a *derivative*; for these purposes cash or property will be treated as having been paid, transferred or deposited if it must be paid, transferred or deposited in order to comply with a requirement imposed by the market on which the contract is made or traded.

*margin agreement*

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of



FCA PRA

counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) a contractual agreement or provisions to an agreement under which one counterparty must supply collateral to a second counterparty when an *exposure* of that second counterparty to the first counterparty exceeds a specified level.

margin lending transaction

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) transactions in which a *person* extends credit in connection with the purchase, sale, carrying or trading of securities; the definition does not include other loans that happen to be secured by securities collateral.

margin period of risk

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the time period from the last exchange of collateral covering a *netting set* of transactions with a defaulting counterpart until that counterpart is closed out and the resulting market risk is re-hedged.

margin threshold

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the largest amount of an *exposure* that remains outstanding until one party has the right to call for collateral.

marginised contract

FCA PRA

(in COLL , ■ CASS 4 and ■ CASS 7 ) any contract in *derivatives*.

marginised transaction

FCA PRA

(1) (except in ■ CASS 4 and ■ CASS 7) a transaction *executed* by a *firm* with or for a *client* relating to a *future*, *option* or *contract for differences* (or any right to or any interest in such an *investment*) under the terms of which the *client* will or may be liable to provide cash or *collateral* to secure performance of obligations which he may have to perform when the transaction falls to be completed or upon the earlier *closing out* of his position.

(2) (in ■ CASS 4 and ■ CASS 7):

(a) a transaction within (1); or

(b) an *option* purchased by a *client*, the terms of which provide that the maximum liability of the *client* in respect of the transaction will be limited to the amount payable as premium.

market abuse

FCA PRA

(1) (in accordance with section 118 of the *Act* (Market abuse)) *behaviour* (whether by one *person* alone or by two or more *persons* jointly or in concert) which:

(a) occurs in relation to *qualifying investments* traded or admitted to trading on a *prescribed market* or in respect of which a request for admission to trading on such a market has been made; and

(b) falls within any one or more of the types of *behaviour* set out in section 118(2) to (8) of the *Act*.

(2) (in accordance with section 118 of the *Act* (Market abuse) as modified by the *RAP Regulations*) *behaviour* (whether by one *person* alone or by two or more *persons* jointly or in concert) which:

(a) occurs in relation to *qualifying investments* which are offered for sale on a *prescribed auction platform*; and

*market abuse  
(dissemination)*

**FCA** **PRA**

(b) falls within any one or more of the types of *behaviour* set out in subsections 118(2) to (8A) of the *Act*.

the *behaviour* described in section 118(7) of the *Act*, which is the dissemination of information by any means which gives, or is likely to give, a false or misleading impression as to a *qualifying investment* by a *person* who knew or could reasonably be expected to have known that the information was false or misleading.

*market abuse  
(distortion)*

**FCA** **PRA**

(1) (in accordance with section 118(8) of the *Act* (Market abuse)) the *behaviour* described in section 118(8) of the *Act* which satisfies the condition in section 118(8)(b) and is *behaviour* (not falling within sections 118(5), (6) or (7)) which:

(a) would be, or would be likely to be, regarded by a *regular user* of the market as behaviour that would distort, or would be likely to distort, the market in a *qualifying investment*; and

(b) is likely to be regarded by a *regular user* of the market as a failure on the part of the *person* concerned to observe the standard of *behaviour* reasonably expected of a *person* in his position in relation to the market.

(2) (in accordance with section 118(8) of the *Act* (Market abuse) as modified by the *RAP Regulations*) the *behaviour* described in section 118(8) of the *Act* as modified by the *RAP Regulations* which satisfies the condition in section 118(8)(b) and is *behaviour* (not falling within sections 118(5), (6) or (7)) which:

(a) would be, or would be likely to be, regarded by a *regular user* of the auction platform as *behaviour* that would distort, or would be likely to distort, the auction of such an investment,

(b) and is likely to be regarded by a *regular user* of the auction platform as a failure on the part of the *person* concerned to observe the standard of *behaviour* reasonably expected of a *person* in his position in relation to the market.

*market abuse  
(improper disclosure)*

**FCA** **PRA**

the *behaviour* described in section 118(3) of the *Act*, which is an *insider* disclosing *inside information* to another *person* otherwise than in the proper course of the exercise of employment, profession or duties.

*market abuse  
(insider dealing)*

**FCA** **PRA**

the *behaviour* described in section 118(2) of the *Act*, which is an *insider dealing*, or attempting to *deal*, in a *qualifying investment* or *related investment* on the basis of *inside information* relating to the *investment* in question.

*market abuse  
(manipulating devices)*

**FCA** **PRA**

(1) (in accordance with section 118(6) of the *Act* (Market abuse)) the *behaviour* described in section 118(6) of the *Act*, which is effecting transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance.

(2) (in accordance with section 118(6) of the *Act* (Market abuse) as modified by the *RAP Regulations*) the *behaviour* described in section 118(6) of the *Act*, which is effecting transactions, bids or orders to trade which employ fictitious devices or any other form of deception or contrivance.

*market abuse  
(manipulating transactions)*

(1) (in accordance with section 118(5) of the *Act* (Market abuse)) the *behaviour* described in section 118(5) of the *Act*, which is *behaviour*

FCA PRA

effecting transactions or orders to trade (otherwise than for legitimate reasons and in conformity with *accepted market practices* on the relevant market) which:

- (a) give, or are likely to give a false or misleading impression as to the supply of, or demand for, or as to the price of, one or more *qualifying investments*; or
- (b) secure the price of one or more such investments at an abnormal or artificial level.

(2) (in accordance with section 118(5) of the *Act* (Market abuse) as modified by the *RAP Regulations*) the *behaviour* described in section 118(5) of the *Act* as modified by the *RAP Regulations*, which is *behaviour* effecting transactions, bids or orders to trade (otherwise than for legitimate reasons and in conformity with accepted market practices on the relevant auction platform) which:

- (a) give, or are likely to give a false or misleading impression as to the supply of, or demand for, or as to the price of, one or more *qualifying investments*; or
- (b) secure the price of one or more such investments at an abnormal or artificial level.

market abuse  
(misleading  
behaviour)

FCA PRA

(1) (in accordance with section 118(8) of the *Act* (Market abuse)) the *behaviour* described in section 118(8) of the *Act* which satisfies the condition in section 118(8)(a) and is *behaviour* (not falling within sections 118(5), (6) or (7)) which:

- (a) is likely to give a *regular user* of the market a false or misleading impression as to the supply of, demand for or price or value of, *qualifying investments*, and
- (b) is likely to be regarded by a *regular user* of the market as a failure on the part of the *person* concerned to observe the standard of *behaviour* reasonably expected of a *person* in his position in relation to the market.

(2) (in accordance with section 118(8) of the *Act* (Market abuse) as modified by the *RAP Regulations*) the *behaviour* described in section 118(8) of the *Act* which satisfies the condition in section 118(8)(a) and is *behaviour* (not falling within sections 118(5), (6) or (7)) which:

- (a) is likely to give a *regular user* of the auction platform a false or misleading impression as to the supply of, demand for or price or value of, *qualifying investments*, or
- (b) and is likely to be regarded by a *regular user* of the auction platform as a failure on the part of the *person* concerned to observe the standard of *behaviour* reasonably expected of a *person* in his position in relation to the market.

market abuse  
(misuse of  
information)

FCA PRA

(1) (in accordance with section 118(4) of the *Act* (Market abuse)) the *behaviour* described in section 118(4) of the *Act*, which is *behaviour* (not falling within sections 118 (2) or (3) of the *Act*):

- (a) based on information which is not generally available to those using the market but which, if available to a *regular user* of the market, would be, or would be likely to be, regarded by him as relevant when deciding the terms on which transactions in *qualifying investments* should be effected; and
- (b) likely to be regarded by a *regular user* of the market as a failure on the part of the *person* concerned to observe the standard of *behaviour* reasonably expected of a *person* in his position in relation to the market

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| <p><i>Market Abuse Directive</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(2) (in accordance with section 118(4) of the <i>Act</i> (Market abuse) as modified by the <i>RAP Regulations</i>) the <i>behaviour</i> described in section 118(4) of the <i>Act</i> as modified by the <i>RAP Regulations</i>, which is <i>behaviour</i> (not falling within sections 118 (2) or (3) of the <i>Act</i>):</p> <p style="padding-left: 40px;">(a) based on information which is not generally available to those using the auction platform but which, if available to a <i>regular user</i> of the auction platform, would be, or would be likely to be, regarded by him as relevant when deciding the terms on which transactions in <i>qualifying investments</i> should be effected, and</p> <p style="padding-left: 40px;">(b) is likely to be regarded by a <i>regular user</i> of the auction platform as a failure on the part of the <i>person</i> concerned to observe the standard of <i>behaviour</i> reasonably expected of a <i>person</i> in his position in relation to the auction platform.</p>   |
| <p><i>market abuse regime</i></p> <p><b>FCA</b> <b>PRA</b></p>    | <p>Directive of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse) (No 2003/6/EC).</p> <p>the regime established under the provisions of Part VIII of the <i>Act</i> (Penalties for market abuse).</p>  |
| <p><i>market contract</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>a market contract as described in section 155(2)(a) of the Companies Act 1989 or article 80(2)(a) of the Companies (No2) (Northern Ireland) Order 1990 which is in summary a contract entered into by a <i>member</i> or <i>designated non-member</i> of an <i>RIE</i> with a person other than the <i>RIE</i> which is either:</p> <p style="padding-left: 40px;">(a) a contract made on the exchange or an exchange to whose undertaking the exchange has succeeded; or</p> <p style="padding-left: 40px;">(b) a contract in the making of which the member or <i>designated non-member</i> was subject to the rules of the exchange or of an exchange to whose undertaking the exchange has succeeded.</p>   |
| <p><i>market counterparty</i></p> <p><b>FCA</b> <b>PRA</b></p>    | <p>(for the purposes only of <b>■ COBS TP 1</b> (Transitional Provisions in relation to Client Categorisation));</p> <p>(1) (except in <b>■ COB 3</b>) a <i>client</i> who is:</p> <p style="padding-left: 40px;">(a) a properly constituted government (including a quasi-governmental body or a government agency) of any country or territory;</p> <p style="padding-left: 40px;">(b) a central bank or other national monetary authority of any country or territory;</p> <p style="padding-left: 40px;">(c) a supranational whose members are either countries or central banks or national monetary authorities;</p> <p style="padding-left: 40px;">(d) a State investment body, or a body charged with, or intervening in, the management of the public debt;</p> <p style="padding-left: 40px;">(e) another <i>firm</i>, or an <i>overseas financial services institution</i>, except in relation to <i>designated investment business</i>, and related <i>ancillary activities</i>, conducted with or for that <i>firm</i> or institution, when that <i>firm</i> or institution is an <i>intermediate customer</i> in accordance with <b>■ COB 4.1.7 R</b> (Classification of another firm or an overseas financial services institution);</p> <p style="padding-left: 40px;">(f) any <i>associate</i> of a <i>firm</i> (except an <i>OPS firm</i>), or of an <i>overseas financial services institution</i>, if the <i>firm</i> or institution consents;</p> |

(g) a *client* when he is classified as a *market counterparty* in accordance with ■ COB 4.1.12 R (Large intermediate customer classified as a market counterparty);

(h) a *recognised investment exchange, designated investment exchange, regulated market or clearing house* when it is classified as a *market counterparty* in accordance with ■ COB 4.1.8A R (Classification of an exchange or *clearing house*);

but excluding:

(A) a *regulated collective investment scheme*; and

(B) (except for the purposes of *DISP*) a *client*, who would otherwise be a *market counterparty*, when he is classified as a *private customer* in accordance with ■ COB 4.1.14 R (Client classified as *private customer*).

(2) (in ■ COB 3) a *person* in (1) and a *person* who would be such a *person* if he were a *client*.

(in relation to a *firm* and any reporting obligations under ■ SUP 16 (Reporting requirements)):

(a) (in the case of reporting obligations on a solo basis) any market that is of material significance to the *firm* being materially adversely affected by crystallised *liquidity risk* or a substantial number of participants in any such market being materially adversely affected by crystallised *liquidity risk*, whether or not the *firm* itself is so affected;

(b) (in the case of reporting obligations with respect to the *firm* and a group of other persons) has the same meaning as in (a) except that references to the *firm* are to the *firm* and that group considered together;

(c) (in the case of reporting obligations with respect to a *firm's UK branch*) has the same meaning as in (a) except that references to the *firm* are to that *branch*.

market  
liquidity stress

FCA PRA

market maker

FCA PRA

(1) (except in *COBS* and *DTR*) (in relation to an *investment*) a *person* who (otherwise than in his capacity as the *operator* of a *regulated collective investment scheme*) holds himself out as able and willing to enter into transactions of sale and purchase in *investments* of that description at prices determined by him generally and continuously rather than in respect of each particular transaction.

(2) (in *COBS* and *DTR*) a *person* who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling *financial instruments* against his proprietary capital at prices defined by him.

[Note: article 4 (1)(8) of *MiFID*]

(3) [deleted]

market maker  
exemption

FCA PRA

an exemption from articles 5, 6, 7, 12, 13 and 14 of the *short selling regulation* for transactions performed due to *market making activities* pursuant to article 17 of the *short selling regulation*.

PAGE  
M9

market making  
activities

FCA PRA

(as defined in article 2(1)(k) of the *short selling regulation*) the activities of an *investment firm*, a *credit institution*, a third-country entity, or a firm as referred to in point (1) of article 2(1) of *MiFID*, which is a member of a *trading venue* or of a market in a third country, the legal and supervisory framework of which has been declared equivalent by the European Commission pursuant to article 17(2) of the *short selling regulation* where it deals as principal in a *financial*

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| <p><i>instrument</i>, whether traded on or outside a <i>trading venue</i>, in any of the following capacities:</p> <p>(a) by posting firm, simultaneous two-way quotes of comparable size and at competitive prices, with the result of providing liquidity on a regular and ongoing basis to the market; or</p> <p>(b) as part of its usual business, by fulfilling orders initiated by clients or in response to clients' requests to trade; or</p> <p>(c) by hedging positions arising from the fulfilment of tasks under points (a) and (b).</p> <p><i>market operator</i></p> <p><b>FCA PRA</b></p> <p><i>market risk</i></p> <p><b>FCA PRA</b></p> <p><i>market risk capital requirement</i></p> <p><b>FCA PRA</b></p> <p><i>market value</i></p> <p><b>FCA PRA</b></p> <p><i>marketable investment</i></p> <p><b>FCA PRA</b></p> | <p>a <i>person</i> who manages and/or operates the business of a <i>regulated market</i>. The <i>market operator</i> may be the <i>regulated market</i> itself.</p> <p>[Note: article 4(1)(13) of <i>MiFID</i>]</p> <p>(1) (in <i>COLL</i> and in accordance with article 3(9) of the <i>UCITS implementing Directive</i>) the risk of loss for a <i>UCITS</i> resulting from fluctuation in the market value of positions in the <i>scheme's</i> portfolio attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's credit worthiness.</p> <p>(2) (except in <i>COLL</i>) (in relation to a <i>firm</i>) the risks that arise from fluctuations in values of, or income from, assets or in interest or exchange rates.</p> <p>the part of the <i>capital resources requirement</i> of a <i>BIPRU firm</i> in respect of <i>market risk</i>, calculated in accordance with GENPRU 2.1.52R (Calculation of the market risk capital requirement).</p> <p>the market value as determined in accordance with generally accepted accounting practice.</p> <p>(a) an <i>investment</i> which is traded on or under the rules of an exchange;</p> <p>(b) a debt instrument which may be transferred without the consent of the <i>issuer</i> or any other <i>person</i> (including a collateralised mortgage obligation);</p> <p>(c) a <i>commodity</i>;</p> <p>(d) a <i>warrant, option, future</i> or other instrument which entitles the holder to subscribe for or acquire:</p> <p style="padding-left: 40px;">(i) an <i>investment</i> or <i>commodity</i> in (a) to (c); or</p> <p style="padding-left: 40px;">(ii) any currency; or</p> <p style="padding-left: 40px;">(iii) any combination of (i) and (ii);</p> <p>(e) a <i>contract for differences</i> (including interest rate and currency swaps) relating to fluctuations in:</p> <p style="padding-left: 40px;">(i) the value or price of an <i>investment</i> or <i>commodity</i> in (a) to (d); or</p> <p style="padding-left: 40px;">(ii) any currency; or</p> <p style="padding-left: 40px;">(iii) the rate of interest in any currency or any index of such rates; or</p> |
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| <p>(iv) the level of any index which is derived from the prices of an <i>investment</i> or <i>commodity</i> in (a) to (c); or</p> <p>(v) any combination of (i) to (iv);</p> <p>(f) <i>warrants, options, futures</i> or other instruments entitling the holder to obtain the rights of those contracts in (d) or (e);</p> <p>(g) a <i>unit</i> in a <i>regulated collective investment scheme</i>.</p> | <p>(in <i>COLL</i> ) (in relation to marketing <i>units</i> in a <i>regulated collective investment scheme</i> in a particular country or territory):</p> <p>(a) <i>communicating</i> to a <i>person</i> in that country or territory an invitation or inducement to become, or offer to become, a <i>holder</i> in that <i>regulated collective investment scheme</i> ;</p> <p>(b) giving <i>advice on investments</i> to, or arranging (bringing about) a deal in an investment for a <i>person</i> in that country or territory to become a <i>holder</i> in that <i>regulated collective investment scheme</i> .</p>  |
| <p><i>marketing</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(in <i>COLL</i> ) (in relation to marketing <i>units</i> in a <i>regulated collective investment scheme</i> in a particular country or territory):</p> <p>(a) <i>communicating</i> to a <i>person</i> in that country or territory an invitation or inducement to become, or offer to become, a <i>holder</i> in that <i>regulated collective investment scheme</i> ;</p> <p>(b) giving <i>advice on investments</i> to, or arranging (bringing about) a deal in an investment for a <i>person</i> in that country or territory to become a <i>holder</i> in that <i>regulated collective investment scheme</i> .</p>  |
| <p><i>marketing group</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a group of <i>persons</i> who:</p> <p>(a) are allied together (either formally or informally) for the purposes of marketing <i>packaged products</i> of the <i>marketing group</i>; and</p> <p>(b) each of whom, if it holds itself out in the <i>United Kingdom</i> as marketing <i>packaged products</i> to <i>private customers</i>, does so only as an <i>investment manager</i> or in relation to <i>packaged products</i> of the <i>marketing group</i>.</p>   |
| <p><i>marketing group associate</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a <i>firm</i> other than a <i>product provider</i> which is a member of a <i>marketing group</i>.</p>  |
| <p><i>mark-up or mark-down</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(a) (when a <i>firm</i> receives a <i>customer order</i> and takes a <i>principal</i> position in the relevant <i>investment</i> in order to fulfil that <i>customer order</i> (that is, when the <i>firm</i> takes a <i>principal</i> position in the relevant <i>investment</i> which it would not otherwise take, except to fulfil that <i>customer order</i>)) the difference, if any, between:</p> <p>(i) the price at which the <i>firm</i> takes a <i>principal</i> position in the relevant <i>investment</i> in order to fulfil that <i>customer order</i>; and</p> <p>(ii) the <i>price</i> at which the firm executes the transaction with its <i>customer</i>;</p> <p>(b) (when a firm executes a <i>customer order</i> against its own book and owes a duty of best execution) the difference between:</p> <p>(i) the <i>price</i> at which best execution would be achieved; and</p> <p>(ii) the <i>price</i> at which the firm executes the transaction with its <i>customer</i>.</p> |
| <p><i>marriage or the formation of a civil partnership and birth</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph II of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance), to provide a sum on marriage or the formation of a civil partnership or on the birth of a child, being contracts expressed to be in effect for a period of more than one year.</p>   |

*master netting agreement internal models approach*

FCA PRA

one of the following:

(a) the method of calculating the effect of *credit risk mitigation* described in ■ BIPRU 5.6.16 R to ■ BIPRU 5.6.28 G;

(b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with ■ BIPRU 8 (Group risk - consolidation); or

(c) when the reference is to the rules of or administered by a *regulatory body* other than the *appropriate regulator*, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.

*master netting agreement internal models approach permission*

FCA PRA

a *requirement* or a *waiver* that requires a *firm* to use the *master netting agreement internal models approach* on a solo basis or, if the context requires, a consolidated basis.

*master UCITS*

FCA PRA

(in accordance with article 58(3) of the *UCITS Directive*) a *UCITS scheme*, an *EEA UCITS scheme* or a *sub-fund* of such a *scheme* where:

(a) at least one of its *unitholders* is a *feeder UCITS*;

(b) it is not itself a *feeder UCITS*; and

(c) it does not hold *units* of a *feeder UCITS*.

*master-feeder agreement*

FCA PRA

(in *COLL*) a written agreement between the *management company* of a *master UCITS* and the *management company* of a *feeder UCITS* in accordance with ■ COLL 11.3.2 R (1) (Master-feeder agreement and internal conduct of business rules).

*matched principal exemption conditions*

FCA PRA

the conditions set out in ■ BIPRU 1.1.23 R (2) (Meaning of dealing on own account).

*material currency*

FCA PRA

(a) *Material currencies*, in respect of a *firm* at any time, are currencies determined in accordance with the following.

(b) First, the amount of its assets and the amount of its liabilities in each currency (ignoring the sign) are separately calculated. The figures are as shown in the most recent *data item* FSA054 submitted to the *appropriate regulator*.

(c) Then, each such amount is converted into the reporting currency for the *data item* referred to in (b).

(d) Each currency (which may include the reporting currency) that represents 20% or more of the total asset figure or 20% or more of the total liabilities figure is a *material currency*.

(e) A currency is also a *material currency* if it is identified by the *firm's* current:

(i) *Individual Liquidity Adequacy Assessment*; or

(ii) *Individual Liquidity Systems Assessment*; or

(iii) *ILG* that has been accepted by the *firm*;



as being significant in the context of cross-currency *liquidity risk* (as referred to in BIPRU 12.5 (Individual Liquidity Adequacy Standards)).

(f) The conversion rate for a currency into the reporting currency is the exchange rate on the date as of which the calculation is being made.

(g) The reporting currency means the currency in which the most recent *data item* FSA054 (as referred to in (b)) is reported.

(h) A currency is a *material currency* in relation to a *firm's branch* or a *defined liquidity group* of which it is a *group liquidity reporting firm* if it is identified as such in accordance with the procedures in the previous paragraphs of this definition except that the identification is carried out by reference to that *branch* or *defined liquidity group*. For these purposes, *data item* FSA054 for the *reporting level* concerned is used.

(i) If the *firm* has not delivered *data item* FSA054 to the *appropriate regulator* at the *reporting level* concerned or is currently not required to do so at the *reporting level* concerned, the calculation is carried out using the methods for drawing up *data item* FSA054.

(in IPRU(INV) 13) losses of an amount equal to 10 per cent or more of the amount by which the *own funds* of an *undertaking* exceed the *own funds* needed to meet financial resources test 1 as prescribed in chapter 13.

*material current year losses*

FCA PRA

*material holding*

FCA PRA

(1) [deleted]

(2) (for the purposes of GENPRU and BIPRU) has the meaning in ■ GENPRU 2.2.209 R (Deductions from tiers one and two: Material holdings (BIPRU firm only)).

*material insurance holding*

FCA PRA

has the meaning in GENPRU 2.2.212R (Material holdings) or, for an *exempt CAD firm* which is an *investment management firm*, in IPRU(INV) Table 5.2.2(1).

*material interest*

FCA PRA

(in COBS) (in relation to a transaction) any interest of a material nature, other than:

(a) disclosable *commission* on the transaction;

(b) goods or services which can reasonably be expected to assist in carrying on *designated investment business* with or for *clients* and which are provided or to be provided in compliance with ■ COBS 11.6.3 R.

*material outsourcing*

FCA PRA

*outsourcing* services of such importance that weakness, or failure, of the services would cast serious doubt upon the *firm's* continuing satisfaction of the *threshold conditions* or compliance with the *Principles*.

*mathematical reserves*

FCA PRA

the provision made by an *insurer* to cover liabilities (excluding liabilities which have fallen due and liabilities arising from *deposit back arrangements*) arising under or in connection with *long-term insurance contracts*.

*maxi-ISA*

FCA PRA

an *ISA* which includes a *stocks and shares component* and may also include other *qualifying investments* such as:

(a) a *cash component*;

(b) an *insurance component*;

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| <p>MCAS scheme<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                        | <p>as prescribed in paragraphs 7, 8 and 9 respectively of the <i>ISA Regulations</i>.</p> <p>Mortgage Code Arbitration Scheme.</p>   |
| <p>MCOB<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                               | <p>the Mortgages and Home Finance: Conduct of Business sourcebook.</p>   |
| <p>MCR<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                | <p><i>minimum capital requirement</i>.</p>   |
| <p><i>media firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                  | <p>a <i>firm</i> whose only <i>permitted activities</i> are <i>advising on investments</i> and <i>agreeing to carry on that regulated activity</i>, and whose <i>Part 4A permission</i> includes <i>requirements</i> to the effect that the <i>firm</i> must advise:</p> <ul style="list-style-type: none"> <li>(a) only through the media; and</li> <li>(b) without conveying the impression that the advice is particularly suitable for any <i>person</i>, except when it is given in response to a specific request for advice from that <i>person</i>;</li> </ul> <p>in this definition, "media" means:</p> <ul style="list-style-type: none"> <li>(i) newspapers, journals, magazines or other periodical publications;</li> <li>(ii) services comprising regularly updated news or information;</li> <li>(iii) services consisting of the broadcast or transmission of television or radio programmes.</li> </ul> |
| <p><i>meeting of repayment claims</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>the <i>regulated activity</i>, specified in article 63N(1)(a) of the <i>Regulated Activities Order</i>, which is the meeting of <i>repayment claims</i> by a <i>dormant account fund operator</i>.</p>  |
| <p><i>member</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                      | <ul style="list-style-type: none"> <li>(1) (except in <i>PROF</i>, <i>LR</i>, <span style="color: blue;">■</span> <i>EG 16</i> and <i>REC</i>) a <i>person</i> admitted to membership of the <i>Society</i> or any <i>person</i> by law entitled or bound to administer his affairs.</li> <li>(2) (in <i>PROF</i>, <i>LR</i> and <span style="color: blue;">■</span> <i>EG 16</i>) (as defined in section 325(2) of the <i>Act</i> (FCA's general duty)) (in relation to a profession) a <i>person</i> who is entitled to practise that profession and, in practising it, is subject to the rules of the relevant <i>designated professional body</i>, whether or not he is a member of that body.</li> <li>(3) (in <i>REC</i>) (in relation to a <i>recognised body</i>) a <i>person</i> who is entitled, under an arrangement or agreement between him and that body, to use that body's <i>facilities</i>.</li> </ul> |
| <p><i>member contribution</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>         | <p>any paid up contribution by a member of a <i>mutual</i> where the members' accounts meet the following criteria:</p> <ul style="list-style-type: none"> <li>(a) the memorandum and articles of association or other constitutional documents must stipulate that payments may be made from these accounts to members only in so far as this does not cause the <i>firm's capital resources</i> to fall below the required level, or, if after dissolution of the <i>firm</i>, all the <i>firm's</i> other debts have been settled;</li> <li>(b) the memorandum and articles of association or other constitutional documents must stipulate, with respect to the payments referred to in (a)</li> </ul>   |

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|   | made for reasons other than the individual termination of membership, that the <i>appropriate regulator</i> must be notified at least one month in advance of the intended date of such payments; and   |
|   | (c) the <i>appropriate regulator</i> must be notified of any amendment to the relevant provisions of the memorandum and articles of association or other constitutional documents.  |
| <i>member society</i>                     | (as defined in article 2(2) of the <i>compensation transitionals order</i> ) a person who at any time before <i>commencement</i> was a member society within the rules of the Friendly Societies Protection Scheme established in accordance with section 141 of the Financial Services Act 1986.   |
| <b>FCA</b> <b>PRA</b>                     |   |
| <i>members' adviser</i>                   | a <i>firm</i> whose <i>permission</i> includes <i>advising on syndicate participation at Lloyd's</i> , but which is not an <i>underwriting agent</i> .  |
| <b>FCA</b> <b>PRA</b>                     |   |
| <i>members' agent</i>                     | an <i>underwriting agent</i> who carries on the <i>regulated activity</i> of <i>advising on syndicate participation at Lloyd's</i> .  |
| <b>FCA</b> <b>PRA</b>                     |   |
| <i>membership of a Lloyd's syndicate</i>  | the <i>investment</i> , specified in article 86(2) of the <i>Regulated Activities Order</i> , which is a <i>person's</i> membership (or prospective membership) of a Lloyd's <i>syndicate</i> .   |
| <b>FCA</b> <b>PRA</b>                     |   |
| <i>merging UCITS</i>                      | (in <i>COLL</i> ) in relation to a <i>UCITS merger</i> , the <i>UCITS scheme</i> , <i>EEA UCITS scheme</i> or <i>sub-fund</i> of such a <i>scheme</i> , that under the proposed arrangements will be transferring all its assets and liabilities to the <i>receiving UCITS</i> .  |
| <b>FCA</b> <b>PRA</b>                     |   |
| <i>MERS levy</i>                          | a levy (management expenses in respect of relevant schemes levy) imposed by the <i>FSCS</i> on <i>participant firms</i> to meet the management expenses incurred by the <i>FSCS</i> in connection with acting on behalf of the <i>manager of the relevant scheme</i> in accordance with Part 15A of the <i>Act</i> .  |
| <b>FCA</b> <b>PRA</b>                     |   |
| <i>mesothelioma regulations</i>           | The Compensation Act 2006 (Contribution for Mesothelioma Claims) Regulations 2006 (SI 2006/3259).   |
| <b>FCA</b> <b>PRA</b>                     |   |
| <i>mesothelioma victim</i>                | (in accordance with section 3 (1) of the Compensation Act 2006) a <i>person</i> who has contracted mesothelioma as a result of exposure to asbestos by a <i>responsible person</i> .  |
| <b>FCA</b> <b>PRA</b>                     |   |
| <i>mezzanine securitisation positions</i> | for the purposes of ■ BIPRU 9.3.7 R, ■ BIPRU 9.4.11 R and ■ BIPRU 9.5.1 R (6), <i>securitisation positions</i> to which a <i>risk weight</i> lower than 1250% applies and which are more junior than the most senior position in the relevant <i>securitisation</i> and more junior than any <i>securitisation</i> position in the relevant <i>securitisation</i> to which: |
| <b>FCA</b> <b>PRA</b>                     |   |
|   | (a) in the case of a <i>securitisation position</i> subject to the <i>standardised approach</i> to <i>securitisation</i> set out in ■ BIPRU 9.11.1 R and ■ BIPRU 9.11.2 R, a <i>credit quality step</i> 1 is assigned; or   |
|   | (b) in the case of a <i>securitisation position</i> subject to the <i>IRB approach</i> to <i>securitisation</i> set out in ■ BIPRU 9.12.10 R and ■ BIPRU 9.12.11 R, a <i>credit quality</i>   |

|   |  |
|---|--|
| <p><i>step 1 or 2 is assigned under</i> ■ BIPRU 9.7.2 R , ■ BIPRU 9.8.2 R to ■ BIPRU 9.8.7 R and regulation 23 of the <i>Capital Requirements Regulations 2006</i>.</p> <p>[Note: BCD, Annex IX, Part 2, Point 1, paragraph 1b]</p> | <p><i>step 1 or 2 is assigned under</i> ■ BIPRU 9.7.2 R , ■ BIPRU 9.8.2 R to ■ BIPRU 9.8.7 R and regulation 23 of the <i>Capital Requirements Regulations 2006</i>.</p> <p>[Note: BCD, Annex IX, Part 2, Point 1, paragraph 1b]</p>  |
| <p><i>micro-enterprise</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>an enterprise which:</p> <p>(a) employs fewer than 10 <i>persons</i>; and</p> <p>(b) has a turnover or annual balance sheet that does not exceed €2 million.</p> <p>In this definition, "enterprise" means any <i>person</i> engaged in an economic activity, irrespective of legal form and includes, in particular, self-employed <i>persons</i> and family businesses engaged in craft or other activities, and <i>partnerships</i> or associations regularly engaged in an economic activity.</p> <p>[Note: article 4(26) of the <i>Payment Services Directive</i> and the Annex to the <i>Micro-enterprise Recommendation</i>]</p> |
| <p><i>Micro-enterprise Recommendation</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>Recommendation 2003/361/EC of the Commission of 6th May 2003 concerning the definition of micro, small and medium-sized enterprises.</p>  |
| <p><i>MiFID</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>The European Parliament and Council Directive on markets in financial instruments (No. 2004/39/EC).</p> <p>See also <i>MiFID Regulation</i> and <i>MiFID implementing Directive</i>.</p>  |
| <p><i>MiFID business</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p><i>investment services and activities</i> and, where relevant, <i>ancillary services</i> carried on by a <i>MiFID investment firm</i>.</p>  |
| <p><i>MiFID business bidding</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>the <i>regulated activity</i> of <i>bidding in emissions auctions</i> where it is carried on by a <i>MiFID investment firm</i> (other than a <i>UCITS investment firm</i>) in relation to a <i>financial instrument</i>.</p>  |
| <p><i>MiFID client money (minimum implementing) rules</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>■ CASS 7.3.1 R, ■ CASS 7.3.2 R, ■ CASS 7.4.1 R, ■ CASS 7.4.5 R, ■ CASS 7.4.7 R, ■ CASS 7.4.8 R, ■ CASS 7.4.11 R, ■ CASS 7.6.1 R, ■ CASS 7.6.2 R and ■ CASS 7.6.9 R.</p>   |
| <p><i>MiFID implementing Directive</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>Commission Directive No. 2006/73/EC implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.</p>  |
| <p><i>MiFID implementing requirement</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(1) (in relation to a <i>UK RIE</i>) any of the requirements applicable to that body under the <i>MiFID Regulation</i>.</p> <p>(2) (in relation to a body applying for recognition as a <i>UK RIE</i>) any of the requirements under the <i>MiFID Regulation</i> which, if its application were successful, would apply to it.</p>  |

*MiFID investment firm*

**FCA** **PRA**

(in summary) a *firm* to which *MiFID* applies including, for some purposes only, a *credit institution* and *UCITS investment firm*.

(in full) a *firm* which is:

(1) an *investment firm* with its head office in the *EEA* (or, if it has a registered office, that office);

(2) a *BCD credit institution* (only when providing an *investment service or activity* in relation to the *rules* implementing the Articles referred to in Article 1(2) of *MiFID*);

(3) a *UCITS investment firm* (only when providing the services referred to in Article 6(3) of the *UCITS Directive* in relation to the *rules* implementing the articles of *MiFID* referred to in Article 6(4) of that Directive);

unless, and to the extent that, *MiFID* does not apply to it as a result of Article 2 (Exemptions) or Article 3 (Optional exemptions) of *MiFID*.

*MiFID or equivalent third country business*

**FCA** **PRA**

*MiFID business* or the *equivalent business of a third country investment firm*.

*MiFID outsourcing rules*

**FCA** **PRA**

■ SYSC 8.1.1 R to ■ SYSC 8.1.11 R.

*MiFID Regulation*

**FCA** **PRA**

Commission Regulation (EC) 1287/2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

*MIIC*

**FCA** **PRA**

the *Motor Insurers' Information Centre*.

*mineral company*

**FCA** **PRA**

(in *LR*) a *company* or *group*, whose principal activity is, or is planned to be, the *extraction of mineral resources* (which may or may not include exploration for *mineral resources*).

*mineral expert's report*

**FCA** **PRA**

(in *LR*) a report prepared in accordance with the *ESMA recommendations*.

*mineral resources*

**FCA** **PRA**

(in *LR*) include metallic and non-metallic ores, mineral concentrates, industrial minerals, construction aggregates, mineral oils, natural gases, hydrocarbons and solid fuels including coal.

*mini-ISA*

**FCA** **PRA**

an *ISA* which contains only one of the following *qualifying investments*:

(a) a *stocks and shares component*;

(b) a *cash component*;

minimum  
capital  
requirement

FCA PRA

(c) an *insurance component*;  
as prescribed in paragraph 7, 8 or 9 respectively of the *ISA Regulations*.

an amount of capital resources that a *firm* must hold as set out in  
■ GENPRU 2.1.24 R and ■ GENPRU 2.1.25 R.

minimum IRB  
standards

FCA PRA

(in relation to the IRB approach) ■ BIPRU 4.3.9 R,  
■ BIPRU 4.3.11 R-■ BIPRU 4.3.29 R, ■ BIPRU 4.3.33 R-■ BIPRU 4.3.40 R,  
■ BIPRU 4.3.43 R-■ BIPRU 4.3.44 R, ■ BIPRU 4.3.46 R-■ BIPRU 4.3.48 R,  
■ BIPRU 4.3.50 R-■ BIPRU 4.3.51 R, ■ BIPRU 4.3.54 R,  
■ BIPRU 4.3.56 R-■ BIPRU 4.3.57 R, ■ BIPRU 4.3.63 R,  
■ BIPRU 4.3.70 R-■ BIPRU 4.3.71 R, ■ BIPRU 4.3.73 R-■ BIPRU 4.3.74 R,  
■ BIPRU 4.3.83 R-■ BIPRU 4.3.85 R, ■ BIPRU 4.3.88 R,  
■ BIPRU 4.3.90 R-■ BIPRU 4.3.92 R, ■ BIPRU 4.3.94 R, ■ BIPRU 4.3.99 R,  
■ BIPRU 4.3.103 R, ■ BIPRU 4.3.116 R-■ BIPRU 4.3.123 R,  
■ BIPRU 4.3.125 R-■ BIPRU 4.3.131 R ■ BIPRU 4.4.6 R-■ BIPRU 4.4.9 R,  
■ BIPRU 4.4.11 R-■ BIPRU 4.4.13 R, ■ BIPRU 4.4.15 R-■ BIPRU 4.4.18 R,  
■ BIPRU 4.4.21 R-■ BIPRU 4.4.22 R, ■ BIPRU 4.4.24 R-■ BIPRU 4.4.25 R,  
■ BIPRU 4.4.27 R-■ BIPRU 4.4.28 R, ■ BIPRU 4.4.30 R-■ BIPRU 4.4.31 R,  
■ BIPRU 4.4.48 R-■ BIPRU 4.4.51 R, ■ BIPRU 4.4.53 R, ■ BIPRU 4.4.54 R,  
■ BIPRU 4.5.5 R, ■ BIPRU 4.6.6 R-■ BIPRU 4.6.9 R, ■ BIPRU 4.6.11 R-■ BIPRU 4.6.12 R,  
■ BIPRU 4.6.14 R, ■ BIPRU 4.6.18 R, ■ BIPRU 4.6.20 R-■ BIPRU 4.6.21 R,  
■ BIPRU 4.6.24 R-■ BIPRU 4.6.34 R, ■ BIPRU 4.6.37 R-■ BIPRU 4.6.39 R,  
■ BIPRU 4.7.19 R, ■ BIPRU 4.7.27 R-■ BIPRU 4.7.35 R,  
■ BIPRU 4.8.5 R-■ BIPRU 4.8.9 R, ■ BIPRU 4.8.11 R-■ BIPRU 4.8.15 R,  
■ BIPRU 4.10.40 R-■ BIPRU 4.10.48 R.

minimum levy

FCA PRA

(in *DISPFEEES*) the fixed minimum *general levy* payable by a *firm*.

minimum  
multiplication  
factor

FCA PRA

(in ■ BIPRU 7.10 (Use of a value at risk model)) has the meaning in  
■ BIPRU 7.10.119 R (Capital calculations: Multiplication factors), which is in  
summary the number three or any higher amount the *VaR model permission*  
defines it as.

MIPRU

FCA PRA

the Prudential sourcebook for Mortgage and Home Finance Firms, and  
Insurance Intermediaries

miscellaneous  
financial loss

FCA PRA

(in relation to a *class of contract of insurance* ) the *class of contract of insurance*, specified in paragraph 16 of Part I of Schedule 1 to the *Regulated Activities Order* (General *contracts of insurance*), against any of the following risks:

(a) risks of loss to the *persons* insured attributable to interruptions of the carrying on of business carried on by them or to reduction of the scope of business so carried on;

(b) risks of loss to the *persons* insured attributable to their incurring unforeseen expense (other than loss such as is covered by contracts within paragraph 18 of Part I of Schedule 1 to the *Regulated Activities Order* (Assistance));

*miscellaneous securities*

**FCA** **PRA**

(c) risks which do not fall within paragraphs (a) or (b) and which are not of such a kind that *contracts of insurance* against them fall within any other provision of Schedule 1 to the *Regulated Activities Order*.

(in LR) *securities* which are not:

- (a) *shares*; or
- (b) *debt securities*; or
- (c) *asset backed securities*; or
- (d) *certificate representing debt securities*; or
- (e) *convertible securities* which convert to *debt securities*; or
- (f) *convertible securities* which convert to *equity securities*; or
- (g) *convertible securities* which are exchangeable for *securities* of another *company*; or
- (h) *certificate representing certain securities*; or
- (i) *securitised derivatives*.

*misleading statements and practices offence*

[deleted]

*mixed financial holding company*

**FCA** **PRA**

(in accordance with Article 2(15) of the *Financial Groups Directive* (Definitions)) a *parent undertaking*, other than a *regulated entity*, which meets the following conditions:

- (a) it, together with its *subsidiary undertakings*, at least one of which is an *EEA regulated entity*, and other entities, constitutes a *financial conglomerate*;
- (b) it has been notified by its *coordinator* that its group is a *financial conglomerate* in accordance with Article 4(2) of the *Financial Groups Directive*; and
- (c) it has not been notified that its *coordinator* and other *relevant competent authorities* have agreed not to treat the group as a *financial conglomerate* in accordance with Article 3(3) of the *Financial Groups Directive*.

*mixed insurer*

**FCA** **PRA**

an *insurer* (other than a *pure reinsurer*) which carries on *reinsurance* business and where one or more of the following conditions is met in respect of its *reinsurance* acceptances:

- (a) the *premiums* collected in respect of those acceptances during the previous *financial year* exceeded 10% of its total *premiums* collected during that year;
- (b) the *premiums* collected in respect of those acceptances during the previous *financial year* exceeded €50 million; and
- (c) the *technical provisions* in respect of those acceptances at the end of the previous *financial year* exceeded 10% of its total *technical provisions* at the end of that year.

*mixed remittance*

**FCA** **PRA**

a remittance that is part *client money* and part other *money*.

*mixed-activity holding company*

**FCA** **PRA**

one of the following:

(a) (in accordance with Article 4(20) of the *Banking Consolidation Directive* (Definitions)) a *parent undertaking*, other than a *financial holding company*, a *credit institution* or a *mixed financial holding company*, the *subsidiary undertakings* of which include at least one *credit institution*; or

(b) (in accordance with Article s 2(2) and 37(1) of the *Capital Adequacy Directive* (Supervision on a consolidated basis) and in relation to a *banking and investment group* without any *credit institutions* in it) a *parent undertaking*, other than a *financial holding company*, an *investment firm* or a *mixed financial holding company*, the *subsidiary undertakings* of which include at least one *investment firm*.

*mixed-activity insurance holding company*

**FCA** **PRA**

(in accordance with Article 1(j) of the *Insurance Groups Directive* (Definitions)) a *parent undertaking*, other than an *insurance undertaking*, an *insurance holding company* or a *mixed financial holding company*, the *subsidiary undertakings* of which include at least one *insurance undertaking*.

MLAR

**FCA** **PRA**

(in SUP) a Mortgage Lending and Administration Return containing data specified in ■ SUP 16 Annex 19A R and relevant to the *firm's* type and *regulated activities*.

MLRO

**FCA** **PRA**

*money laundering reporting officer*.

Model Code

**FCA** **PRA**

The Model Code on directors' dealings in securities set out in ■ LR 9 Annex 1 R.

model PRR

**FCA** **PRA**

the part of the *market risk capital requirement* calculated under a *VaR model permission* as more fully defined in ■ BIPRU 7.10 (Use of a Value at Risk Model).

*modified CIU look through method*

**FCA** **PRA**

the method for calculating PRR for a *CIU* set out in ■ BIPRU 7.7.4 R, ■ BIPRU 7.7.7 R to ■ BIPRU 7.7.8 R and ■ BIPRU 7.7.11 R to ■ BIPRU 7.7.12 R

*modified report*

**FCA** **PRA**

(in LR) an accountant's or auditor's report:

- (a) in which the opinion is modified; or
- (b) which contains an emphasis-of-matter paragraph.

*money*

**FCA** **PRA**

any form of money, including cheques and other payable orders.

*Money Advice Service*

**FCA** **PRA**

the consumer financial education body (*CFEB*) originally established by the *FSA* under section 6A(1) of the *Act* (Enhancing public understanding of financial matters etc) (as it had effect before the passing of the *Financial Services Act 2012*).



money  
laundering

FCA PRA

any act which:

- (a) constitutes an offence under section 18 (Money laundering) of the Terrorism Act 2000; or
- (b) constitutes an offence under section 327 (Concealing etc), section 328 (Arrangements) or section 329 (Acquisition, use and possession) of the Proceeds of Crime Act 2002; or
- (c) constitutes an attempt, conspiracy or incitement to commit an offence specified in paragraph (b); or
- (d) constitutes aiding, abetting, counselling or procuring the commission of an offence specified in paragraph (b); or
- (e) would constitute an offence specified in paragraph (b), (c), or (d) if done in the *United Kingdom*.

Money  
Laundering  
Directive

FCA PRA

the Council Directive of 10 June 1991 on the prevention of the use of the financial system for the purpose of money laundering (91/308/EEC) as amended by the Council Directive of 4 December 2001 (2001/97/EEC).

Money  
Laundering  
Regulations

FCA PRA

the Money Laundering Regulations 2007 (SI 2007/2157).

money  
laundering  
reporting  
function

FCA PRA

(in the *FCA Handbook*) *FCA controlled function* CF11 in Parts 1 and 2 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.7.10 R.

money  
laundering  
reporting  
officer

FCA PRA

the individual appointed by a *firm* in accordance with ■ SYSC 3.2.6I R or ■ SYSC 6.3.9 R.

money market  
fund

FCA PRA

an *authorised fund* or, in the case of an *umbrella*, a *sub-fund* (if it were a separate fund) which satisfies the conditions in ■ COLL 5.9.5 R (Investment conditions: money market funds) and is not a *qualifying money market fund*.

money market  
instrument  
activity

FCA PRA

an activity in respect of a transaction:

- (a) which involves any of the following *investments* and is not regulated by the rules of a *recognised investment exchange*:
  - (i) a *debenture* which is issued on terms requiring repayment not later than five years from the date of issue;
  - (ii) any *government and public security* which is issued on terms requiring repayment not later than one year or, if issued by a local authority in the *United Kingdom*, five years from the date of issue; or

(iii) a *warrant* which entitles the holder to subscribe for an *investment* within (a)(i) or (a)(ii);

(b) which involves any of the following *investments* and is not made on a *recognised investment exchange* or expressed to be so made:

(i) a *certificate representing certain securities* or rights to or interests in *investments* relating, in either case, to an *investment* within (a)(i) or (a)(ii);

(ii) an *option* relating to:

(A) an instrument in (a)(i) or (a)(ii); or

(B) currency of the *United Kingdom* or of any other country or territory; or

(C) gold or silver;

(iii) a *future* for the sale of:

(A) an instrument in (a)(i) or (a)(ii); or

(B) currency of the *United Kingdom* or of any other country or territory; or

(C) gold or silver;

(iv) a *contract for differences* by reference to fluctuations in:

(A) the value or price of any instrument within any of (a)(i) to (a)(iii) or (b)(i) to (b)(iii); or

(B) currency of the *United Kingdom* or of any other country or territory; or

(C) the rate of interest on loans in any such currency or any index of such rates; or

(v) an *option* to acquire or dispose of an instrument within (b)(ii), (b)(iii) or (b)(iv); or

(c) where one of the parties agrees to sell or transfer a *debenture* or *government and public security* and by the same or a collateral agreement that party agrees, or acquires an option, to buy back or re-acquire that *investment* or an equivalent amount of a similar *investment* within twelve *months* of the sale or transfer.

For the purposes of (c) *investments* are regarded as similar if they entitle their holders to the same rights against the same *persons* as to capital and interest and the same remedies for the enforcement of those rights.

*money purchase scheme*

FCA PRA

in relation to a *director*, means a pension scheme under which all of the benefits that may become payable to or in respect of the *director* are money purchase benefits.

*money remittance*

FCA PRA

(in accordance with regulation 2(1) of the *Payment Service Regulations*) a service for the transmission of money (or any representation of monetary value), without any payment accounts being created in the name of the payer or the payee, where:

(a) funds are received from a payer for the sole purpose of transferring a corresponding amount to a payee or to another *payment service provider* acting on behalf of the payee; or

(b) funds are received on behalf of, and made available to, the payee.

[Note: article 4(13) of the *Payment Services Directive*]

money service  
business

FCA PRA

carrying on by way of business the activity of:

- (a) operating a bureau de change; or
- (b) transmitting money, or any representation of monetary value, by any means; or
- (c) cashing cheques which are made payable to customers.

money service  
operator

FCA PRA

a person who carries on *money service business* other than a *firm*, a *BCD credit institution* or a *financial institution*.

money-market  
instrument

FCA PRA

(1) any of the following *investments*:

- (a) a *debenture* which is issued on terms requiring repayment not later than five years from the date of issue;
- (b) any *government and public security* which is issued on terms requiring repayment not later than one year or, if issued by a local authority in the *United Kingdom*, five years from the date of issue;
- (c) a *warrant* which entitles the holder to subscribe for an *investment* within (a) or (b);
- (d) a *certificate representing certain securities or rights to or interests in investments* relating, in either case, to an *investment* within (a) or (b);
- (e) an *option* relating to:
  - (i) an instrument in (a) or (b); or
  - (ii) currency of the *United Kingdom* or of any other country or territory; or
  - (iii) gold or silver;
- (f) a *future* for the sale of:
  - (i) an instrument in (a) or (b); or
  - (ii) currency of the *United Kingdom* or of any other country or territory; or
  - (iii) gold or silver;
- (g) a *contract for differences* by reference to fluctuations in:
  - (i) the value or price of any instrument within any of (a) to (f); or
  - (ii) currency of the *United Kingdom* or of any other country or territory; or
  - (iii) the rate of interest on loans in any such currency or any index of such rates;
- (h) an *option* to acquire or dispose of an instrument within (e), (f) or (g).

(2) those classes of *financial instruments* which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment.

[Note: article 4(1)(19) of *MiFID*]

money-market  
instruments

FCA PRA

those classes of *financial instruments* which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment.

[Note: article 4(1)(19) of *MiFID*]

*money-purchase benefits*

**FCA** **PRA**

(1) (except in *COMP*) (in relation to an *occupational pension scheme*) benefits the rate or amount of which are calculated by reference to a payment or payments made by a member of the scheme.

(2) (in *COMP*) in relation to a member of a *personal pension scheme* or an *occupational pension scheme* or the widow or widower or surviving civil partner of a member of such a scheme, means benefits the rate or amount of which is calculated by reference to a payment or payments made by the member or by any other *person* in respect of the member and which are not average salary benefits.

*money-purchase occupational scheme*

**FCA** **PRA**

an *occupational pension scheme* which provides *money-purchase benefits*.

*month*

**FCA** **PRA**

(in accordance with the Interpretation Act 1978) a calendar month.

*monthly financial return*

**FCA** **PRA**

(in *UPRU*) means the return referred to in *SUP*.

*mortgage administrator*

**FCA** **PRA**

a *firm* with *permission* (or which ought to have *permission*) for *administering a regulated mortgage contract*.

*mortgage adviser*

**FCA** **PRA**

a *firm* with *permission* (or which ought to have *permission*) for *advising on regulated mortgage contracts*.

*Mortgage and General Insurance Complaints Transitional Order*

**FCA** **PRA**

The Financial Services and Markets Act 2000 (Transitional Provisions) (Complaints Relating to General Insurance and Mortgages) Order 2004 (SI 2004/454).

*mortgage arranger*

**FCA** **PRA**

a *firm* with *permission* (or which ought to have *permission*) for *arranging* (see also *arranging (bringing about) regulated mortgage contracts* and *making arrangements with a view to regulated mortgage contracts*).

*mortgage credit card*

**FCA** **PRA**

a *plastic card* which is a credit card issued under a *regulated mortgage contract* and not regulated by the Consumer Credit Act 1974.

*mortgage intermediary*

**FCA** **PRA**

a *firm* with *permission* (or which ought to have *permission*) to carry on *mortgage mediation activity*.

mortgage lender

FCA PRA

a *firm* with *permission* (or which ought to have *permission*) for *entering into a regulated mortgage contract*.

mortgage mediation activity

FCA PRA

(as defined in article 26 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 1) Order 2003 (SI 2003/1475)) any of the following *regulated activities*:

- (a) *arranging (bringing about) regulated mortgage contracts* (article 25A(1));
- (b) *making arrangements with a view to regulated mortgage contracts* (article 25A(2));
- (c) *advising on regulated mortgage contracts* (article 53A);
- (d) *agreeing to carry on a regulated activity* in (a) to (c) (article 64).

most important financial sector

FCA PRA

(in relation to a financial sector in a *consolidation group* or a *financial conglomerate* and in accordance with ■ GENPRU 3.1 (Cross sector groups)) the *financial sector* with the largest average referred to in the box titled Threshold Test 2 in the *financial conglomerate definition decision tree* (10% ratio of balance sheet size and solvency requirements); and so that the investment services sector and the banking sector are treated as one for the purpose of the definition of *financial conglomerate* and for any other purpose that GENPRU 3.1 (Cross sector groups) says they are.

Motor Insurers' Information Centre

FCA PRA

the information centre appointed to meet the *United Kingdom's* obligations under article 23 of the *Consolidated Motor Insurance Directive* (Information Centres).

motor vehicle liability

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 10 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), against damage arising out of or in connection with the use of motor vehicles on land, including third-party risks and carrier's liability.

motor vehicle liability insurance business

FCA PRA

*general insurance business* of class 10, other than:

- (a) carrier's liability;
- (b) pure reinsurance of that class.

motor vehicle liability insurer

FCA PRA

- (a) a *firm* with *permission* to carry on *motor vehicle liability insurance business*;
- (b) any *person* carrying on the *regulated activity* of managing the *underwriting capacity of a Lloyd's syndicate* in respect of *members* whose insurance business at Lloyd's includes *motor vehicle liability insurance business*.

MTF

FCA PRA

a *multilateral trading facility*.

MTF transaction

FCA PRA

a transaction concluded by a *firm* under the rules governing an *MTF* with another member or participant of that *MTF*.

*multilateral development bank*

FCA PRA

- (a) any of the following:
- (i) African Development Bank ;
  - (ii) Asian Development Bank ;
  - (iii) Caribbean Development Bank ;
  - (iv) Council of Europe Development Bank;
  - (v) European Bank for Reconstruction & Development ;
  - (vi) European Investment Bank ;
  - (vii) European Investment Fund ;
  - (viii) Inter-American Development Bank ;
  - (ix) International Bank for Reconstruction and Development ;
  - (x) International Finance Corporation;
  - (xa) International Finance Facility for Immunisation;
  - (xb) Islamic Development Bank;
  - (xi) Multilateral Investment Guarantee Agency ; and
  - (xii) Nordic Investment Bank ;
- (b) for the purposes of the *standardised approach* to credit risk the following are considered to be a multilateral development bank:
- (i) the Inter-American Investment Corporation;
  - (ii) the Black Sea Trade and Development Bank; and
  - (iii) the Central American Bank for Economic Integration

*multilateral trading facility*

FCA PRA

a multilateral system, operated by an *investment firm* or a *market operator*, which brings together multiple third-party buying and selling interests in *financial instruments* - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of *MiFID*.

[Note: article 4(1)(15) of *MiFID*]

*multiplication factor*

FCA PRA

(in ■ BIPRU 7.10 (Use of a value at risk model)) a multiplication factor applied to a *VaR measure* for the purpose of calculating the *model PRR* made up of the *minimum multiplication factor* as increased by the *plus factor*, all as more fully defined in ■ BIPRU 7.10.118 R (Capital calculations: Multiplication factors).

*mutual*

FCA PRA

an *insurer* which:

- (a) if it is a *body corporate* has no *share capital* (except a wholly owned *subsidiary* with no *share capital* but limited by guarantee); or
- (b) is a *registered friendly society* or *incorporated friendly society*; or
- (c) is a society registered or deemed to be registered under the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies (Northern Ireland) Act 1969.

*name-passing broker*

FCA PRA

a *person* who arranges (brings about) *deals* between counterparties at mutually acceptable terms and passes their names to each of them to facilitate the conclusion of a transaction.

*national bureau*

FCA PRA

(in relation to an *EEA State*) a professional organisation which:

(a) has been constituted in that State in accordance with Recommendation No 5 adopted on 25 January 1949 by the Road Transport Sub-committee of the Inland Transport Committee of the United Nations Economic Commission for Europe; and

(b) groups together *insurance undertakings* which in that State are authorised to conduct the business of motor vehicle liability insurance.

*national guarantee fund*

FCA PRA

(in relation to an *EEA State*) a body which:

(a) has been set up or authorised in that State in accordance with article 1(4) of Council Directive (84/5/EEC); and

(b) provides compensation for damages to property or personal injuries caused by unidentified vehicles for which the insurance obligation provided for in article 1(1) of that Directive has not been satisfied.

*natural gas*

FCA PRA

(a) natural gas in any form, including natural gas as deliverable through the *Network Code*; and

(b) any right that relates to natural gas, for example the right under a contract or otherwise to require a person to take any action in relation to natural gas, including:

(i) delivering natural gas to any person or taking delivery of natural gas; or

(ii) providing any information or notice in relation to natural gas; or

(iii) making any payment in relation to the delivery or non-delivery, or the taking or non-taking of delivery, of natural gas.

NCIS

FCA PRA

National Criminal Intelligence Service.

*near cash*

FCA PRA

*money, deposits or investments* which, in each case, fall within any of the following:

(a) *money* which is deposited with an *eligible institution* or an *approved bank* in:

(i) a current account; or

(ii) a *deposit* account, if the *money* can be withdrawn immediately and without payment of a penalty exceeding seven days' interest calculated at ordinary commercial rates;

(b) certificates of *deposit* issued by an *eligible institution* or an *approved bank* if immediately redeemable at the option of the holder;

(c) *government and public securities*, if redeemable at the option of the holder or bound to be redeemed within two years;

(d) bills of exchange which are *government and public securities*;

(e) *deposits* with a *local authority* of a kind which fall within paragraph 9 of Part II of the First Schedule to the *Trustee Investments Act 1961*, and equivalent *deposits* with any *local authority* in another *EEA State*, if the

|   |   |
|---|---|
| <p><i>net annual rent</i></p> <p><b>FCA</b> <b>PRA</b></p>                    | <p><i>money</i> can be withdrawn immediately and without payment of a penalty as described in (a).</p> <p>(in <i>LR</i> ) (in relation to a <i>property</i>) the current income or income estimated by the valuer:</p> <p>(a) ignoring any special receipts or deductions arising from the <i>property</i>;</p> <p>(b) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and</p> <p>(c) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the <i>property</i> and allowances to maintain it in a condition to command its rent.</p> |
| <p><i>net earned premiums</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p><i>gross earned premiums</i>, less reinsurance premiums earned.</p>  |
| <p><i>net leverage</i></p> <p><b>FCA</b> <b>PRA</b></p>                       | <p>the ratio of total assets, less those bought under reverse <i>repo</i> arrangements, to total equity.</p>  |
| <p><i>net liability</i></p> <p><b>FCA</b> <b>PRA</b></p>                      | <p>(in <i>CREDS</i>) means the outstanding balance of any loan made to the borrower and any interest on that loan that is due but unpaid, less any <i>attached shares</i> held by the borrower.</p>   |
| <p><i>net long position</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <p>the situation in which a <i>firm</i> holds or will hold more <i>units</i> in an <i>investment</i> than it has contracted to <i>sell</i> or, in respect of <i>options</i>, where it has bought rights which exceed rights sold.</p>   |
| <p><i>net open foreign currency position</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in <i>IPRU(INV) 13</i>) a <i>firm's net long position</i> or <i>net short position</i>, whichever is the higher, in a currency other than that in which the <i>firm's</i> books of account are maintained.</p>  |
| <p><i>net premium</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>the <i>premium</i> that is calculated to provide the basic sum assured under a <i>with-profits insurance contract</i> taking into consideration only the mortality and interest rate risks and using the same assumptions as used in the calculation of the <i>mathematical reserves</i>.</p>  |
| <p><i>net short position</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>(1) (except in <i>IPRU(INV) 13</i> ) a net short position which gives rise to an economic exposure to the issued <i>share</i> capital of a company.</p> <p>Any calculation of whether a <i>person</i> has a short position must take account of any form of economic interest in the <i>shares</i> of the company.</p> <p>(2) (in <i>IPRU(INV) 13</i>) the situation in which a <i>firm</i> has contracted to <i>sell</i> more of an <i>investment</i> than it holds or will hold or, in respect of <i>options</i>, where it has sold rights which exceed the rights bought.</p> <p>(3) [deleted]</p>  |
| <p><i>net underwriting exposure</i></p> <p><b>FCA</b> <b>PRA</b></p>          | <p>has the meaning in BIPRU 7.8.34R (Large exposure risk from underwriting securities: Calculating the net underwriting exposure) which is in summary the amount calculated by applying the reduction factors in the table in BIPRU 7.8.35R to the <i>net underwriting position</i>.</p>  |



*net underwriting position*

FCA PRA

the net underwriting position calculated under BIPRU 7.8.17R (Calculating the net underwriting position).

*net written premiums*

FCA PRA

*gross written premiums*, less *reinsurance* premiums payable under *reinsurance* ceded.

*netting*

FCA PRA

a process by which the claims and obligations between two counterparties are offset against each other to leave a single net sum.

*netting set*

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) a group of transactions with a single counterparty that are subject to a legally enforceable bilateral netting arrangement and for which netting is recognised under ■ BIPRU 13.7 (Contractual netting), ■ BIPRU 5 (Credit risk mitigation) and, if applicable, ■ BIPRU 4.10 (The IRB approach: Credit risk mitigation); each transaction that is not subject to a legally enforceable bilateral netting arrangement, which is recognised under ■ BIPRU 13.7 must be interpreted as its own *netting set* for the purpose of ■ BIPRU 13. Under the method set out at ■ BIPRU 13.6, all *netting sets* with a single counterparty may be treated as a single *netting set* if negative simulated market values of the individual sets are set to zero in the estimation of *expected exposure (EE)*.

[Note: BCD, Annex III, Part 1, point 5]

*network*

FCA PRA

a *firm*:

(a) which has five or more *appointed representatives* (not counting *introducer appointed representatives*) ; or

(b) whose *appointed representatives* , not counting *introducer appointed representatives* (and being fewer than five) have, between them, 26 or more *representatives*;

but not:

(i) a *product provider*; or

(ii) a *firm* which markets the *packaged products* of a *product provider* which is in the same *group* as the *firm* and which does so other than by selecting products from the whole market; or

(iii) an *insurer* in relation to a *non-investment insurance contract*; or

(iv) a *mortgage lender*.

*Network Code*

FCA PRA

the network code prepared by Transco plc in accordance with condition 7 of the public gas transporter licence granted or treated as granted to Transco plc under section 7(2) of the Gas Act 1986, as in force from time to time, or any subsequent similar instrument or arrangement.

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N3

*new applicant*

FCA PRA

(in LR) an *applicant* that does not have any *class* of its *securities* already *listed*.

*nominated ECAI*

(a) (in the case of an eligible ECAI within paragraph (a) of the definition of that term (Recognition for exposure risk-weighting purposes)) an *eligible*

FCA PRA

ECAI nominated by a *firm* in accordance with ■ BIPRU 3.6 (Use of rating agencies' credit assessments for the determination of risk weights under the standardised approach to credit risk) for the purpose of calculating its *risk weighted exposure amounts* under the *standardised approach* to credit risk except under (b);

(b) (in the case of an eligible ECAI within paragraph (b) of the definition of that term (Recognition *securitisation risk-weighting* purposes)) an *eligible ECAI* nominated by a *firm* in accordance with ■ BIPRU 9.8 (Use of ECAI credit assessments for the determination of applicable risk weights) for the purpose of calculating its *securitisation risk weighted exposure amounts*.

*nominee company*

a *body corporate* whose business consists solely of acting as a nominee holder of *investments* or other property.

FCA PRA

*non credit-obligation asset*

(in relation to the *IRB approach*) an *exposure* in the form of a non credit-obligation asset or falling under BIPRU 4.9.5R (Non credit-obligation assets).

FCA PRA

*non UK lead regulated firm*

a *firm* that is not a *UK lead regulated firm*. This definition is not related to the defined term *lead regulated firm*.

FCA PRA

*non-authorised counterparty*

in relation to *EMIR*, either:

- (a) a financial counterparty which is not an *authorised person*; or
- (b) a non-financial counterparty.

FCA

*non-authorised Voluntary Jurisdiction participant*

a participant in the *Voluntary Jurisdiction* who is not a *firm*.

FCA PRA

*non-core concentration risk group counterparty*

(in accordance with Article 113(4)(c) of the *Banking Consolidation Directive*) has the meaning in ■ BIPRU 10.9A.4 R (Definition of non-core concentration risk group counterparty), which is in summary (in relation to a *firm*) each counterparty which is its *parent undertaking*, its *subsidiary undertaking* or a *subsidiary undertaking* of its *parent undertaking*, provided that (in each case) both the counterparty and the *firm* satisfy the conditions in ■ BIPRU 10.9A.4 R (Definition of non-core concentration risk group counterparty).

FCA PRA

*non-core large exposures group*

(in relation to a *firm*) has the meaning in ■ BIPRU 10.9A.3 R (Definition of non-core large exposures group), which is in summary each *non-core concentration risk group counterparty* that is not a member of the *core UK group* but satisfies all the conditions for membership of the firm's *core UK group* except for ■ BIPRU 10.8A.2 R (1) (Core concentration risk group counterparty), ■ BIPRU 10.8A.2 R (5) (Establishment in the United Kingdom) and ■ BIPRU 10.8A.5 R (2) (Capital maintenance arrangements).

FCA PRA

*non-core large exposures group waiver*

**FCA** **PRA**

a *waiver* that has the result of requiring a *firm* to apply ■ BIPRU 10.9A (Intra-group exposures: non-core large exposures), which in summary exempts partially or fully exposures between members of the *core UK group* and members of the *non-core large exposures group* from the limits described in ■ BIPRU 10.5 (Limits on exposures).

*non-credit equalisation provision*

**FCA** **PRA**

the provision required to be established under INSPRU 1.4.17R.

*non-directive firm*

**FCA** **PRA**

(in SUP 11 (Controllers and close links) and SUP 16 (Reporting requirements)) (in accordance with the Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774)) a *UK domestic firm* other than:

- (a) a *credit institution* authorised under the *Banking Consolidation Directive*;
- (b) an *investment firm* authorised under *MIFID*;
- (c) a *management company* as defined in article 2(1)(b) of the *UCITS Directive*, authorised under that directive;
- (d) an *undertaking* pursuing the activity of direct insurance within the meaning of:
  - (i) article 2 of the *Consolidated Life Directive*, authorised under that directive; or
  - (ii) article 1 of the *First Non-Life Directive*, authorised under that directive;
- (e) an *undertaking* pursuing the activity of *reinsurance* within the meaning of article 2.1 (a) of the *Reinsurance Directive*, authorised under that directive.

*non-directive friendly society*

**FCA** **PRA**

- (a) a *friendly society* whose *insurance business* is restricted to the provision of benefits which vary according to the resources available and in which the contributions of the members are determined on a flat-rate basis;
- (b) a *friendly society* whose *long-term insurance business* is restricted to the provision of benefits for employed and self-employed *persons* belonging to an undertaking or group of undertakings, or a trade or group of trades, in the event of death or survival or of discontinuance or curtailment of activity (whether or not the commitments arising from such operations are fully covered at all times by mathematical reserves);
- (c) a *friendly society* which undertakes to provide benefits solely in the event of death where the amount of such benefits does not exceed the average funeral costs for a single death or where the benefits are provided in kind;
- (d) a *friendly society* (carrying on *long-term insurance business*):
  - (i) whose registered rules contain provisions for calling up additional contributions from members or reducing their benefits or claiming assistance from other *persons* who have undertaken to provide it; and
  - (ii) whose annual gross premium income (other than from contracts of reinsurance) has not exceeded 5 million Euro for each of the three preceding financial years;
- (e) a *friendly society* (carrying on *general insurance business*):
  - (i) whose registered rules contain provisions for calling up additional contributions from members or reducing their benefits;

*non-directive insurer*

**FCA** **PRA**

(ii) whose gross premium income (other than from contracts of reinsurance) for the preceding financial year did not exceed 5 million Euro; and

(iii) whose members provided at least half of that gross premium income;

(f)

(i) a *friendly society* whose liabilities in respect of *general insurance contracts* are fully reinsured with or guaranteed by other *mutuals* (including *friendly societies*); and

(ii) the *mutuals* providing the *reinsurance* or the *guarantee* are subject to the rules of the *First Non-Life Directive*;

and in each case whose *insurance business* is limited to that described in any of (a) to (f).

(a) an *insurer* which is a provident or mutual benefit institution whose *insurance business* is restricted to the provision of benefits which vary according to the resources available and in which the contributions are determined on a flat-rate basis; or

(b) an *insurer* whose *long-term insurance business* is restricted to the provision of benefits for employed and self-employed persons belonging to an *undertaking* or group of *undertakings*, or a trade or group of trades, in the event of death or survival or of discontinuance or curtailment of activity (whether or not the commitments arising from such operations are fully covered at all times by mathematical reserves); or

(c) an *insurer* which undertakes to provide benefits solely in the event of death where the amount of such benefits does not exceed the average funeral costs for a single death or where the benefits are provided in kind; or

(d) a *mutual* (carrying on *long-term insurance business*) whose:

(i) articles of association contain provisions for calling up additional contributions from members or reducing their benefits or claiming assistance from other persons who have undertaken to provide it; and

(ii) annual gross *premium* income (other than from contracts of *reinsurance*) has not exceeded 5 million Euro for each of the *financial year* in question and the two previous *financial years*; or

(e) a *mutual* (carrying on *general insurance business*) whose:

(i) articles of association contain provisions for calling up additional contributions from members or reducing their benefits;

(ii) business does not cover liability risks, other than *ancillary risks*, or credit or suretyship risks;

(iii) gross *premium* income (other than from contracts of *reinsurance*) for the *financial year in question* did not exceed 5 million Euro; and

(iv) members provided at least half of that gross *premium* income; or

(f) an *insurer* whose *insurance business* (other than *reinsurance*) is:

(i) restricted to the provision of assistance for persons who get into difficulties while travelling, while away from home or while away from their permanent residence;

|   |  |
|---|--|
|   | (ii) carried out exclusively on a local basis and consists only of benefits in kind; and   |
|   | (iii) such that the gross <i>premium</i> income from the provision of assistance in the <i>financial year in question</i> did not exceed 200,000 Euro; or  |
|   | (g)  |
|   | (i) a <i>mutual</i> whose liabilities in respect of <i>general insurance contracts</i> are fully reinsured with or guaranteed by other <i>mutuals</i> (including <i>friendly societies</i> ); and  |
|   | (ii) the <i>mutuals</i> providing the <i>reinsurance</i> or the guarantee are subject to the rules of the <i>First Non-Life Directive</i> .  |
| <i>non-directive mutual</i>                   | a <i>mutual</i> that falls into (d), (e) or (g) of the definition of a <i>non-directive insurer</i> .  |
| <b>FCA</b> <b>PRA</b>                         |  |
| <i>non-discretionary investment manager</i>   | ( in relation to <i>firm type</i> in ■ SUP 16.10 (Confirmation of standing data)) a <i>person</i> who, acting only on behalf of a <i>client</i> , manages <i>designated investments</i> in an account or portfolio on a non-discretionary basis under the terms of a non-discretionary management agreement. |
| <b>FCA</b> <b>PRA</b>                         |  |
| <i>non-discretionary management agreement</i> | an agreement for the non-discretionary management of <i>investments</i> :  |
| <b>FCA</b> <b>PRA</b>                         |  |
|   | (a) under which the <i>firm</i> agrees to conduct a regular review of the suitability of the <i>client's</i> account or portfolio, based on an assessment of the <i>client's</i> requirements; and   |
|   | (b) that sets out the <i>client's</i> investment objectives, investment strategy, and attitude to risk, the intervals at which the portfolio will be reviewed, and the arrangements for consulting the <i>client</i> about proposed investment decisions.  |
| <i>non-EEA bank</i>                           | a <i>bank</i> which is a <i>body corporate</i> or <i>partnership</i> formed under the law of any country or territory outside the <i>EEA</i> .   |
| <b>FCA</b> <b>PRA</b>                         |  |
| <i>non-EEA direct insurer</i>                 | an <i>insurer</i> , other than a <i>pure reinsurer</i> , whose head office is not in an <i>EEA State</i> .   |
| <b>FCA</b> <b>PRA</b>                         |  |
| <i>non-EEA firm</i>                           | a <i>firm</i> that has its registered office (or, if it has no registered office, its head office) in a <i>non-EEA state</i> .   |
| <b>FCA</b> <b>PRA</b>                         |  |
| <i>non-EEA insurer</i>                        | an <i>insurer</i> whose head office is not in an <i>EEA State</i> .  |
| <b>FCA</b> <b>PRA</b>                         |  |
| <i>non-EEA state</i>                          | a country or state that is not an <i>EEA State</i> .   |
| <b>FCA</b> <b>PRA</b>                         |  |
| <i>non-EEA sub-group</i>                      | a group of <i>undertakings</i> identified as a <i>non-EEA sub-group</i> in BIPRU 8.3.1R (Main consolidation rule for non-EEA sub-groups); however where the provision  |

FCA PRA

in question refers to a *non-EEA sub-group* in another *EEA State* it means a group of *undertakings* identified in Article 73(2) of the *Banking Consolidation Directive* (Non-EEA sub-groups) required to be supervised on a consolidated basis under Article 73(2) of the *Banking Consolidation Directive* by a competent authority in that *EEA State*.

*non-equity transferable securities*

(in *PR*) (as defined in section 102A of the *Act*) all *transferable securities* that are not equity securities.

FCA PRA

*non-executive director*

a *director* who has no responsibility for implementing the decisions or the policies of the *governing body* of a *firm*.

FCA PRA

*non-executive director function*

(1) (in the *FCA Handbook*) *FCA controlled function* CF2 in Part 1 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.6.12 R and ■ SUP 10A.6.13 R.

FCA PRA

(2) (in the *PRA Handbook*) *PRA controlled function* CF2 in the *table of PRA controlled functions*, described more fully in ■ SUP 10B.6.3 R to ■ SUP 10B.6.5 R.

*Non-Exempt Activities Order*

the Financial Services and Markets Act 2000 (Professions) (Non-Exempt Activities) Order 2001 (SI 2001/1227).

FCA PRA

*non-ILAS BIPRU firm*

a *firm* falling into BIPRU 12.1.1R which is not an *ILAS BIPRU firm*.

FCA PRA

*non-independent research*

a *research recommendation* which:

FCA PRA

(a) relates to *financial instruments* (as specified in Section C of Annex 1 of *MiFID*, whether or not they are admitted to trading on a *regulated market*); and

(b) does not constitute *investment research*.

[Note: article 24(2) of the *MiFID implementing Directive*]

*non-investment insurance contract*

a *contract of insurance* which is a *general insurance contract* or a *pure protection contract* but which is not a *long-term care insurance contract*.

FCA PRA

*Non-Life Directives*

the *First Non-Life Directive*, the *Second Non-Life Directive* and the *Third Non-Life Directive*.

FCA PRA

*non-mainstream regulated activity*

a *regulated activity* of an *authorised professional firm* in relation to which the conditions in ■ PROF 5.2.1 R are satisfied.

FCA PRA

*non-market-price transaction*

FCA PRA

a transaction where:

(a) the *dealing* rate or price paid by the *firm* or its *client* differs from the prevailing market rate or price to a material extent; or(b) the *firm* or its *client* otherwise gives materially more or less in value than it receives in return.*non-profit fund*

FCA PRA

a *long-term insurance fund* which is not a *with-profits fund*.*non-profit insurance business*

FCA PRA

the business of *effecting* or carrying out non-profit insurance contracts.*non-profit insurance contract*

FCA PRA

a *long-term insurance contract* which is not a *with-profits insurance contract*.*non-proportional reinsurance treaty*

FCA PRA

see *proportional reinsurance treaty*.*non-real time financial promotion*

FCA PRA

(in accordance with article 7(2) of the *Financial Promotion Order*) a *financial promotion* that is not a *real time financial promotion*.*non-retail communication*

FCA PRA

a *financial promotion* and:(a) is *made only to recipient* who the *firm* reasonably believes are *professional clients* or *eligible counterparties*; or(b) may reasonably be regarded as *directed only at recipients* who are *professional clients* or *eligible counterparties*.*non-stakeholder CTF*

FCA PRA

a CTF that is not a *stakeholder CTF*.*non-trading book*

FCA PRA

positions, exposures, assets and liabilities that are not in the *trading book*.*non-UCITS retail scheme*

FCA PRA

an *authorised fund* which is neither a *UCITS scheme* or a *qualified investor scheme*.

*non-UCITS scheme*

**FCA** **PRA**

an *authorised fund* that is not a *UCITS scheme*.

*non-UK DLG by modification*

**FCA** **PRA**

either of the following:

- (a) a *non-UK DLG by modification (firm level)*; or
- (b) a *non-UK DLG by modification (DLG level)*.

*non-UK DLG by modification (DLG level)*

**FCA** **PRA**

(in relation to any reporting period under **■ SUP 16** (Reporting requirements) and in relation to a *firm* that meets the following conditions (a group liquidity reporting firm):

- (a) it is a *UK ILAS BIPRU firm* with an *intra-group liquidity modification*;
- (b) it is a *group liquidity reporting firm* in a *UK DLG by modification* created by that *intra-group liquidity modification*;
- (c) the *overall liquidity adequacy rule* applies under that *intra-group liquidity modification* to that *UK DLG by modification*; and
- (d) that *UK DLG by modification* can rely, under that *intra-group liquidity modification*, for any part of that period, on a group of other *persons* for the purpose of the *overall liquidity adequacy rule* as applied to that *UK DLG by modification*);

means the group made up of the following:

- (e) that *ILAS BIPRU firm*;
- (f) the other members of that *UK DLG by modification*; and
- (g) the group of other *persons* mentioned in (d).

A *firm* has a 'non-UK DLG by modification (DLG level)' for a period even if it only has one during part of that period.

(*Guidance* about this definition, and its inter-relation with other new definitions, is set out in **■ SUP 16 Annex 26 G** (Guidance on designated liquidity groups in **■ SUP 16.12**).)

*non-UK DLG by modification (firm level)*

**FCA** **PRA**

(in relation to a *group liquidity reporting firm*) a *DLG by modification (firm level)* that is not a *UK DLG by modification*. A *firm* with a *non-UK DLG by modification (firm level)* cannot also have a *UK DLG by modification*.

(*Guidance* about this definition, and its inter-relation with other related definitions, is set out in **■ SUP 16 Annex 26 G** (Guidance on designated liquidity groups in **■ SUP 16.12**).)

*normal trading hours*

**FCA** **PRA**

(in relation to a *trading venue* or an *investment firm*) those hours which the *trading venue* or *investment firm* establishes in advance and makes public as its trading hours.

[Note: article 2(5) of the *MiFID Regulation*]

*normally based*

**FCA** **PRA**

(in *ICOBS*) (in relation to a *vehicle*):

- (a) the territory of the *EEA State* of which the *vehicle* bears a registration plate; or
- (b) in cases where no registration is required for the type of *vehicle*, but the *vehicle* bears an insurance plate or a distinguishing sign analogous to a registration plate, the territory of the *EEA State* in which the insurance plate or the sign is issued; or



(c) in cases where neither registration plate nor insurance plate nor distinguishing sign is required for the type of *vehicle*, the territory of the *EEA State* in which the keeper of the *vehicle* is permanently resident.

[Note: article 1(4) of Directive 72/166/EC (First Motor Insurance Directive)]

normally  
resident

FCA PRA

(in MCOB) normally resident; for the purposes of this definition:

(a) an individual (whether or not acting as trustee) is to be treated as normally resident in the country which he indicates is his country of residence, unless the *firm* has reason to doubt this; and

(b) a *body corporate* acting as trustee is to be treated as resident in the country in which its registered office (or, if it has no registered office, its head office) is located.

Northern  
Ireland credit  
union

FCA PRA

a body corporate registered under the Credit Unions (Northern Ireland) Order 1985 which is an *authorised person* or a body corporate registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 as a *credit union* which is an *authorised person*.

notice of  
discontinuance

FCA PRA

a notice given by the *appropriate regulator* in accordance with section 389 of the *Act* (Notices of discontinuance) which states that the *appropriate regulator* has decided not to take the action proposed in a *warning notice* or the action to which a *decision notice* relates.

notice of  
intention

FCA PRA

a notice of intention (as described in ■ SUP 13.5) given by a *UK firm* to:

(a) establish a *branch* in an *EEA State* under paragraph 19(2) of Part III of Schedule 3 to the *Act* (Exercise of passport rights by UK firms); or

(b) provide services in an *EEA State* under paragraph 20(1) of Part III of Schedule 3 to the *Act* (Exercise of passport rights by UK firms)

or

(c) establish a *branch* or provide services in an *EEA state* in the exercise of its *EEA right* under the *auction regulation*.

notification  
rule

FCA PRA

(1) (in relation to a *firm*) a *rule* requiring a *firm* to give the *appropriate regulator* notice of, or information regarding, an event, but excluding:

(a) a *rule* requiring periodic submission of a report; and

(b) a *rule* in the *listing rules*.

(2) (in relation to a *recognised body*) a *rule* made by the *FCA* under section 293 of the *Act* (Notification requirements) or section 295 of the *Act* (Notification: overseas investment exchanges and overseas clearing houses)

:

(a) requiring a *recognised body* to give the *FCA*:

(i) notice of, and specified information regarding, specified events relating to the body;

(ii) specified information relating to the body at specified times or in respect of specified periods; and

(iii) any other information required to be given by such a *rule*; or

(b) (in relation to an *RIE*):

(i) specifying descriptions of *regulatory provision* in relation to which, or circumstances in which, the duty to notify the *FCA* of such *regulatory provision* in section

*notional  
principal*

**FCA** **PRA**

300B(1) of the *Act* does not apply or providing that the duty to notify applies only to specified descriptions of *regulatory provision* or in specified circumstances; or

(ii) making provision as to the form and contents of the notice required under (2)(b)(i), and requiring *recognised bodies* to provide specified information in connection with that notification.

(a) (in relation to a *contract for differences* which is an index *derivative*):

(i) the current mark to market valuation of a *contract for differences* which resembles a *futures* contract; or

(ii) the exercise value of a *contract for differences* which resembles an *option* contract;

(b) (in relation to any other *contract for differences*) the notional lot size of the contract.

*nuclear risks*

**FCA** **PRA**

risks falling within any *class* of *general insurance business* and arising in connection with the construction and use of any nuclear reactor or nuclear installation or the carriage of any nuclear matter.

|  |   |
|--|---|
| <p><i>obligor grade</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                 | <p>(in relation to the <i>IRB approach</i> and the <i>sovereign, institutional and corporate IRB exposure class</i> and in accordance with BIPRU 4.4.8R) a risk category within a <i>rating system's</i> obligor rating scale, to which obligors are assigned on the basis of a specified and distinct set of rating criteria, from which estimates of <i>PD</i> are derived.</p>   |
| <p><i>occupational pension fund management business</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>(in <i>COMP</i>) the business of carrying on:</p> <p>(1) <i>pension fund management</i>; or</p> <p>(2) (other than in connection with a <i>personal pension scheme</i>) <i>pension fund management</i>, written as linked long term business, for an <i>occupational pension scheme</i> or for an institution falling within article 2 of the Council Directive of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision (No 2003/41/EC) but only to the extent that:</p> <p style="margin-left: 40px;">(a) there is no transfer to the <i>participant firm</i> of:</p> <p style="margin-left: 80px;">(i) investment, market, or credit risk;</p> <p style="margin-left: 80px;">(iii) mortality or expense risk prior to any annuity being effected; and</p> <p style="margin-left: 40px;">(b) any annuity options provide for the <i>participant firm</i> to change the annuity rates without prior notice.</p> |
| <p><i>occupational pension scheme</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                   | <p>(a) (a scheme specified in article 3(1) of the <i>Regulated Activities Order</i> (Interpretation)) which is, in summary, a pension scheme established for the purpose of providing benefits to people with service in employments of a prescribed description.</p>   |
| <p><i>OECD</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>Organisation for Economic Co-operation and Development.</p>  |
| <p><i>OECD state guaranteed issuer</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                  | <p>an <i>issuer of debt securities</i> whose obligations in relation to those securities have been guaranteed by a member state of the <i>OECD</i>.</p>   |
| <p><i>OEIC</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p><i>open-ended investment company</i>. (see also <i>ICVC</i>.)</p>  |
| <p><i>OEIC Regulations</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                              | <p>the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)</p>  |
| <p><i>offer</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>(1) (in <span style="color: #000080;">■</span> <b>MAR 1</b> (Code of market conduct)) an offer as defined in the <i>Takeover Code</i>.</p> <p>(2) (in <span style="color: #000080;">■</span> <b>MAR 2</b> (Buy-backs and Stabilisation)) an offer or invitation to make an offer.</p> <p>(3) (in <i>LR</i> and <i>PR</i>) an <i>offer of transferable securities to the public</i>.</p>  |
| <p><i>offer document</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                | <p>(in <i>MCOB</i>) a document in which the <i>home finance provider</i> offers to enter into a <i>home finance transaction</i> with a <i>customer</i>.</p>   |

*offer for sale*

**FCA** **PRA**

(in *LR*) an invitation to the public by, or on behalf of, a third party to purchase *securities* of the *issuer* already in issue or allotted (and may be in the form of an invitation to tender at or above a stated minimum price).

*offer for subscription*

**FCA** **PRA**

(in *LR*) an invitation to the public by, or on behalf of, an *issuer* to subscribe for *securities* of the *issuer* not yet in issue or allotted (and may be in the form of an invitation to tender at or above a stated minimum price).

*offer of transferable securities to the public*

**FCA** **PRA**

(in *PR* and *LR*) (as defined in section 102B of the *Act*), in summary:

(a) a communication to any person which presents sufficient information on:

- (i) the transferable securities to be offered, and
- (ii) the terms on which they are offered;

to enable an investor to decide to buy or subscribe for the securities in question;

(b) which is made in any form or by any means;

(c) including the placing of securities through a financial intermediary;

(d) but not including a communication in connection with trading on:

- (i) a regulated market;
- (ii) a multilateral trading facility; or
- (iii) any market prescribed by an order under section 130A of the *Act*.

Note: This is only a summary; to see the full text of the definition, readers should consult section 102B of the *Act*.

*offer price*

**FCA** **PRA**

the price at which a *person* could purchase a *unit* in a *dual-priced authorised fund* or a *security*.

*offeree*

**FCA** **PRA**

(in **■ MAR 1**) an offeree as defined in the *Takeover Code*.

*offering programme*

**FCA** **PRA**

(in *PR*) (as defined in Article 2.1(k) of the *prospectus directive*) a plan which would permit the issuance of non-equity securities, including warrants in any form, having a similar type and/or class, in a continuous or repeated manner during a specified issuing period.

*offeror*

**FCA** **PRA**

- (1) (in **■ MAR 1** (The Code of Market Conduct) and **■ LR 5.2.10 R**) an offeror as defined in the *Takeover Code*.
- (2) (in **■ MAR 2** (Buy-backs and Stabilisation)) (as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) the prior holders of, or the entity issuing, the *relevant securities*).
- (3) (in *LR*, *PR* and *FEES* provisions in relation to *PR*) a *person* who makes an *offer of transferable securities to the public*.

*off-exchange*

**FCA** **PRA**

(in relation to a transaction in an *investment*) a transaction which is not *on-exchange*.

*officer*

FCA PRA

(1) (in connection with the exercise of the *appropriate regulator's* power to require information) an officer of the *appropriate regulator*, a member of the *appropriate regulator's* staff or an agent of the *appropriate regulator*.

(2) (otherwise) (in relation to a *body corporate*) (as defined in section 400(5) of the *Act* (Offences by *bodies corporate* etc)) a director, member of the committee of management, *chief executive*, *manager*, secretary, or other similar officer of the body, or a *person* purporting to *act* in that capacity or a *controller* of the body.

*official list*

FCA PRA

(1) (in *LR*) the list maintained by the *FCA* in accordance with section 74(1) of the *Act* for the purposes of Part VI of the *Act*.

(2) (except in *LR*):

(a) the list maintained by the *FCA* in accordance with section 74(1) of the *Act* (The official list) for the purposes of Part VI of the *Act* (Official Listing);

(b) any corresponding list maintained by a *competent authority* for listing in another *EEA State*.

*oil*

FCA PRA

mineral oil of any description and petroleum gases, whether in liquid or vapour form, including products and derivatives of oil.

*oil collective investment scheme*

FCA PRA

a *collective investment scheme*, the property of which consists only of property which is *oil* or an *oil* investment or cash awaiting investment.

*oil investment*

FCA PRA

any of the following:

(a) a *unit* in an *oil* collective investment scheme;

(b) an *option* to acquire or dispose of an *oil* investment;

(c) a future where the *commodity* in question is *oil*;

(d) a *contract for differences* where the property in question is *oil* or an *oil* investment or the index or other factor in question is linked to or otherwise dependent upon fluctuations in the value or price of *oil* or any *oil* investments;

(e) *rights to or interests in investments* in (a) - (d).

*oil market activity*

FCA PRA

(a) any *regulated activity* in relation to an *oil investment* or to *oil*, or in relation to a *biofuel investment*, *biofuel*, a *biomass investment* or *biomass* that is ancillary to activities related to *oil investments* or *oil*, which:

(i) is the *executing* of *own account transactions* on any *recognised investment exchange* or *designated investment exchange*; or

(ii) if it is not the *executing* of transactions on such exchanges, is performed in connection with or for persons who are not individuals; and

(b) *establishing, operating or winding up a collective investment scheme* which is an *oil collective investment scheme* in which individuals do not participate.

*oil market participant*

FCA PRA

a *firm*:

(a) whose permission:

(i) includes a *requirement* that the *firm* must not carry on any *designated investment business* other than *oil market activity*; and

|  |  |
|--|--|
|  | (ii) does not include a <i>requirement</i> that it comply with ■ IPRU(INV) 5 (Investment management <i>firms</i> ) or 13 (Personal <i>investment firms</i> ); and  |
|  | (b) which is not an <i>authorised professional firm, bank, BIPRU investment firm</i> , (unless it is an <i>exempt BIPRU commodities firm</i> ) <i>building society, credit union, friendly society, ICVC, insurer, MiFID investment firm</i> (unless it is an <i>exempt BIPRU commodities firm</i> ), <i>media firm, service company, insurance intermediary, home finance administrator, mortgage intermediary, home finance provider, incoming EEA firm</i> (without a <i>top-up permission</i> ), or <i>incoming Treaty firm</i> (without a <i>top-up permission</i> ). |
| Ombudsman<br>FCA PRA                             | a <i>person</i> appointed to the panel of <i>persons</i> maintained by the FOS Ltd to determine complaints, including the Chief Ombudsman.   |
| Ombudsman Transitional Order<br>FCA PRA          | the Financial Services and Markets Act 2000 (Transitional Provisions) (Ombudsman Scheme and Complaints Scheme) Order 2001 (SI 2001/2326).  |
| omnibus client account<br>FCA PRA                | an account maintained by a <i>firm</i> at an <i>authorised central counterparty</i> for more than one <i>client</i> of the <i>firm</i> in respect of which the <i>authorised central counterparty</i> has agreed with the <i>firm</i> to provide <i>omnibus client segregation</i> .   |
| omnibus client segregation<br>FCA PRA            | as defined in article 39(2) of EMIR.   |
| OMPS<br>FCA PRA                                  | the Handbook Guide for oil market participants.  |
| one-day VaR measure<br>FCA PRA                   | (in BIPRU 7.10 (Use of a value at risk model)) has the meaning in BIPRU 7.10.98R (Backtesting: One day VaR measure), which is in summary and in relation to a particular <i>business day</i> , the <i>VaR number</i> for that <i>business day</i> calibrated to a one <i>business day</i> holding period and a 99% one-tailed confidence level.  |
| one-off transaction<br>FCA PRA                   | any transaction other than a transaction carried out in the course of an established business relationship formed by a <i>person</i> acting in the course of relevant financial business.  |
| one-sided credit valuation adjustment<br>FCA PRA | (in accordance with Part 1 of Annex III of the <i>Banking Consolidation Directive</i> (Definitions)) a <i>credit valuation adjustment</i> that reflects the market value of the credit risk of the counterparty to a <i>firm</i> , but does not reflect the market value of the credit risk of the <i>firm</i> to the counterparty.  |
| on-exchange<br>FCA PRA                           | (a) (in relation to a transaction in the <i>United Kingdom</i> ) effected by means of the <i>facilities</i> of, or governed by the <i>rules</i> of, an <i>RIE</i> or a <i>regulated market</i> ;   |

(b) (in relation to any other transaction) effected by means of the *facilities* of, or governed by the *rules* of, an exchange.

*ongoing basis*

FCA PRA

in ■ BIPRU 9.15, maintaining on an *ongoing basis* means that the retained positions, interest or exposures are not hedged or sold.

[Note: BCD, Article 122a, paragraph 1]

*open*

FCA PRA

in relation to a *syndicate year*, one which has not been *closed*.

*open currency position*

FCA PRA

the amount calculated under BIPRU 7.5.19R (Open currency position) as part of the calculation of the *foreign currency PRR*.

*open offer*

FCA PRA

(in LR and in ■ DTR 5) an invitation to existing *securities* holders to subscribe or purchase *securities* in proportion to their holdings, which is not made by means of a renounceable letter (or other negotiable document).

*open-ended investment company*

FCA PRA

(as defined in section 236 of the *Act* (Open-ended investment companies)) a *collective investment scheme* which satisfies both the property condition and the investment condition:

(a) the property condition is that the property belongs beneficially to, and is managed by or on behalf of, a *body corporate* ("BC") having as its purpose the investment of its funds with the aim of:

(i) spreading investment risk; and

(ii) giving its members the benefit of the results of the management of those funds by or on behalf of that body;

(b) the investment condition is that, in relation to BC, a reasonable investor would, if he were to participate in the *scheme*:

(i) expect that he would be able to realise, within a period appearing to him to be reasonable, his investment in the *scheme* (represented, at any given time, by the value of shares in, or securities of, BC held by him as a *participant* in the *scheme*); and

(ii) be satisfied that his investment would be realised on a basis calculated wholly or mainly by reference to the value of property in respect of which the *scheme* makes arrangements.

(see also *investment company with variable capital*.)

*operating a dormant account fund*

FCA PRA

any of the *regulated activities* of:

(a) *meeting of repayment claims*; or

(b) *managing dormant account funds (including the investment of such funds)*.

*operating a multilateral trading facility*

FCA PRA

the *regulated activity* in article 25D of the *Regulated Activities Order*, which is, in summary, the operation of a multilateral trading facility on which MiFID instruments are traded.

In this definition "MiFID instrument" means any investment:

(a) of the kind specified by articles 76, 77, 78, 79, 80, 81, 83, 84 or 85 of the *Regulated Activities Order*; or

(b) of the kind specified by article 89 of the *Regulated Activities Order*, so far as relevant to an investment falling within (a),

*operational objectives*

**FCA** **PRA**

that is a *financial instrument*.

as defined in section 1B(3) of the *Act*.

*operational risk*

**FCA** **PRA**

(1) (in *COLL* and in accordance with article 3(10) of the *UCITS implementing Directive*) the risk of loss for a *UCITS* resulting from inadequate internal processes and failures in relation to the people and systems of the *management company* or from external events, and it includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the *scheme*.

(2) (except in *COLL*) (in accordance with Article 4(22) of the *Banking Consolidation Directive*) the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

*operational risk capital requirement*

**FCA** **PRA**

the part of the *capital resources requirement* of a *BIPRU firm* falling within BIPRU 6.1.1R in respect of *operational risk*, calculated in accordance with BIPRU 6.2.

*operator*

**FCA** **PRA**

(1) (except in *EG*):

(a) (in relation to an *AUT*) the *manager*;

(b) (in relation to an *ICVC*) that *company* or, if applicable, the *authorised corporate director*;

(ba) (in relation to any other *OEIC* which is an undertaking for *collective investment* in transferable securities within the meaning of the *UCITS Directive* and which has appointed a *person* to manage the *scheme*) the *manager*;

(c) (in relation to any other *collective investment scheme* that is a *unit trust scheme* with a separate *trustee*) any *person* who, under the *trust deed* establishing the *scheme*, is responsible for the management of the property held for or within the *scheme*;

(d) (in relation to any other *collective investment scheme* that is an *open-ended investment company*) that *company* or, if applicable, any *person* who, under the constitution or founding arrangements of the *scheme*, is responsible for the management of the property held for or within the *scheme*;

(e) (in relation to any other *collective investment scheme*) any *person* who, under the constitution or founding arrangements of the *scheme*, is responsible for the management of the property held for or within the *scheme*;

(f) (in relation to an *investment trust savings scheme*) any *person* appointed, by those responsible for managing the property of the *investment trust*, to manage the *investment trust savings scheme* ;

(g) (in relation to a *personal pension scheme* or *stakeholder pension scheme*) the *person* who carries on the *regulated activity* specified in article 52 of the *Regulated Activities Order* (Establishing etc. a pension scheme).

(2) (in *EG*) (in accordance with section 237(2) of the *Act* (Other definitions)):



## OPS activity

FCA PRA

- (a) (in relation to a *unit trust scheme* with a separate *trustee*) the *manager*;
- (b) (in relation to an *OEIC* which is an undertaking for collective investment in transferable securities within the meaning of the *UCITS Directive* and which has appointed a *person* to manage the *scheme*) the *manager*;
- (c) (in relation to any other *OEIC*) the *company*.

- (a) *managing investments* in a case where the assets managed are:
  - (i) held for the purposes of an *occupational pension scheme*; or
  - (ii) held for the purposes of a *welfare trust* established by a *person* who is, or has been at any time during the last 12 *months*, an *associate* of the *OPS firm*; or
  - (iii) assets of an *OPS collective investment scheme*;
- (b) any one or more of the following activities undertaken in the course of, or incidental to, the operation of an *occupational pension scheme*, *welfare trust* or *OPS collective investment scheme*:
  - (i) *dealing in investments as principal*;
  - (ii) *dealing in investments as agent*;
  - (iii) arranging (bringing about) deals in investments;
  - (iv) *making arrangements with a view to transactions in investments*;
  - (v) *safeguarding and administering investments*;
  - (vi) *advising on investments*;
  - (vii) receiving or holding *client money*.

## OPS collective investment scheme

FCA PRA

a *collective investment scheme* the contributions to which consist entirely of assets held for an *occupational pension scheme*.

## OPS firm

FCA PRA

- (a) (except in *IPRU(INV)*) a *firm* which:
  - (i) carries on *OPS activity*; and
  - (ii) is one or more of the following:
    - (A) a trustee of the *occupational pension scheme* in question;
    - (B) a *company* owned by the trustees of the *occupational pension scheme* in question;
    - (C) a *company* which is:
      - (I) an employer in relation to the *occupational pension scheme* in question in respect of its employees or former employees or their dependants; or
      - (II) a *company* within the *group* which includes an employer within (I); or
      - (III) an administering authority subject to the Local Government Pension Scheme (Administration) Regulations 2008; or

*opted-in  
exempt CAD  
firm*

**FCA** **PRA**

*option*

**FCA** **PRA**

*option hedging  
method*

**FCA** **PRA**

*option PRR*

**FCA** **PRA**

*option  
standard  
method*

**FCA** **PRA**

*ORCR*

**FCA** **PRA**

*organisation*

**FCA** **PRA**

(b) a *firm* which:

(i) has satisfied the requirements set out in (a) at any time during the past 12 *months*; but

(ii) is no longer able to comply with those requirements because of a change in the control or ownership of the employer referred to in (a)(ii) during that period.

an *exempt CAD firm* which complies with the requirements in regulation 4C (or any successor provision) of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2007 (SI 2007/126).

the *investment*, specified in article 83 of the *Regulated Activities Order* (Options), which is an option to acquire or dispose of:

(a) a *designated investment* (other than an option or one to which (d) or (e) applies); or

(b) currency of the *United Kingdom* or of any other country or territory; or

(c) palladium, platinum, gold or silver; or

(d) a commodity to which article 83(2) of the *Regulated Activities Order* applies; or

(e) a *financial instrument* in paragraph 10 of Section C of Annex 1 to *MiFID* to which article 83(3) of the *Regulated Activities Order* applies; or

(f) an option to acquire or dispose of an option specified in (a), (b), (c), (d) or (e);

but so that for the purposes of calculating capital requirements for *BIPRU firms* and **■ BIPRU 10** (Large exposures requirements) it also includes any of the items listed in the table in **■ BIPRU 7.6.18 R** (Option PRR: methods for different types of option) and any cash settled option.

the method of calculating the *option PRR* in BIPRU 7.6.24R (The hedging method).

the part of the market risk capital requirement calculated in accordance with BIPRU 7.6 (Option PRR) or, in relation to a particular position, the portion of the overall option PRR attributable to that position.

the method of calculating the option PRR in BIPRU 7.6.20R to BIPRU 7.6.22R (The standard method).

the *operational risk capital requirement*.

a *body corporate*, a *partnership*, a trust or an unincorporated association.

*original financing costing amount*

**FCA** **PRA**

(in relation to a *share*, *debenture* or other investment in, or external contribution to the capital of, a *firm* that is subject to a *step-up*) the *financing cost amount* for the instrument for a period beginning on or near the date of issue of the instrument and ending on or near the date of the first *step-up*.

*originator*

**FCA** **PRA**

(in accordance with Article 4(41) of the *Banking Consolidation Directive* (Definitions) and in relation to a *securitisation* within the meaning of paragraph (2) of the definition of *securitisation*) either of the following:

(a) an entity which, either itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the *exposures* being *securitised*; or

(b) an entity which purchases a third party's *exposures* onto its balance sheet and then *securitises* them.

*OTC*

**FCA** **PRA**

*over the counter*.

*OTC derivative*

**FCA** **PRA**

a *derivative* traded solely *over the counter*.

*OTC derivatives, CCPs and trade repositories regulation*

**FCA**

the Financial Services and Markets Act 2000 (Over the Counter Derivatives, Central Counterparties and Trade Repositories) Regulations 2013

*out of the money*

**FCA** **PRA**

(for the purposes of BIPRU 7 (Market risk) and in relation to an *option* or *warrant*) that *option* or *warrant* being neither *at the money* nor *in the money*.

*outgoing ECA provider*

**FCA** **PRA**

a *firm* which:

(a) provides an *electronic commerce activity*, from an *establishment* in the *United Kingdom*, with or for an *ECA recipient* present in an *EEA State* other than the *United Kingdom*; and

(b) is a national of an *EEA State* or a firm or company mentioned in article 54 of the *Treaty*.

*outsourcing*

**FCA** **PRA**

(1) (except in ■ SYSC 8, ■ COBS 11.7 and the definition of *relevant person*) the use of a *person* to provide customised services to a *firm* other than:

(a) a member of the *firm's* governing body acting in his capacity as such; or

(b) an individual employed by a *firm* under a contract of service.

(2) (in ■ SYSC 8, ■ COBS 11.7 and the definition of *relevant person*) an arrangement of any form between a *firm* and a service provider by which that service provider performs a process, a service or an activity which would otherwise be undertaken by the *firm* itself.

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|--|--|
| <p><i>over collateralisation</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <p>[Note: article 2(6) of the <i>MiFID implementing Directive</i>]</p> <p>(in <i>RCB</i>) (as defined in Regulation 3(3) of the <i>RCB Regulations</i>) the provision of additional <i>assets</i> that assist the payment from the <i>relevant asset pool</i> of claims attaching to a <i>regulated covered bond</i> in the event of the failure of the <i>issuer</i>.</p> |
| <p><i>over the counter</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>(in relation to a transaction in an <i>investment</i>) not <i>on-exchange</i>.</p>  |
| <p><i>overall financial adequacy rule</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>GENPRU 1.2.26R (Requirement for certain <i>firms</i> to have adequate financial resources).</p>   |
| <p><i>overall financial sector</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p>a sector composed of one or more the following types of entities:</p> <p>(a) members of each of the <i>financial sectors</i>; and</p> <p>(b) (except where ■ GENPRU 3.1 (Cross sector groups) or GENPRU 3 Ann 1R (Capital adequacy calculations for financial conglomerates) provide otherwise) a <i>mixed financial holding company</i>.</p>                           |
| <p><i>overall liquidity adequacy rule</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>BIPRU 12.2.1R.</p>  |
| <p><i>overall Pillar 2 rule</i></p> <p><b>FCA</b> <b>PRA</b></p>                   | <p>GENPRU 1.2.30R (Systems, strategies, processes and reviews for certain <i>firms</i>).</p>   |
| <p><i>overallotment facility</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <p>(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) a clause in the underwriting agreement or lead management agreement which permits acceptance of subscriptions or offers to purchase a greater number of <i>relevant securities</i> than originally offered.</p>   |
| <p><i>overseas</i></p> <p><b>FCA</b> <b>PRA</b></p>                                | <p>outside the <i>United Kingdom</i>.</p>  |
| <p><i>overseas company</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>(in <i>LR</i> and <i>PR</i>) a <i>company</i> incorporated outside the <i>United Kingdom</i>.</p>   |
| <p><i>overseas financial services institution</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>an institution authorised to carry on any <i>regulated activity</i> or other financial service by an <i>overseas regulator</i>.</p>   |

*overseas financial stability information power*

**FCA** **PRA**

the PRA's power under section 169A of the Act (Support of overseas regulator with respect to financial stability) which, in summary, is a power exercisable at the request of an *overseas regulator* to require a *person* to provide information or documents relevant to the stability of one or more aspects of the *relevant financial system* operating in the country or territory of that regulator.

*overseas firm*

**FCA** **PRA**

(1) (in relation to **■** MAR 5) a *firm* which has its registered office (or, if it has no registered office, its head office) outside the *United Kingdom* excluding an *incoming EEA firm*.

(2) (in any other case) a *firm* which has its registered office (or, if it has no registered office, its head office) outside the *United Kingdom*.

*overseas introducing broker*

**FCA** **PRA**

a *person*, who is not an *authorised person*:

- (a) who is resident outside the *United Kingdom*; and
- (b) who introduces transactions relating to designated investments arranged (brought about ) for its *clients* to a *clearing firm* in the *United Kingdom*.

*overseas investment exchange*

**FCA** **PRA**

an investment exchange which has neither its head office nor its registered office in the *United Kingdom*.

*overseas long-term insurer*

**FCA** **PRA**

an *insurance undertaking* which is not an *authorised person* and which:

- (a) has its head office in an *EEA State* other than the *United Kingdom*, and is entitled to carry on *long-term insurance business* in that *EEA State*; or
- (b) has a *branch* or agency in an *EEA State* other than the *United Kingdom* and is entitled to carry on *long-term insurance business* in that *EEA State*; or
- (c) is authorised to effect or carry on *long-term insurance business* in the Bailiwick of Jersey, the Bailiwick of Guernsey, the Isle of Man, the Commonwealth of Pennsylvania or the State of Iowa;

for the purposes of (a) and (b), Gibraltar is to be regarded as if it were an *EEA State*.

*overseas person*

**FCA** **PRA**

(in accordance with article 3(1) of the *Regulated Activities Order* (Interpretation)) a *person* who:

- (a) carries on any of the following *regulated activities*:
  - (i) *dealing in investments as principal*;
  - (ii) *dealing in investments as agent*;
  - (iii) *arranging (bringing about) deals in investments*;
  - (iv) *arranging (bringing about) regulated mortgage contracts*;
  - (v) *making arrangements with a view to regulated mortgage contracts*;
  - (vi) *making arrangements with a view to transactions in investments*;
  - (vii) *managing investments*;
  - (viii) *safe custody and administering investments*;
  - (ix) *sending dematerialised instructions*;

- (x) *causing dematerialised instructions to be sent;*
- (xi) *establishing, operating or winding up a collective investment scheme;*
- (xii) *acting as trustee of an authorised unit trust scheme;*
- (xiii) *acting as the depositary or sole director of an open-ended investment company;*
- (xiv) *establishing, operating or winding up a stakeholder pension scheme;*
- (xiva) *establishing, operating or winding up a personal pension scheme;*
- (xv) *advising on investments;*
- (xvi) *advising on regulated mortgage contracts ;*
- (xvii) *entering into a regulated mortgage contract ;*
- (xviii) *administering a regulated mortgage contract ;*
- (xix) *arranging (bringing about) a home reversion plan;*
- (xx) *making arrangements with a view to a home reversion plan;*
- (xxi) *advising on a home reversion plan;*
- (xxii) *entering into a home reversion plan;*
- (xxiii) *administering a home reversion plan;*
- (xxiv) *arranging (bringing about) a home purchase plan;*
- (xxv) *making arrangements with a view to a home purchase plan;*
- (xxvi) *advising on a home purchase plan;*
- (xxvii) *entering into a home purchase plan;*
- (xxviii) *administering a home purchase plan;*
- (xxix) *agreeing to carry on those regulated activities , disregarding the exclusion in article 72 of the Regulated Activities Order (Overseas persons); but*

(b) does not carry on any such activities, or offer to do so, from a permanent place of business maintained by him in the *United Kingdom*.

*overseas  
regulator*

**FCA** **PRA**

(1) (except in relation to the *overseas financial stability information power*) (as defined in section 195(3) of the *Act* (Exercise of power in support of overseas regulator)) an authority in a country or territory outside the *United Kingdom*:

- (a) which is a *Home State regulator*; or
- (b) which exercises any of the following functions:
  - (i) a function corresponding to any function of the *FCA* or *PRA* under the *Act*;
  - (ii) a function corresponding to any function exercised by the *FCA* in its capacity as *competent authority* in relation to the listing of securities;
  - (iii) a function corresponding to any function exercised by the Secretary of State under the Companies Acts (as defined in section 2 of the Companies Act 2006);
  - (iv) a function in connection with the investigation of conduct of the kind prohibited by Part V of the

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|---|--|
| <p><i>own account order</i></p> <p><b>FCA</b> <b>PRA</b></p>                                | <p>Criminal Justice Act 1993 (Insider Dealing), or with the enforcement of rules (whether or not having the force of law) relating to such conduct;</p> <p>(v) a function prescribed by regulations made for the purposes of section 195(4) of the Act (Exercise of powers) which, in the opinion of the Treasury, relates to companies or financial services.</p> <p>(2) (in relation to the <i>overseas financial stability information power</i>) (as defined in section 169A(2) of the Act (Support of overseas regulator with respect to financial stability)) an authority in a country or territory outside the <i>United Kingdom</i> which exercises functions with respect to the stability of the <i>relevant financial system</i> operating in that country or territory.</p> |
| <p><i>own account trading firm</i></p> <p><b>FCA</b> <b>PRA</b></p>                         | <p>an order which relates to an <i>own account transaction</i>.</p> <p>(in relation to <i>firm type</i> in ■ SUP 16.10 (Confirmation of <i>standing data</i> )) a <i>firm</i> that only <i>deals</i> or arranges <i>deals</i> in <i>securities</i> or <i>contractually based investments</i> for its own benefit, or for the benefit of an <i>associate</i>.</p>   |
| <p><i>own account transaction</i></p> <p><b>FCA</b> <b>PRA</b></p>                          | <p>a transaction <i>executed</i> by the <i>firm</i> for its own benefit or for the benefit of its <i>associate</i> .</p>   |
| <p><i>own estimates of volatility adjustments approach</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>the approach to calculating volatility adjustments under the <i>financial collateral comprehensive method</i> under which the <i>firm</i> uses its own estimates of such adjustments, as more fully described in ■ BIPRU 5.4 (Financial collateral) and including that approach as applied to master netting agreements as described in BIPRU 5.6 (Master netting agreements).</p>  |
| <p><i>own funds</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(1) own funds as described in articles 56 to 67 of the <i>Banking Consolidation Directive</i>.</p> <p>(2) [deleted]</p> <p>(3) (in IPRU(INV) 8) capital, as defined in ■ CREDS 5.2.1 R.</p> <p>(3A) (in IPRU(INV) 13) the own funds of a <i>firm</i> calculated in accordance with 13.1A.14R.</p> <p>(4) (in UPRU) funds calculated in accordance with ■ UPRU Table 2.2.1 R (Method of calculation of financial resources) composed of the specified items set out in that Table.</p>   |
| <p><i>owner</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(in RCB) (as defined in Regulation 4 of the <i>RCB Regulations</i>) an owner which owns an <i>asset pool</i> and issues a guarantee to pay from that <i>asset pool</i> claims attaching to a <i>regulated covered bond</i> in the event of a failure of the <i>issuer</i> of that bond.</p>   |
| <p><i>ownership share</i></p> <p><b>FCA</b> <b>PRA</b></p>                                  | <p>in accordance with the definition of a "share" in section 422(6) of the Act (Controller):</p> <p>(a) (in relation to an <i>undertaking</i> with a share capital) an allotted share;</p> <p>(b) (in relation to an <i>undertaking</i> with capital but no share capital) a right to share in the capital of the <i>undertaking</i> ;</p>   |

*own-initiative powers*

**FCA** **PRA**

*own-initiative requirement power*

**FCA** **PRA**

*own-initiative variation power*

**FCA** **PRA**

(c) (in relation to an *undertaking* without capital) an interest:

(i) conferring any right to share in the profits, or liability to contribute to the losses, of the *undertaking* ; or

(ii) giving rise to an obligation to contribute to the debts or expenses of the *undertaking* in the event of a winding up.

*FCA's or the PRA's own-initiative variation power and own-initiative requirement power.*

The *FCA's* power under section 55L(3) of the *Act* or the *PRA's* power under section 55M(3) of the *Act* to impose a new *requirement* on a *firm*, to vary a *requirement* that it has imposed on the *firm* or to cancel any such *requirement* otherwise than on the application of a *firm*.

The *FCA's* or the *PRA's* power under section 55J (Variation or cancellation on initiative of regulator) to vary or cancel a *Part 4A permission* otherwise than on the application of a *firm*.



*packaged bank account*

FCA PRA

an arrangement under which a *firm* provides a *retail banking service* as part of a package which includes access to other goods or services, whether or not a fee is charged.

*packaged product*

FCA PRA

- (a) a *life policy*;
- (b) a *unit* in a *regulated collective investment scheme*;
- (c) an interest in an *investment trust savings scheme*;
- (d) a *stakeholder pension scheme*;
- (e) a *personal pension scheme*;

whether or not (in the case of (a), (b) or (c)) held within an *ISA* or a *CTF* and whether or not the *packaged product* is also a *stakeholder product*.

*parent financial holding company in a Member State*

FCA PRA

(in accordance with Article 4(15) of the *Banking Consolidation Directive* (Definitions) and Article 3 of the *Capital Adequacy Directive* (Definitions)) a *financial holding company* which is not itself a *subsidiary undertaking* of an *institution* authorised in the same *EEA State*, or of a *financial holding company* set up in the same *EEA State*.

*parent institution in a Member State*

FCA PRA

(in accordance with Article 4(14) of the *Banking Consolidation Directive* and Article 3 of the *Capital Adequacy Directive* (Definitions)) an *institution* which has an *institution* or a *financial institution* as a *subsidiary undertaking* or which holds a *participation* in such an institution, and which is not itself a *subsidiary undertaking* of another *institution* authorised in the same *EEA State*, or of a *financial holding company* set up in the same *EEA State*.

*parent undertaking*

FCA PRA

(1) (in accordance with section 420 of the *Act* (Parent and subsidiary undertaking) and section 1162 of the *Companies Act 2006* (Parent and subsidiary undertakings)):

(a) (in relation to whether an *undertaking*, other than an *incorporated friendly society*, is a *parent undertaking* and except for the purposes described in (c)) an *undertaking* which has the following relationship to another *undertaking* ("S"):

- (i) it holds a majority of the voting rights in S; or
- (ii) it is a member of S and has the right to appoint or remove a majority of its board of directors; or
- (iii) it has the right to exercise a dominant influence over S through:
  - (A) provisions contained in S's memorandum or articles; or
  - (B) a control contract; or
- (iv) it is a member of S and controls alone, under an agreement with other shareholders or members, a majority of the voting rights in S; or
- (v)
  - (A) it has the power to exercise, or actually exercises, dominant influence or control over S; or
  - (B) it and S are managed on a unified basis; or
- (vi) it is a *parent undertaking* of a *parent undertaking* of S; or

(vii) (except in *REC* or for the purposes of the *rules* in *GENPRU* and *INSPRU* as they apply to *members* of the *Society* of Lloyd's or to the *Society* or *managing agents* in respect of *members* ) he is an individual and would be a *parent undertaking* if he were an *undertaking*; or

(viii) (except in *REC* or for the purposes of *rules* in *GENPRU* and *INSPRU* as they apply to *members* of the *Society* of Lloyd's or to the *Society* or *managing agents* in respect of *members* ) it is incorporated in or formed under the law of another *EEA State* and is a parent undertaking within the meaning of any rule of law in that State for purposes connected with implementation of the Seventh Company Law Directive;

in relation to (ii) and (iv); the *undertaking* will be treated as a member of S if any of its *subsidiary undertakings* is a member of S, or if any shares in S are held by a *person* acting on behalf of the *undertaking* or any of its *subsidiary undertakings*; the provisions of Schedule 7 to the Companies Act 2006 (Parent and subsidiary undertakings: supplementary provisions) explain the expressions used in and supplement paragraphs (i) to (vi);

(b) (in relation to whether an incorporated friendly society is a parent undertaking and except for the purposes described in (c)) an *incorporated friendly society* which has the following relationship to a *body corporate* ("S"):

(i) it holds a majority of the voting rights in S; or

(ii) it is a member of S and has the right to appoint or remove a majority of S's board of directors; or

(iii) it is a member of S and controls alone, under an agreement with other shareholders or members, a majority of the voting rights in S; or

(iv) it is the *parent undertaking* of a *body corporate* which has the relationship in (i), (ii) or (iii) to S.

(c) (for the purposes of *BIPRU*, *GENPRU* and *INSPRU* as they apply on a consolidated basis, for the purposes of ■ *BIPRU 10* (Large exposures requirements) and for the purposes of ■ *SYSC 12* (Group risk systems and controls requirement) and ■ *SYSC 19A* (Remuneration Code) and in relation to whether an *undertaking* is a parent *undertaking*) an *undertaking* which has the following relationship to another *undertaking* ("S"):

(i) a relationship described in (a) other than (a)(vii); or

(ii) it effectively exercises a dominant influence over S;

and so that (a)(v) does not apply for the purpose of *BIPRU* as it applies on a consolidated basis (including *BIPRU 8* (Group risk - consolidation)) or *BIPRU 10* .

(2) a *parent undertaking* within the meaning of (1) of a *controlled undertaking*.

(as defined in section 3(9) of the Child Trust Fund Act 2004):

(a) parental responsibility within the meaning of the Children Act 1989 or the Children (Northern Ireland) Order 1995 (SI 1995/755 (N.I. 2)); or

(b) parental responsibilities within the meaning of the Children (Scotland) Act 1995.

an order under regulation 30.10 of the General Regulations under the US Commodity Exchange Act, issued by the Commodity Futures Trading

parental  
responsibility

FCA PRA

Part 30  
exemption  
order

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FCA PRA

Commission on 15 May 1989, granting a *person* exemption from the registration requirement contained in Part 30 of those General Regulations.

Part 4A  
permission

(as defined in section 55A of the *Act* (Application for *permission*)) a *permission* given by the *FCA* or *PRA* under Part 4A of the *Act* (Permission to carry on regulated activities), or having effect as if so given.

FCA PRA

Part 6 rules

(as defined in section 73A of the *Act* ) *rules* made for the purposes of Part VI of the *Act*.

FCA PRA

Part XX  
exemption

the exemption from the *general prohibition* conferred on an *exempt professional firm* by section 327 of the *Act* (Exemption from the *general prohibition*).

FCA PRA

participant

(in accordance with section 235(2) of the *Act* (*Collective investment schemes*)) a *person* who participates in a *collective investment scheme*.

FCA PRA

participant  
firm

(1) (except in ■ FEES 1 and ■ FEES 6 ) a *firm* or a *member* other than:

(a) (in accordance with section 213(10) of the *Act* (The compensation scheme) and regulation 2 of the *Electing Participants Regulations* (Persons not to be regarded as relevant persons) an *incoming EEA firm* which is:

(i) a *credit institution* ;

(ii) a *MiFID investment firm* ; or

(iii) [deleted]

(iv) both (i) and (ii); or

(v) an *IMD insurance intermediary* or an *IMD reinsurance intermediary* which is neither (i) or (ii);

in relation to its *passported activities*, unless it has *top-up cover*;

(aa) (in accordance with section 213(10) of the *Act* (The compensation scheme) and regulation 2 of the *Electing Participants Regulations* (Persons not to be regarded as relevant persons) an *incoming EEA firm* which is a *management company* other than to the extent that it carries on the following activities from a *branch* in the *United Kingdom* or under the freedom to provide *cross border services*:

(i) *collective portfolio management* for a *UCITS scheme*;  
or

(ii) *managing investments* (other than of a *collective investment scheme*), *advising on investments* or *safeguarding and administering investments* (the services referred to in article 6(3) of the *UCITS Directive*), but only if it has *top-up cover*;

(b) a *service company*;

(c) [deleted]

(d) [deleted]

|   |   |
|---|---|
| <p>(e) an <i>underwriting agent</i> , or <i>members' adviser</i> , in respect of <i>advising on syndicate participation at Lloyd's</i> or managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's;</p> <p>(f) an <i>authorised professional firm</i> that is subject to the rules of the Law Society (England and Wales) or the Law Society of Scotland and with respect to its <i>regulated activities</i> participates in the relevant society's compensation scheme;</p> <p>(g) an <i>ICVC</i>;</p> <p>(h) a UCITS qualifier;</p> <p>(i) [deleted]</p> <p>(j) in respect of the carrying on of <i>bidding in emissions auctions</i>, a <i>firm</i> that is exempt from <i>MiFID</i> under article 2(1)(i).</p> <p>(2) (in ■ FEES 1 and ■ FEES 6 ) a <i>firm</i> specified in paragraph (1) above that is not a <i>member</i>.</p> | <p>(as defined in article 2(2) of the <i>compensation transitionals order</i>) a <i>person</i> who was at any time before <i>commencement</i>:</p> <p>(a) a UK institution, participating institution, former UK institution or former participating institution as defined in section 52(6) of the Banking Act 1987; or</p> <p>(b) a former authorised institution (as defined in section 106(1) of the Banking Act 1987 (other than a former UK institution or former participating institution as defined in section 52(6) of that Act), which was not a recognised bank or licensed institution excluded by an order under section 23(2) of the Banking Act 1979.</p> |
| <p><i>participating deposit-taker</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(as defined in article 2(2) of the <i>compensation transitionals order</i>) a <i>person</i> who was at any time before <i>commencement</i> a participating institution within the meaning of section 24(4) of the Building Societies Act 1986.</p>   |
| <p><i>participating institution</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>an insurer which:</p> <p>(a) has a <i>subsidiary undertaking</i> that is an <i>insurance undertaking</i>; or</p> <p>(b) holds a <i>participation</i> in an <i>insurance undertaking</i>; or</p> <p>(c) is linked to an <i>insurance undertaking</i> by a <i>consolidation Article 12(1) relationship</i>.</p>  |
| <p><i>participating insurance undertaking</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a participating security as defined in regulation 3 of the Uncertificated Securities Regulations 1995 (SI 1995/3272), which enable title to participating securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument.</p>   |
| <p><i>participating security</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(for the purposes of <i>UPRU</i> and <i>GENPRU</i> and for the purposes of <i>BIPRU</i> and <i>INSPRU</i> as they apply on a consolidated basis):</p> <p>(a) a participating interest may be defined according to:</p> <p>(i) section 421A of the <i>Act</i> where applicable; or</p> <p>(ii) paragraph 11(1) of Schedule 10 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) where applicable; or</p>   |
| <p><i>participation</i></p> <p><b>FCA</b> <b>PRA</b></p>  |   |

(iii) paragraph 8 of Schedule 7 to the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409) where applicable; or

(iv) paragraph 8 of Schedule 4 to the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1913) where applicable; or

(v) paragraph 8 of Schedule 5 to the Small Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1912) where applicable; or

(b) (otherwise) the direct or indirect ownership of 20% or more of the voting rights or capital of an *undertaking*;

but excluding the interest of a *parent undertaking* in its *subsidiary undertaking*.

*partner*

FCA PRA

(in relation to a *firm* which is a *partnership* ) any *person* appointed to direct its affairs, including:

(a) a *person* occupying the position of a partner (by whatever name called); and

(b) a *person* in accordance with whose directions or instructions (not being advice given in a professional capacity) the partners are accustomed to act.

*partner function*

FCA PRA

(1) (in the *FCA Handbook*) *FCA controlled function* CF4 in Part 1 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.6.23 R to ■ SUP 10A.6.27 R.

(2) (in the *PRA Handbook*) *PRA controlled function* CF4 in the *table of PRA controlled functions*, described more fully in ■ SUP 10B.6.12 R to ■ SUP 10B.6.14 R.

*partnership*

FCA PRA

(in accordance with section 417(1) of the *Act* (Definitions)) any partnership, including a partnership constituted under the law of a country or territory outside the *United Kingdom*, but not including a *limited liability partnership*.

*passport right*

FCA PRA

(in accordance with regulation 2(1) of the *Electronic Money Regulations*) the entitlement of a *person* to establish a branch or provide services in an *EEA State* other than that in which they are authorised to provide *electronic money* issuance services:

(a) in accordance with the Treaty on the Functioning of the European Union as applied in the *EEA*; and

(b) subject to the conditions of the *Electronic Money Directive*.

*passport activity*

FCA PRA

an activity carried on by an *EEA firm*, or by a *UK firm*, under an *EEA right*.

*payment holiday*

FCA PRA

a feature of a *regulated mortgage contract* under which the *mortgage lender* permits the customer to make no payments for a specified period without being in *arrears*.

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*payment information*

FCA PRA

the information described in COBS 7.3.4R, that is, the amount and nature of any payments that the *client* will have to make, directly or indirectly, for the *personal recommendation*.

*payment institution*

FCA PRA

an *authorised payment institution*, an *EEA authorised payment institution* or a *small payment institution*.

[Note: articles 4(4) and 26(3) of the *Payment Services Directive*]

*payment instrument*

FCA PRA

(in *BCOBS*) any personalised device or personalised set of procedures agreed between the *banking customer* and the *firm* used by the *banking customer* to initiate an instruction or request by the *banking customer* to the *firm* to make a payment.

*payment leg*

FCA PRA

(for the purposes of the *CCR standardised method* and as more fully defined in ■ BIPRU 13.5.2 R (Derivation of risk position: payment legs) the contractually agreed gross payments under a *financial derivative instrument*, including the notional amount of the transaction.

*payment protection contract*

FCA PRA

A *non-investment insurance contract* which has elements of a *general insurance contract* and the benefits of which are described as enabling a *policyholder* to protect his ability to continue to make payments due to third parties, or can reasonably be expected to be used in this way.

*payment routing information*

FCA PRA

a combination of letters, numbers or symbols specified by a *firm* to be provided when instructing or requesting the *firm* to make a payment from an account of a *banking customer* for the purpose of routing the payment to the correct destination and intended recipient.

*payment service*

FCA PRA

(in accordance with regulation 2(1) of, and Schedule 1 to, the *Payment Services Regulations*):

(a) Any of the following activities when carried out as a regular occupation or business activity:

(i) services enabling cash to be placed on a payment account and all of the operations required for operating a payment account;

(ii) services enabling cash withdrawals from a payment account and all of the operations required for operating a payment account;

(iii) execution of the following types of payment transaction:

(A) direct debits, including one-off direct debits;

(B) payment transactions executed through a payment card or a similar device;

(C) credit transfers, including standing orders;

(iv) execution of the following types of payment transaction where the funds are covered by a credit line for the *payment service user*:

(A) direct debits, including one-off direct debits;

(B) payment transactions executed through a payment card or a similar device;

(C) credit transfers, including standing orders;

(v) issuing payment instruments or acquiring payment transactions;

(vi) *money remittance*;

(vii) execution of payment transactions where the consent of the payer to execute the payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator,

acting only as an intermediary between the *payment service user* and the supplier of the goods or services.

(b) The following activities do not constitute payment services:

(i) payment transactions executed wholly in cash and directly between the payer and the payee, without any intermediary intervention;

(ii) payment transactions between the payer and the payee through a commercial agent authorised to negotiate or conclude the sale or purchase of goods or services on behalf of the payer or the payee;

(iii) the professional physical transport of banknotes and coins, including their collection, processing and delivery;

(iv) payment transactions consisting of non-professional cash collection and delivery as part of a not-for-profit or charitable activity;

(v) services where cash is provided by the payee to the payer as part of a payment transaction for the purchase of goods or services following an explicit request by the payer immediately before the execution of the payment transaction;

(vi) money exchange business consisting of cash-to-cash operations where the funds are not held on a payment account;

(vii) payment transactions based on any of the following documents drawn on the *payment service provider* with a view to placing funds at the disposal of the payee:

(A) paper cheques of any kind, including traveller's cheques;

(B) bankers' drafts;

(C) paper-based vouchers;

(D) paper postal orders;

(viii) payment transactions carried out within a payment or securities settlement system between *payment service providers* and settlement agents, central counterparties, clearing houses, central banks or other participants in the system;

(ix) payment transactions related to securities asset servicing, including dividends, income or other distributions, or redemption or sale, carried out by *persons* referred to in (h) or by investment firms, *full credit institutions*, collective investment undertakings, asset management companies providing investment services or by any other entities allowed to have the custody of financial instruments;

(x) services provided by technical service providers, which support the provision of *payment services*, without the provider entering at any time into possession of the funds to be transferred, including:

(A) the processing and storage of data;

(B) trust and privacy protection services;

(C) data and entity authentication;

(D) information technology;

(E) communication network provision; and

(F) the provision and maintenance of terminals and devices used for *payment services*;

(xi) services based on instruments that can be used to acquire goods or services only:

(A) in or on the issuer's premises; or

(B) under a commercial agreement with the issuer, either within a limited network of service providers or for a limited range of goods or services,

and for these purposes the "issuer" is the person who issues the instrument in question;

(xii) payment transactions executed by means of any telecommunication, digital or IT device, where the goods or services purchased are delivered to and are to be used through a telecommunication, digital or IT device, provided that the telecommunication, digital or IT operator does not act only as an intermediary between the *payment service user* and the supplier of the goods and services;

(A) payment transactions carried out between *payment service providers*, or their agents or *branches*, for their own account;

(B) payment transactions between a parent undertaking and its subsidiary or between subsidiaries of the same parent undertaking, without any intermediary intervention by a *payment service provider* other than an undertaking belonging to the same group;

(C) services by providers to withdraw cash by means of automated teller machines acting on behalf of one or more card issuers, which are not party to the *framework contract* with the customer withdrawing money from a payment account, where no other *payment service* is conducted by the provider.

[Note: articles 3 and 4(3) of, and the Annex to, the *Payment Services Directive*]

*payment service provider*

FCA PRA

(1) (except in *DISP*) (in accordance with regulation 2(1) of the *Payment Service Regulations*) any of the following *persons* when they carry out a *payment service*:

(a) an *authorised payment institution*;

(b) a *small payment institution*;

(c) an *EEA authorised payment institution*;

(d) a *full credit institution*;

(e) an *electronic money issuer*;

(f) the Post Office Limited;

(g) the Bank of England, the European Central Bank and the national central banks of *EEA States* other than the *United Kingdom*, other than when acting in their capacity as a monetary authority or carrying out other functions of a public nature; and

(h) government departments and local authorities, other than when carrying out functions of a public nature.

[Note: article 1(1) of the *Payment Services Directive*]

(2) (in *DISP* and ■ FEES 5.5 ) as in (1) but excluding a *full credit institution*



*payment service user*

**FCA** **PRA**

(in accordance with regulation 2(1) of the *Payment Services Regulations*) a *person* when making use of a *payment service* in the capacity of either payer or payee, or both.

[Note: article 4(10) of the *Payment Services Directive*]

*Payment Services Directive*

**FCA** **PRA**

Directive 2007/64/EC of the European Parliament and of the Council of 13th November 2007 on payment services in the internal market.

*Payment Services Regulations*

**FCA** **PRA**

the Payment Services Regulations 2009 (SI 2009/209).

*PD*

**FCA** **PRA**

(1) (except in *GENPRU* and *BIPRU*) Prospectus Directive.

(2) (in *GENPRU* , *BIPRU* and *BSOCS* ) *probability of default*.

*PD Regulation*

**FCA** **PRA**

the Prospectus Directive Regulation (No 2004/809/EC).

*PD/LGD approach*

**FCA** **PRA**

the method for treating *equity exposures* under the *IRB approach* set out in ■ [BIPRU 4.7.14 R](#) - ■ [BIPRU 4.7.22 R](#).

*peak exposure*

**FCA** **PRA**

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ [BIPRU 13](#) (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) a high percentile of the distribution of exposures at any particular future date before the maturity date of the longest transaction in the *netting set*.

*pending application*

**FCA** **PRA**

(as defined in article 3(1) of the *compensation transitionals order*):

(a) an application for compensation made under an *investment business compensation scheme* before *commencement* in relation to which a *terminating event* did not occur before *commencement*; and

(b) an application made to the *FSCS* after *commencement* under an *investment business compensation scheme*, even if at the time of application that scheme had otherwise ceased to exist.

*penny share*

**FCA** **PRA**

a *readily realisable security* in relation to which the bid-offer spread is 10 per cent or more of the offer price, but not:

(a) a *government and public security*; or

(b) a *share* in a *company* quoted on The Financial Times Stock Exchange 100 Index; or

(c) a *security* issued by a *company* which, at the time that the firm *deals* or recommends to the *client* to *deal* in the *investment*, has a market capitalisation of £100 million or more (or its equivalent in any other currency at the relevant time).

*pension annuity*

FCA PRA

an *investment* purchased with the sums derived from the vesting (partial or full) of a *pension policy* or *pension contract*, for the purposes of securing the beneficiary's entitlement to immediate or future benefits.

*pension buy-out contract*

FCA PRA

a *pension policy* bought from an *insurer* using funds from:

- (a) a scheme that was approved under Chapter 1 of Part 14 of the Income and Corporation Taxes Act 1988 when that chapter was in force; or
- (b) a scheme that is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

*pension contract*

FCA PRA

a contract under which rights to benefits are obtained by the making of contributions to an *occupational pension scheme* or to a *personal pension scheme*, where the contributions are paid to a *regulated collective investment scheme*.

*pension fund management*

FCA PRA

(in relation to a class of contract of insurance) the class of contract of insurance specified in paragraph VII of Part II of Schedule 1 to the *Regulated Activities Order* (Contracts of long-term insurance) namely:

- (a) pension fund management contracts; and
- (b) pension fund management contracts which are combined with *contracts of insurance* covering either conservation of capital or payment of a minimum interest;

where effected or carried out by a *person* who does not carry on a banking business, and otherwise carries on *insurance business*.

*pension fund management contract*

FCA PRA

(as defined in article 3(1) of the *Regulated Activities Order* (Interpretation)) a contract to manage the *investments* of pension funds (other than funds solely for the benefit of the officers or employees of the *person* effecting or carrying out the contract and their dependants or, in the case of a *company*, partly for the benefit of officers and employees of its subsidiary or holding company or a subsidiary of its holding company and their dependants; in this definition "subsidiary" and "holding company" mean either *subsidiary* and *holding company*, or *subsidiary* and *holding company* defined in accordance with article 4 of the Companies (Northern Ireland) Order 1986 (SI 1986) No 1032 (NI 6)) as amended by article 62 of the Companies (No 2) (Northern Ireland) Order 1990 (SI 1990 No 1504 (NI 10)).

*pension opt-out*

FCA PRA

a transaction, resulting from the decision of a *retail client* who is an individual, to:

- (a) opt out of an *occupational pension scheme*, *group personal pension scheme* or *group stakeholder pension scheme* to which his employer contributes and of which he is a member; or
- (b) decline to become a member of an *occupational pension scheme*, *group personal pension scheme* or *group stakeholder pension scheme* to which his employer contributes and of which he is eligible to join, or will be eligible to join at the end of a waiting period;

in favour of a *stakeholder pension scheme* or *personal pension scheme*.

*pension policy*

FCA PRA

a contract under which a right to benefits results from contributions made to an *occupational pension scheme* or to a *personal pension scheme*, where the contributions are paid to a *long-term insurer*.

*pension scheme*

FCA PRA

a scheme under which a right to benefits results from contributions made under a *pension contract* or *pension policy*.

*pension term assurance policy*

**FCA** **PRA**

a *personal pension policy* which is a *pure protection contract* and in connection with which tax relief is available under Chapter 4 of Part 4 of the Finance Act 2004.

*pension transfer*

**FCA** **PRA**

a transaction, resulting from the decision of a *retail client* who is an individual, to transfer deferred benefits from:

- (a) an *occupational pension scheme*;
- (b) an individual pension contract providing fixed or guaranteed benefits that replaced similar benefits under a *defined benefits pension scheme*; or
- (c) (in the cancellation rules (■ COBS 15)) a *stakeholder pension scheme* or *personal pension scheme*,

to:

- (d) a *stakeholder pension scheme*;
- (e) a *personal pension scheme*; or
- (f) a deferred annuity *policy*, where the eventual benefits depend on investment performance in the period up to the date when those benefits will come into payment.

*pension transfer specialist*

**FCA** **PRA**

an individual appointed by a *firm* to check the suitability of a *pension transfer* or *pension opt-out* who has passed the required examinations as specified in TC.

*pension wrapper*

**FCA** **PRA**

(in the cancellation rules (■ COBS 15)) a *SIPP*, *pension contract* or *personal pension product*.

*per se eligible counterparty*

**FCA** **PRA**

a *client* categorised as a per se eligible counterparty in accordance with ■ COBS 3.6.

*per se professional client*

**FCA** **PRA**

a *client* categorised as a per se professional *client* in accordance with ■ COBS 3.5.

*percentage ratio*

**FCA** **PRA**

(in LR) (in relation to a transaction) the figure, expressed as a percentage, that results from applying a calculation under a *class test* to the transaction.

PERG

**FCA** **PRA**

the Perimeter Guidance manual.

*periodic information*

**FCA** **PRA**

the information identified in the table in ■ COBS 16 Annex 2R R, and if the *client* has not elected to receive *trade confirmation information* on a transaction by

*periodic statement*

FCA PRA

transaction basis under ■ COBS 16.3.3 R, the information identified in column 2 of ■ COBS 16 Annex 1R R.

a report which a *firm* is required to provide to a *client* under ■ COBS 16.3 (Periodic reporting).

*permanent health*

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph IV of Part II of Schedule 1 to the *Regulated Activities Order* (Contracts of long-term insurance), providing specified benefits against risks of persons becoming incapacitated in consequence of sustaining injury as a result of an accident or of an accident of a specified class or of sickness or infirmity, being contracts that:

- (a) are expressed to be in effect for a period of not less than five years, or until the normal retirement age of the persons concerned, or without limit of time; and
- (b) either are not expressed to be terminable by the insurer, or are expressed to be so terminable only in special circumstances mentioned in the contract.

*permanent health reinsurance business*

FCA PRA

*reinsurance* acceptances which are *contracts of insurance* falling within *long-term insurance business class IV*.

*permanent interest bearing shares*

FCA PRA

any shares of a class defined as deferred shares for the purposes of section 119 of the Building Societies Act 1986 which are issued as permanent interest-bearing shares and on terms which qualify them as own funds for the purposes of the *Banking Consolidation Directive*.

*permanent share capital*

FCA PRA

an item of capital that is stated in GENPRU 2.2.83R (Core tier one capital: permanent share capital) to be permanent share capital.

*permission*

FCA PRA

permission to carry on *regulated activities*; that is, any of the following:

- (a) a *Part 4A permission*;
- (b) the permission that an *incoming EEA firm* has, under paragraph 15(1) or paragraph 15A(1), (3) or (4) of Schedule 3 to the *Act* (EEA Passport Rights), on qualifying for *authorisation* under paragraph 12 of that Schedule;
- (c) the permission that an *incoming Treaty firm* has, under paragraph 4(1) of Schedule 4 to the *Act* (Treaty Rights), on qualifying for *authorisation* under paragraph 2 of that Schedule;
- (d) the permission that a *UCITS qualifier* has, under paragraph 2(1) of Schedule 5 to the *Act* (Persons concerned in Collective Investment Schemes);
- (e) the permission that an *ICVC* has, under paragraph 2(2) of Schedule 5 to the *Act* (Persons concerned in Collective Investment Schemes);
- (f) the permission that the Society of Lloyd's has, under section 315(2) of the *Act* (The Society: authorisation and permission), which is to be treated

*permitted activity*

**FCA** **PRA**

as a *Part IV permission* for the purposes of *Part 4A* of the *Act* (Permission to carry on regulated activities) in accordance with section 315(3) of the *Act*.

(1) (except in **■ SUP 13A** and **■ SUP 14**) a *regulated activity* which a *firm* has *permission* to carry on.

(2) (in **■ SUP 13A** and **■ SUP 14**) an activity identified in a consent notice, a regulator's notice or, where none is required, a notice of intention.

*permitted business*

**FCA** **PRA**

(in *UPRU*) means *permitted activity*.

*permitted deposits*

**FCA** **PRA**

in relation to *permitted links*, *deposits* with any of the following:

(a) an *approved credit institution*; or

(b) an *approved financial institution*; or

(c) an *approved investment firm*.

*permitted derivatives contract*

**FCA** **PRA**

in relation to *permitted links*, a contract involving a *derivative* or *quasi-derivative* that satisfies **■ INSPRU 3.2.5 R** to **■ INSPRU 3.2.35A G** with the exception of **■ INSPRU 3.2.18 R**, as applied in relation to assets covering liabilities in respect of *linked long-term* contracts of insurance.

*permitted immovable*

**FCA** **PRA**

any interest in land or buildings which falls within **■ COLL 5.6.18 R (2)** and **■ COLL 5.6.18 R (6)** (Investment in property) and which, being a leasehold interest or its equivalent, has an unexpired term of at least 20 years, but excluding, in relation to an *ICVC*, immovable property that is necessary for the direct pursuit of its business .

*permitted land and property*

**FCA** **PRA**

in relation to *permitted links*, any interest in land (and any buildings situated on it) provided that:

(a) it is considered by the *firm* to be located in a territory with a properly functioning market, indicated by the following criteria:

(i) a lack of artificial barriers, including barriers to foreign ownership and repatriation of capital;

(ii) fair and accurate valuation;

(iii) suitably qualified and independent surveyors;

(iv) accurate financial information;

(v) enforceable contractual and other property rights;

(vi) clarity of taxation;

(vii) availability of reliable economic and property market data;

(viii) ethical transaction standards; and

(b) it is:

(i) owned directly by the *firm*; or

(ii) held in a structure, or a series of structures, that do not pose a materially greater risk to *linked policyholders* than a direct holding; and

(c) it is not geared in excess of 10% of the gross asset value of the *linked fund* excluding any amounts represented by holdings in property detailed in *permitted scheme interests* (b) (i) to (iv). But this percentage restriction does

|  |  |
|--|--|
| <p><i>permitted links</i><br/>FCA PRA</p>            | <p>not apply if the relevant <i>policyholder</i> or trustee or operator acting on behalf of an individual beneficiary requests, directly or indirectly, the <i>firm</i> to hold those investments based on the risk profile and objectives, stipulated by and specific for that individual under an investment management agreement with that individual.</p>  |
| <p><i>permitted loans</i><br/>FCA PRA</p>            | <p>the property in ■ COBS 21.3.1 R that an insurer may use for the purposes of determining <i>property-linked benefits</i> or <i>index-linked benefits</i> under <i>linked long-term</i> contracts of insurance.</p> <p>in relation to <i>permitted links</i>, a loan with any of the following:</p> <ul style="list-style-type: none"> <li>(a) an <i>approved credit institution</i>; or</li> <li>(b) an <i>approved financial institution</i>; or</li> <li>(c) an approved <i>investment firm</i>; or</li> <li>(d) any person, provided that the loan: <ul style="list-style-type: none"> <li>(i) is documented in a written agreement setting out the rate of interest and the amount of, and due dates for, repayments; and</li> <li>(ii) is fully secured by a mortgage or charge on <i>permitted land and property</i> that, if made to someone other than a body corporate, is not used wholly or mainly for domestic purposes.</li> </ul> </li> </ul>  |
| <p><i>permitted scheme interests</i><br/>FCA PRA</p> | <ul style="list-style-type: none"> <li>(a) in respect of a firm's business with <i>institutional linked policyholders</i> only, any of the following: <ul style="list-style-type: none"> <li>(i) a <i>qualified investor scheme</i> or its EEA equivalent;</li> <li>(ii) any <i>unregulated collective investment scheme</i> that invests only in <i>permitted links</i> and publishes its prices regularly;</li> <li>(iii) any of the interests set out in (b)(i) to (b)(iv);</li> </ul> </li> <li>(b) in respect of a firm's business with <i>linked policyholders</i> other than those described in (a), any of the following: <ul style="list-style-type: none"> <li>(i) an <i>authorised fund</i>;</li> <li>(ii) a <i>recognised scheme</i>;</li> <li>(iii) a scheme falling within the <i>UCITS Directive</i>;</li> <li>(iv) a <i>non-UCITS retail scheme</i>;</li> <li>(v) a <i>qualified investor scheme</i> or its EEA equivalent or any <i>unregulated collective investment scheme</i> that invests only in <i>permitted links</i> and publishes its prices regularly, provided that no more than 20% of the gross assets of the <i>linked fund</i> are so invested.</li> </ul> </li> </ul> |
| <p><i>permitted stock lending</i><br/>FCA PRA</p>    | <p>in relation to <i>permitted links</i>, a <i>stock lending</i> transaction (including a <i>repo</i> transaction) that satisfies ■ INSPRU 3.2.36A R to ■ INSPRU 3.2.42 G (inclusive).</p>   |
| <p><i>permitted third party</i><br/>FCA PRA</p>      | <p>a third party who is:</p> <ul style="list-style-type: none"> <li>(a) an <i>authorised person</i>; or</li> <li>(b) an <i>exempt person</i> for whom an <i>authorised person</i> is accepting responsibility; or</li> <li>(c) a <i>person</i> lawfully carrying on a <i>regulated activity</i> in another EEA State.</li> </ul>   |

*permitted units*

**FCA** **PRA**

in relation to *permitted links*, units or beneficial interests in any real or notional fund that invests only in *permitted links* and is managed either:

- (a) wholly by the *insurer*; or
- (b) wholly or partly by:
  - (i) an agent on behalf of the *insurer*; or
  - (ii) a *reinsurer* in relation to a *reinsurance contract* with the *insurer*; for whom the *insurer* retains all responsibility towards its *linked policyholders*.

*permitted unlisted securities*

**FCA** **PRA**

in relation to *permitted links*, means any investment (including a *share*, *debt security*, Treasury Bill, Tax Reserve Certificate or Certificate of Tax Deposit) that is not a *listed security*, but provided always that it is realisable in the short term.

*person*

**FCA** **PRA**

(in accordance with the Interpretation Act 1978) any person, including a body of persons corporate or unincorporate (that is, a natural person, a legal person and, for example, a *partnership*).

*person discharging managerial responsibilities*

**FCA** **PRA**

(in accordance with section 96B(1) of the *Act*):

- (a) a *director* of an *issuer*:
  - (i) registered in the *United Kingdom* that has requested or approved admission of its *shares* to trading on a *regulated market*; or
  - (ii) not registered in the *United Kingdom* or any other *EEA State* but has requested or approved admission of its shares to trading on a *regulated market* and for whom the *United Kingdom* is its *Home Member State* ; or
- (b) a senior executive of such an *issuer* who:
  - (i) has regular access to *inside information* relating, directly or indirectly, to the *issuer*; and
  - (ii) has power to make managerial decisions affecting the future development and business prospects of the *issuer*.

*person exercising significant influence*

**FCA** **PRA**

(in *LR* ) in relation to a *listed company*, a *person* or entity which exercises significant influence over that *listed company* .

*person with whom a relevant person has a family relationship*

**FCA** **PRA**

any of the following:

- (a) the spouse of the *relevant person* or any partner of that person considered by national law as equivalent to a spouse;
- (b) a child or stepchild of the *relevant person*;
- (c) any other relative of the *relevant person* who has shared the same household as that person for at least one year on the date of the personal transaction concerned.

[Note: article 2(7) of the *MiFID implementing Directive*]

*Personal Insurance*

the *former scheme* set up on a voluntary basis and run by the Chartered Institute of Arbitrators to handle complaints against those insurance companies which subscribed to it.

*Arbitration Service*

FCA PRA

*personal investment firm*

FCA PRA

(subject to ■ BIPRU TP 1 (Revised definition of personal investment firm for certain transitional purposes)) a *firm* whose *permitted activities* include *designated investment business*, which is not an *authorised professional firm*, *bank*, *BIPRU investment firm*, *building society*, *credit union*, *energy market participant*, *friendly society*, *ICVC*, *insurer*, *media firm*, *oil market participant*, *service company*, *incoming EEA firm* (without a *top-up permission*), *incoming Treaty firm* (without a *top-up permission*), *UCITS management company* or *UCITS qualifier* (without a *top-up permission*), whose *permission* does not include a *requirement* that it comply with ■ IPRU(INV) 3 (Securities and futures firms) or 5 (Investment management firms), and which is within (a), (b) or (c):

(a) a *firm*:

(i) which was a member of PIA immediately before *commencement*; and

(ii) which was not, immediately before *commencement*, subject to the financial supervision requirements of the FSA (under section 43 of the Financial Services Act 1986), or IMRO or SFA (under lead regulation arrangements);

(b) a *firm* whose *permission* includes a *requirement* that it comply with ■ IPRU(INV) 13 (Personal investment firms);(c) a *firm*:

(i) which was given a *Part 4A permission* after *commencement*, or which was authorised under section 25 of the Financial Services Act 1986 immediately before *commencement* and not a member of IMRO, PIA or SFA; and

(ii) for which the most substantial part of its gross income (including *commissions*) from the *designated investment business* included in its *Part 4A permission* is derived from one or more of the following activities (based, for a *firm* given a *Part 4A permission* after *commencement*, on the business plan submitted as part of the *firm's* application for *permission* or, for a *firm* authorised under section 25 of the Financial Services Act 1986, on the *firm's* financial year preceding its *authorisation* under the Act):

(A) *advising on investments*, *arranging (bringing about) deals in investments* or *making arrangements with a view to transactions in investments*, in relation to *packaged products*;

(B) *managing investments* for *retail clients*.

*personal pension contract*

FCA PRA

a *pension contract* under which contributions (single or regular) are paid to a *personal pension scheme*.

*personal pension deposit*

FCA PRA

a contract under which rights to benefits are obtained by making contributions to a *personal pension scheme* operated by a *deposit-taking firm*.



*personal pension policy*

FCA PRA

a *pension policy* under which contributions (single or regular) are paid to a *personal pension scheme*.

*personal pension product*

FCA PRA

a contract under which rights to benefits are obtained by making contributions to a *personal pension scheme* other than a *personal pension policy*, a *personal pension contract*, a *personal pension deposit* or a *SIPP*.

*personal pension scheme*

FCA PRA

a scheme or arrangement which is not an *occupational pension scheme* or *stakeholder pension scheme* and which is comprised in one or more instruments or agreements having or capable of having effect so as to provide benefits to or in respect of people:

- (a) on retirement; or
- (b) on having reached a particular age; or
- (c) on termination of service in an employment.

*personal projection*

FCA PRA

a *projection* that reflects the terms of a particular contract with, or to be offered to, a particular *client*.

*personal recommendation*

FCA PRA

(except in *CONRED*) a recommendation that is *advice on investments*, or *advice on a home finance transaction* and is presented as suitable for the person to whom it is made, or is based on a consideration of the circumstances of that person.

A recommendation is not a personal recommendation if it is issued exclusively through distribution channels or to the public.

[Note: article 52 of the *MiFID implementing Directive*]

(in *CONRED*) a recommendation which is *advice on investments* and:

- (a) where given on or before 31 October 2007, was given to a specific *person*; or
- (b) where given on or after 1 November 2007, was presented as suitable for the *person* to whom the recommendation was made, or was based on a consideration of the circumstances of that *person*, other than a recommendation issued exclusively through distribution channels or to the public.

*personal transaction*

FCA PRA

a trade in a *designated investment* effected by or on behalf of a *relevant person*, where at least one of the following criteria are met:

- (1) that *relevant person* is acting outside the scope of the activities he carried out in that capacity;
- (2) the trade is carried out for the account of any of the following *persons*:
  - (a) the *relevant person*;
  - (b) the spouse or civil partner of the *relevant person* or any partner of that *person* considered by national law as equivalent to a spouse;
  - (c) a dependent child or stepchild of the *relevant person*;
  - (d) any other relative of the *relevant person* who has shared the same household as that *person* for at least one year on the date of the *personal transaction* concerned;

|                             |   |
|-----------------------------|---|
|                             | (e) any <i>person</i> with whom he has <i>close links</i> ;   |
|                             | (f) a <i>person</i> whose relationship with the <i>relevant person</i> is such that the <i>relevant person</i> has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.   |
|                             | [Note: article 2(7) and article 11 of the <i>MiFID implementing Directive</i> ]   |
| <i>physical commodities</i> | a physical holding of a <i>commodity</i> , or documents evidencing title to a <i>commodity</i> .  |
| <b>FCA</b> <b>PRA</b>       |   |
| <i>PIA</i>                  | the Personal Investment Authority Limited.  |
| <b>FCA</b> <b>PRA</b>       |   |
| <i>PIA Ombudsman scheme</i> | the <i>former scheme</i> set up by <i>PIA</i> under the Financial Services Act 1986 and operated by the PIA Ombudsman Bureau Ltd to handle complaints against members of <i>PIA</i> .   |
| <b>FCA</b> <b>PRA</b>       |   |
| <i>PIBS</i>                 | <i>permanent interest bearing shares</i> .  |
| <b>FCA</b> <b>PRA</b>       |   |
| <i>placing</i>              | (in <i>LR</i> ) a marketing of <i>securities</i> already in issue but not <i>listed</i> or not yet in issue, to specified <i>persons</i> or clients of the <i>sponsor</i> or any securities house assisting in the placing, which does not involve an offer to the public or to existing holders of the <i>issuer's securities</i> generally.   |
| <b>FCA</b> <b>PRA</b>       |   |
| <i>plan investor</i>        | a <i>person</i> entered in the <i>plan register</i> under ■ COLL 6.4.9 R (Plan registers) .   |
| <b>FCA</b> <b>PRA</b>       |   |
| <i>plan manager</i>         | in relation to:   |
| <b>FCA</b> <b>PRA</b>       | (a) [deleted]   |
|                             | (b) a <i>group ISA</i> , the <i>ISA manager</i> ;   |
|                             | (c) a <i>group savings plan</i> , the <i>person</i> primarily responsible for that <i>group savings plan</i> .  |
| <i>plan register</i>        | (1) (in relation to an <i>ICVC</i> ) a record of <i>persons</i> who subscribe to a <i>group plan</i> and for whom <i>shares</i> in the <i>ICVC</i> are held for the purposes of the <i>group plan</i> by the <i>plan manager</i> or a nominee (other than a record for the establishment or maintenance of which no payments are to be made out of the <i>scheme property</i> ).  |
| <b>FCA</b> <b>PRA</b>       | (2) (in relation to an <i>AUT</i> ) a sub- <i>register</i> to the <i>register</i> , which sub- <i>register</i> records <i>persons</i> who subscribe to a <i>group plan</i> and for whom <i>units</i> in the <i>AUT</i> are held for the purposes of the plan by the <i>plan manager</i> or a nominee (other than any sub- <i>register</i> that has not been established and maintained in accordance with ■ COLL 6.4.4 R ( Register: general requirements and contents) or for the establishment of which no payments are to be made out of the <i>scheme property</i> ). |
| <i>plastic card</i>         | a card, or a token with an equivalent function, which a <i>customer</i> can use to pay for goods and services, or to obtain cash or both, such as a credit card, charge card, debit card, cash card or electronic purse.  |
| <b>FCA</b> <b>PRA</b>       |   |

platform  
service

FCA PRA

a service which:

- (a) involves *arranging* and *safeguarding and administering assets*; and
- (b) distributes *retail investment products* which are offered to *retail clients* by more than one product provider;

but is neither:

- (c) solely paid for by *adviser charges*; nor
- (d) ancillary to the activity of *managing investments* for the *retail client*.

a *firm* providing a *platform service*.

platform  
service  
provider

FCA PRA

PLC  
Safeguards  
Directive

FCA PRA

the Second Council Directive of 13 December 1976 on coordination of safeguards for the protection of the interests of members and others in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent (No 77/91/EEC).

plus factor

FCA PRA

(in ■ BIPRU 7.10 (Use of a value at risk model)) an increase to the *minimum multiplication factor* based on *backtesting exceptions* as more fully defined in ■ BIPRU 7.10.124 R (Capital calculations: Multiplication factors).

policy

FCA PRA

(as defined in article 2 of the Financial Services and Markets Act 2000 (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361)) as the context requires:

- (a) a *contract of insurance*, including one under which an existing liability has already accrued; or
- (b) any instrument evidencing such a contract.

policy  
summary

FCA PRA

a summary of a *non-investment insurance contract* in the format and containing the information specified in ■ ICOBS 6 Annex 2.

policyholder

FCA PRA

(as defined in article 3 of the Financial Services and Markets Act 2000 (Meaning of "Policy and "Policyholder") Order 2001 (SI 2001/2361)) the *person* who for the time being is the legal holder of the *policy*, including any *person* to whom, under the *policy*, a sum is due, a periodic payment is payable or any other benefit is to be provided or to whom such a sum, payment or benefit is contingently due, payable or to be provided.

policyholder  
advocate

FCA PRA

the *person* appointed under ■ COBS 20.2.42 R to negotiate with a *firm* on its proposals for making a *retribution* of its *inherited estate*.

port

PAGE  
P19

means, in respect of the assets and positions recorded in a *client transaction account* that is an *individual client account* or an *omnibus client account* at an *authorised central counterparty*, action taken by that *authorised central counterparty* to transfer those assets and positions in accordance with article 48 of *EMIR* to another clearing member designated by the individual *client* (in the case of an *individual client account*) or designated by all of the *clients* for whom the account is held (in the case of an *omnibus client account*).

|   |  |
|---|--|
| <p><i>portfolio management</i><br/>FCA PRA</p>          | <p>managing portfolios in accordance with mandates given by <i>clients</i> on a discretionary <i>client-by-client</i> basis where such portfolios include one or more <i>financial instruments</i>.</p> <p>[Note: article 4(1)(9) of <i>MiFID</i>]</p>   |
| <p><i>portfolio trade</i><br/>FCA PRA</p>               | <p>a transaction in more than one security where those securities are grouped and traded as a single lot against a specific reference price.</p> <p>[Note: article 2(6) of the <i>MiFID Regulation</i>]</p>  |
| <p>POS<br/><i>Regulations</i><br/>FCA PRA</p>           | <p>the Public Offers of Securities Regulations 1995 (SI 1995/1537).</p>  |
| <p><i>position</i><br/>FCA PRA</p>                      | <p>(in accordance ■ BIPRU 1.2.4 R (Definition of the trading book: Positions)) includes proprietary positions and positions arising from client servicing and market making.</p>   |
| <p><i>position risk adjustment</i><br/>FCA PRA</p>      | <p>a percentage applied to a <i>position</i> as part of the process of calculating the <i>PRR</i> in relation to that <i>position</i> as set out in the tables in ■ BIPRU 7.2.44 R (Specific risk position risk adjustments), ■ BIPRU 7.2.57 R (General market risk position risk adjustments), ■ BIPRU 7.3.30 R (Simplified equity method position risk adjustments), ■ BIPRU 7.3.34 R (Position risk adjustments for specific risk under the standard equity method) and ■ BIPRU 7.6.8 R (The appropriate position risk adjustment) and also as set out in ■ BIPRU 7.2.48A R to ■ BIPRU 7.2.48L R.</p> |
| <p><i>position risk requirement</i><br/>FCA PRA</p>     | <p>a capital requirement applied to a position treated under ■ BIPRU 7 (Market risk) as part of the calculation of the <i>market risk capital requirement</i> or, if the relevant provision of the <i>Handbook</i> distinguishes between <i>general market risk</i> and <i>specific risk</i>, the portion of that capital requirement with respect to whichever of <i>general market risk</i> or <i>specific risk</i> is specified by that provision.</p>  |
| <p><i>post</i><br/>FCA PRA</p>                          | <p>(in relation to sending a <i>document</i> by post) sending pre-paid by a postal service which seeks to deliver <i>documents</i> by post within the <i>United Kingdom</i> no later than the next working day in all or the majority of cases, and to deliver by post outside the <i>United Kingdom</i> within such a period as is reasonable in all the circumstances.</p>   |
| <p><i>Post-BCCI Directive</i><br/>FCA PRA</p>           | <p>the European Parliament and Council Directive of 29 June 1995 amending certain directives with a view to reinforcing prudential supervision (No 95/26/EC).</p>  |
| <p><i>potential tier one instrument</i><br/>FCA PRA</p> | <p>an item of capital that falls into GENPRU 2.2.62R (Tier one capital: General) .</p>   |
| <p><i>power of intervention</i><br/>FCA PRA</p>         | <p>the power conferred on the <i>FCA</i> or the <i>PRA</i> under section 196 of the <i>Act</i> (The Power of Intervention) to impose a requirement on an <i>incoming firm</i>.</p>   |
| <p>PPFM<br/>FCA PRA</p>                                 | <p><i>Principles and Practices of Financial Management</i>.</p>  |

PPFM  
guidance table

**FCA** **PRA**

the table in ■ COBS 20.3.8 G (Guidance on with-profits principles and practices).

PPFM issues  
table

**FCA** **PRA**

The table in ■ COBS 20.3.6 R (Issues to be covered in PPFM).

PR

**FCA** **PRA**

the Prospectus Rules sourcebook.

PRA

**FCA** **PRA**

Prudential Regulation Authority.

PRA chief  
executive  
function

**FCA** **PRA**

(in the *FCA Handbook*) PRA controlled function CF3 in the table of PRA controlled functions.

PRA controlled  
function

**FCA** **PRA**

a controlled function which is specified by the PRA under section 59 of the Act (Approval for particular arrangements) in the table of PRA controlled functions.

PRA director  
function

**FCA** **PRA**

(in the *FCA Handbook*) PRA controlled function CF1 in the table of PRA controlled functions.

PRA governing  
function

**FCA** **PRA**

any of the PRA controlled functions CF1 to CF6 in the table of PRA controlled functions.

PRA  
Handbook

**FCA** **PRA**

the PRA's Handbook of rules and guidance.

PRA required  
functions

**FCA** **PRA**

any of the PRA controlled functions CF12 to CF12B in the table of PRA controlled functions.

PRA's SCV  
requirements

**FCA** **PRA**

(in COMP) the PRA's requirements with respect to *single customer view*.

PRA-approved  
person

**FCA** **PRA**

an approved person in relation to whom the PRA has given its approval under section 59 of the Act (Approval for particular arrangements) for the performance of a PRA controlled function.

|   |  |
|---|--|
| <p><i>PRA-authorised person</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>as defined in section 2B(5) of the <i>Act</i>, an <i>authorised person</i> who has permission:</p> <ul style="list-style-type: none"> <li>(a) given under Part 4A of the <i>Act</i>; or</li> <li>(b) resulting from any other provision of the <i>Act</i>;</li> </ul> <p>to carry on <i>regulated activities</i> that consist of or include one or more <i>PRA-regulated activities</i>.</p>  |
| <p><i>PRA-regulated activity</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>a <i>regulated activity</i> specified in an order made under section 22A of the <i>Act</i> or specified pursuant to a power granted in such an order.</p>   |
| <p><i>precious metals</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>(in <i>COLL</i>) gold, silver or platinum.</p>  |
| <p><i>predecessor scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>     | <p>any of the following:</p> <ul style="list-style-type: none"> <li>(a) The Office of the Banking Ombudsman;</li> <li>(b) The Office of the Building Societies Ombudsman;</li> <li>(c) The Insurance Ombudsman Bureau;</li> <li>(d) The Office of the Investment Ombudsman;</li> <li>(e) The Personal Investment Authority Ombudsman Bureau;</li> <li>(f) The Personal Insurance Arbitration Service;</li> <li>(g) The Securities and Futures Authority Complaints Bureau and Arbitration Service;</li> <li>(h) The FSA Complaints Unit and Independent Investigator.</li> </ul>   |
| <p><i>preference share</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>a <i>share</i> conferring preference as to income or return of capital which does not form part of the <i>equity share capital</i> of a <i>company</i>.</p>   |
| <p><i>preliminary charge</i></p> <p><b>FCA</b> <b>PRA</b></p>     | <p>a <i>charge</i> upon a <i>sale of units</i> by an <i>authorised fund manager</i> whether or not acting as <i>principal</i>.</p>   |
| <p><i>premium</i></p> <p><b>FCA</b> <b>PRA</b></p>                | <p>(1) (except in <i>ICOBS</i> and <b>■</b> <i>CASS 5</i>) (in relation to a <i>general insurance contract</i>) the consideration payable under the contract by the <i>policyholder</i> to the <i>insurer</i>.</p> <p>(2) (except in <i>ICOBS</i> and <b>■</b> <i>CASS 5</i>) (in relation to a <i>long-term insurance contract</i>) the consideration payable under the contract by the <i>policyholder</i> to the <i>insurer</i> ; (except in <b>■</b> <i>SUP 16.8</i> (Persistency reports from insurers)) a premium is a regular premium if it is one of a series of payments under the contract:</p> <ul style="list-style-type: none"> <li>(a) <ul style="list-style-type: none"> <li>(i) which are payable on dates that are certain or ascertainable at the time the contract is made;</li> <li>(ii) which are payable over a period that exceeds one year in length; and</li> </ul> </li> </ul> |

(iii) assuming the *policy* evidencing the contract is not surrendered or otherwise terminated before the *premiums* fall due, will fall due on those dates without either party to the contract exercising any option under the contract; or

(b) of which the first payment is an obligation under the contract, and subsequent payments, calculated according to an agreed formula, are payable over a period which exceeds one year in length under a collateral written arrangement with the *insurer* or *friendly society*.

(2A) (in ICOBS and ■ CASS 5) as in (1) and (2) except that '*insurance undertaking*' is substituted for '*insurer*' (except where '*insurer*' is used in the heading to ■ SUP 16.8).

(3) (in relation to an *option*) the total amount which the purchaser of the *option* is, or may be, required to pay in consideration for the right to exercise the *option*.

*premium listing*

FCA PRA

(a) in relation to *equity shares* (other than those of a *closed-ended investment fund* or of an *open-ended investment company*), means a *listing* where the *issuer* is required to comply with those requirements in ■ LR 6 (Additional requirements for premium listing (commercial company)) and the other requirements in the *listing rules* that are expressed to apply to such *securities* with a *premium listing*;

(b) in relation to *equity shares* of a *closed-ended investment fund*, means a *listing* where the *issuer* is required to comply with those requirements in ■ LR 15 (Closed-Ended Investment Funds: Premium listing) and other requirements in the *listing rules* that are expressed to apply to such *securities* with a *premium listing*;

(c) in relation to *equity shares* of an *open-ended investment company*, means a *listing* where the *issuer* is required to comply with ■ LR 16 (Open-ended investment companies: Premium listing) and other requirements in the *listing rules* that are expressed to apply to such *securities* with a *premium listing*.

*premium listing (commercial company)*

FCA PRA

a *premium listing* of *equity shares* (other than those of a *closed-ended investment fund* or of an *open-ended investment company*).

*premium listing (investment company)*

FCA PRA

a *premium listing* of *equity shares* of a *closed-ended investment fund* or of an *open-ended investment company*.

*premiums amount*

FCA PRA

(for the purposes of INSPRU 1.1 ), an amount, as defined in INSPRU 1.1.45R, used in the calculation of the *general insurance capital requirement*.

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*prescribed asset share methodology*

FCA PRA

the methodology described in ■ COBS 20.2.5 R for assessing maturity payments by reference to unsmoothed asset shares.

*prescribed auction platform*

FCA PRA

an auction platform which has been prescribed by the Treasury in the *Prescribed Markets and Qualifying Investments Order*.

*prescribed market*

FCA PRA

a market which has been prescribed by the Treasury in the *Prescribed Markets and Qualifying Investments Order*

*Prescribed Markets and Qualifying Investments Order*

FCA PRA

the Financial Services and Markets Act 2000 (Prescribed Markets and Qualifying Investments) Order 2001 (SI 2001/996).

*prescribed pricing basis*

FCA PRA

(in relation to a *derivative contract*, or *quasi-derivative contract*), the pricing basis set out in ■ IPRU(INS) 4.12R(8) (Derivative contracts) as that rule was in force on 30 December 2004 .

*previous regulator*

FCA PRA

(1) (in relation to a *firm* which was authorised under the Banking Act 1987 immediately before *commencement* or which was a European institution (as defined in the Banking Coordination (Second Council Directive) Regulations 1992) immediately before *commencement* ) the FSA.

(2) (in relation to a *firm* which was a *building society* immediately before *commencement*) the *Building Societies Commission*.

(3) (in relation to a *firm* which was a *friendly society* immediately before *commencement*) the *Friendly Societies Commission*.

(4) (in relation to a *firm* authorised under the Insurance Companies Act 1982 immediately before *commencement*) the Treasury.

(5) (in relation to an *underwriting agent* which obtained the *permission* relevant to that category under the Financial Services and Markets Act 2000 (Repeals, Transitional Provisions and Savings) Order 2001 (SI 2001/2636)) the *Society of Lloyd's*.

(6) (in relation to a *firm* which was authorised, or which was an *appointed representative* , under the Financial Services Act 1986 immediately before *commencement* or which was a European investment firm (as defined in the Investment Services Regulations 1995 (SI 1995/3275)) immediately before *commencement* ) any of:

- (a) IMRO;
- (b) PIA;
- (c) SFA;
- (d) a *recognised professional body*; and
- (e) the FSA;

if the *firm* (or, if relevant, its principal for the purposes of section 44 of the Financial Services Act 1986) was subject in carrying on business to the rules, requirements, regulations or guidance of that body.

(7) (in relation to an *ex-section 43 firm* ) the FSA.



|  |   |
|--|---|
| <p>(8) (in relation to a <i>firm</i> which was authorised under the <i>Act</i> immediately before 1 April 2013) the <i>FSA</i>.</p>  |   |
| <p><i>price</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                     | <p>(in <i>COLL</i>)<br/>                 (in relation to a <i>unit</i> in an <i>authorised fund</i>) the price of the <i>unit</i> calculated in accordance with <span style="color: #000080;">■</span> <i>COLL</i> 6.3 (Valuation and pricing).</p>   |
| <p><i>price information</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>         | <p>(in <i>MCOB</i> ) information, in a <i>financial promotion</i> , that relates to:</p> <ul style="list-style-type: none"> <li>(a) any rate of charge; or</li> <li>(b) the presence or absence of any payments, fees or charges (other than the fees for advising on or <i>arranging a regulated mortgage contract</i> as required by <span style="color: #000080;">■</span> <i>MCOB</i> 3.6.27 R); or</li> <li>(c) the amount, frequency or number of any payments, repayments, fees or charges; or</li> <li>(d) any monetary amounts.</li> </ul>   |
| <p><i>price stabilising rules</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>   | <p>the <i>rules</i> made under section 137Q of the <i>Act</i>, and appearing in <span style="color: #000080;">■</span> <i>MAR</i> 2.1 to <span style="color: #000080;">■</span> <i>MAR</i> 2.4 , together with any other provisions available for their interpretation.</p>   |
| <p><i>primary information provider</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span></p>  | <p>a <i>person</i> approved by the <i>FCA</i> under section 89P of the <i>Act</i>.</p>  |
| <p><i>primary pooling event</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>     | <p>(1) [deleted]<br/>                 (2) (in <span style="color: #000080;">■</span> <i>CASS</i> 5) an event that occurs in the circumstances described in <span style="color: #000080;">■</span> <i>CASS</i> 5.6.5 R (Failure of the authorised firm: primary pooling event).<br/>                 (3) (in <span style="color: #000080;">■</span> <i>CASS</i> 7 and <span style="color: #000080;">■</span> <i>CASS</i> 7A) an event that occurs in the circumstances described in <span style="color: #000080;">■</span> <i>CASS</i> 7A.2.2 R (Failure of the authorised firm: primary pooling event).</p> |
| <p><i>prime brokerage agreement</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>an agreement between a <i>prime brokerage firm</i> and a <i>client</i> for <i>prime brokerage services</i>.</p>  |
| <p><i>prime brokerage firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>      | <p>a <i>firm</i> that provides <i>prime brokerage services</i> to a <i>client</i> and which may do so acting as <i>principal</i>.</p>   |
| <p><i>prime brokerage services</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>  | <p>a package of services provided under a <i>prime brokerage agreement</i> which gives a <i>prime brokerage firm</i> a right to use <i>safe custody assets</i> for its own account and which comprises each of the following:</p> <ul style="list-style-type: none"> <li>(a) <i>custody</i> or <i>arranging safeguarding and administration of assets</i>;</li> <li>(b) clearing services; and</li> <li>(c) financing, the provision of which includes one or more of the following:                         <ul style="list-style-type: none"> <li>(i) capital introduction;</li> </ul> </li> </ul>        |

**PRIN****FCA PRA**

- (ii) margin financing;
- (iii) *stock lending*;
- (iv) stock borrowing;
- (v) entering into repurchase or reverse repurchase transactions;

and which, in addition, may comprise consolidated reporting and other operational support.

the part of the *Handbook* in High Level Standards that has the title Principles for Businesses.

**principal****FCA PRA**

(1) in relation to a *person* :

- (a) a *person* acting on his own account;
- (b) (if the *person* is an *appointed representative* or, where applicable, a *tied agent* ) the *authorised person* who is party to a contract with the *appointed representative*, or who is responsible for the acts of the *tied agent*, resulting in him being exempt under section 39 of the *Act* (Exemption of appointed representatives).

(2) in relation to an *option* , *future* or forward contract:

- (a) (except in the case of an *option* on a *future* ) the amount of property or the value of the property which must be delivered in order to satisfy settlement of the *option* , *future* or forward contract;
- (b) (in relation to an *option* on a *future* ) the amount of property or the value of the property which must be delivered in order to satisfy settlement of the *future* .

**Principle****FCA PRA**

one of the Principles set out in ■ **PRIN 2.1.1 R** (Principles for Businesses).

**Principles and Practices of Financial Management****FCA PRA**

the Principles and Practices of Financial Management, containing *with-profits principles* and *with-profits practices*, which a *firm* carrying on *with-profits business* must establish, maintain and record under ■ **COBS 20.3** (Principles and Practices of Financial Management).

**priority debt****FCA PRA**

(in *BCOBS*) an obligation on the part of a *consumer* to make a payment:

- (a) where the remedies for a breach of that obligation potentially include seeking possession of, or seeking to exercise a power of sale in respect of:
  - (i) the sole or main residence of the *consumer* (for example, an obligation to pay secured by a mortgage or charge in respect of land, an obligation to pay rent under a tenancy, or an obligation to make payment under a licence to occupy land); or
  - (ii) the *consumer's* essential goods or services (for example, an obligation to pay under a hire purchase, conditional sale or hire agreement that relates to, or an obligation to pay secured by a charge on, the *consumer's* cooker, refrigerator, or the means to travel to work); or
- (b) where that obligation arises out of an order of the court, an Act or secondary legislation (for example, an obligation to pay council tax, child support maintenance, income tax or court fines); or

*private customer*

FCA PRA

(c) where that obligation arises under a contract for the provision of utility supplies (for example, water, gas or electricity).

(for the purposes only of ■ COBS TP 1 (Transitional Provisions in relation to Client Categorisation)):

(1) (except in ■ COB 3, ■ COB 4.2 and ■ COB 6.4) subject to (h), a *client* who is not a market counterparty or an *intermediate customer*, including:

- (a) an individual who is not a *firm* ;
- (b) an overseas individual who is not an *overseas financial services institution*;
- (c) [deleted]
- (d) (except for the purposes of *DISP*) a *client* when he is classified as a *private customer* in accordance with ■ COB 4.1.14 R (Client classified as a private customer);
- (e) a *person* to whom a *firm* gives *basic advice* ;
- (f) (in ■ COB 6.1 to ■ 6.5) where the *regulated activity* (except for a personal recommendation relating to a contribution to a *CTF* ) relates to a *CTF* and there is no *registered contact* , the *person* to whom the statement must be sent in accordance with Regulation 10 of the *CTF* Regulations;
- (g) (in ■ COB 6.7) where the *regulated activity* (except for a personal recommendation relating to a contribution to a *CTF*) relates to a *CTF* and there is no *registered contact*, the child, via the person to whom the statement must be sent in accordance with Regulation 10 of the *CTF* Regulations;
- (h) a *client* who would otherwise be excluded as a market counterparty or *intermediate customer* if the *client* is within (e), (f) or (g);

but excluding a *client* , who would otherwise be a *private customer*:

- (i) when he is classified as an *intermediate customer* in accordance with ■ COB 4.1.9 R (Expert private customer classified as an intermediate customer); or
- (ii) when the *regulated activity* relates to a *CTF* , any *person* other than (e), (f), (g) or (h).

(2) (in ■ COB 3) a *person* in (1) or a *person* excluded under (1)(h)(ii) or a *person* who would be such a *person* if he were a *client*. (in ■ COB 4.2 and 6.1 to 6.5) a *person* in (1) and, in relation to the conclusion of a *distance contract* , a *consumer*.

(3) (in ■ COB 4.2 and ■ 6.1 to ■ 6.5) a *person* in (1) and, in relation to the conclusion of a *distance contract*, a *consumer*.

*private person*

FCA PRA

(as defined in article 3 of the Financial Services and Markets Act 2000 (Rights of Action) Regulations 2000 (SI 2001/2256)):

(a) any individual, unless he suffers the loss in question in the course of carrying on:

- (i) any *regulated activity*; or
- (ii) any activity which would be a *regulated activity* apart from any exclusion made by article 72 of the *Regulated Activities Order* (Overseas persons); and

(b) any *person* who is not an individual, unless he suffers the loss in question in the course of carrying on business of any kind;

but not including a government, a local authority (in the *United Kingdom* or elsewhere) or an international organisation; for the purposes of (a), an individual who suffers loss in the course of *effecting or carrying out contracts of insurance* written at Lloyd's is not to be taken to suffer loss in the course of carrying on a *regulated activity*; in this definition:

(A) "government" means:

(I) the government of the *United Kingdom*; or

(II) the Scottish Administration; or

(III) the Executive Committee of the Northern Ireland Assembly; or

(IV) the National Assembly for Wales; or

(V) the government of any country or territory outside the *United Kingdom*;

(B) "international organisation" means any international organisation the members of which include the *United Kingdom* or any other State;

(C) "local authority", in relation to the *United Kingdom*, means:

(I) in England and Wales, a local authority as defined in the Local Government Act 1972, the Greater London Authority, the Common Council of the City of London or the Council of the Isles of Scilly;

(II) in Scotland, a local authority as defined in the Local Government (Scotland) Act 1973; and

(III) in Northern Ireland, a district council as defined in the Local Government Act (Northern Ireland) 1972.

probability of default

FCA PRA

(in accordance with Article 4(25) of the *Banking Consolidation Directive* (Definitions)) the probability of default of a counterparty over a one year period; for the purposes of the *IRB approach*, default has the meaning in the definition of *default*.

probable reserves

FCA PRA

(in *LR*):

(a) in respect of mineral companies primarily involved in the *extraction* of oil and gas resources, those reserves which are not yet proven but which, on the available evidence and taking into account technical and economic factors, have a better than 50% chance of being produced; and

(b) in respect of mineral companies other than those primarily involved in the *extraction* of oil and gas resources, those measured and/or indicated mineral resources, which are not yet proven but of which detailed technical and economic studies have demonstrated that *extraction* can be justified at the time of the determination and under specified economic conditions.

procuration fee

FCA PRA

the total amount paid by a *home finance provider* to a *home finance intermediary*, whether directly or indirectly, in connection with providing applications from *customers* to enter into *home finance transactions* with that *home finance provider*.

product provider

FCA PRA

a *firm* which is:

(i) a *long-term insurer*;

(ii) a *friendly society*;

(iii) the *operator* of a *regulated collective investment scheme* or an *investment trust savings scheme*; or

(iv) the *operator* of a *personal pension scheme* or *stakeholder pension scheme*.

PROF

FCA PRA

the Professional Firms sourcebook.

*professional client*

FCA PRA

a *client* that is either a *per se professional client* or an *elective professional client* (see ■ COBS 3.5.1 R).

[Note: article 4(1)(12) of *MiFID*].

*professional firm*

FCA PRA

a *person* which is:

(a) an individual who is entitled to practise a profession regulated by a *designated professional body* and, in practising it, is subject to its rules, whether or not he is a member of that body; or

(b) a *person* (not being an individual) which is controlled or managed by one or more such individuals.

*profit and loss figure*

FCA PRA

(in ■ BIPRU 7.10 (Use of a value at risk model) and in relation to a *business day*) a *firm's* actual profit or loss for that day in respect of the trading activities within the scope of the *firm's VaR model permission*, adjusted by stripping out specified items, as more fully defined in ■ BIPRU 7.10.100 R (Backtesting: Calculating the profit and loss).

*profit estimate*

FCA PRA

(in *PR* and *LR*) (as defined in the *PD Regulation*) a profit forecast for a financial period which has expired and for which results have not yet been published.

*profit forecast*

FCA PRA

(in *PR* and *LR*) (as defined in the *PD Regulation*) a form of words which expressly states or by implication indicates a figure or a minimum or maximum figure for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that period, or contains data from which a calculation of such a figure for future profits or losses may be made, even if no particular figure is mentioned and the word "profit" is not used.

*programme*

FCA PRA

(in *RCB*) (as defined in Regulation 1(2) of the *RCB Regulations*) issues, or series of issues, of *covered bonds* which have substantially similar terms and are subject to a framework contract or contracts.

*prohibited period*

FCA PRA

(in *LR*) as defined by paragraph 1(e) of the *Model Code*.

*prohibition order*

FCA PRA

an order made under section 56 of the *Act* (Prohibition orders) which prohibits an individual from performing a specified function, any function falling within a specified description or any function.

*projection*

FCA PRA

a projection of the amount of any future benefit payable under a contract or *policy*, being a benefit the amount of which is not ascertainable under the terms of the contract or *policy* when the calculation is made.

*projection date*

FCA PRA

the date to which the *projection* is made.

*projection period*

**FCA** **PRA**

(in COBS) the period covered by a *standardised deterministic projection*, which begins on the date the investment is reasonably expected to be made and ends on the *projection date* described in paragraph 2.1 of

■ COBS 13 Annex 2.

*property*

**FCA** **PRA**

(in LR) freehold, heritable or leasehold property.

*property authorised investment fund*

**FCA** **PRA**

an *open-ended investment company* to which Part 4A of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964) applies.

*property collective investment undertaking*

**FCA** **PRA**

(in PR) (as defined in the *PD Regulation*) a collective investment undertaking whose investment objective is the participation in the holding of property in the long term.

*property company*

**FCA** **PRA**

(in LR) a *company* primarily engaged in *property* activities including:

- (a) the holding of *properties* (directly or indirectly) for letting and retention as investments;
- (b) the development of *properties* for letting and retention as investments;
- (c) the purchase and development of *properties* for subsequent sale;
- (d) the purchase of land for development *properties* for retention as investments.

*property enterprise trust*

**FCA** **PRA**

an *unregulated collective investment scheme* of which the underlying assets are land and buildings.

*property fund*

**FCA** **PRA**

- (a) a *regulated collective investment scheme* dedicated to land and interests in land;
- (b) a fund of funds of which one or more of the funds to which it is dedicated falls within (a);
- (c) a constituent part of an umbrella fund which, if it were a separate fund, would fall within (a).

*property valuation report*

**FCA** **PRA**

(in LR ) a *property* valuation report prepared by an independent expert in accordance with:

- (1) for an *issuer* incorporated in the *United Kingdom*, the Channel Islands or the Isle of Man, the Appraisal and Valuation Standards (5th edition) issued by the Royal Institution of Chartered Surveyors; or
- (2) for an *issuer* incorporated in any other place, either the standards referred to in paragraph (1) or the International Valuation Standards (7th edition) issued by the International Valuation Standards Committee.

*property-linked assets*

in relation to an *insurer*, *long-term insurance assets* that are, for the time being, identified in the records of the *insurer* as being assets by reference to the value of which *property-linked benefits* are to be determined.

FCA PRA

*property-linked benefits*

benefits other than *index-linked benefits* provided for under a *linked long-term contract of insurance*.

FCA PRA

*property-linked liabilities*

insurance liabilities in respect of *property-linked benefits*.

FCA PRA

*proportional reinsurance treaty*

a reinsurance treaty under which a pre-determined proportion of each *claim* payment by the cedant under *policies* subject to the treaty is recoverable from the *reinsurer*; *non-proportional reinsurance treaty* is construed accordingly.

FCA PRA

*proprietary trader*

(in ■ SUP 10 (Approved Persons) and APER) a *person* (A) whose responsibilities include committing another *person* (B) as part of B's *proprietary trading*.

FCA PRA

*proprietary trading*

(in ■ SUP 10 (Approved Persons) and APER) *dealing in investments as principal* as part of a business of trading in *specified investments*. For these purposes *dealing in investments as principal* includes any activities that would be included but for the exclusion in Article 15 (Absence of holding out) or Article 16 (Dealing in contractually based investments) of the *Regulated Activities Order*.

FCA PRA

*prospectus*

(1) (in LR and PR and FEES) a *prospectus* required under the *prospectus directive*.

(2) (except in LR and PR) (in relation to a *collective investment scheme*) a document containing information about the *scheme* and complying with the *requirements* in ■ COLL 4.2.5 R (Table: contents of the prospectus), ■ COLL 8.3.4 R (Table: contents of qualified investor scheme prospectus) or ■ COLL 9.3.2 R (Additional information required in the prospectus for an application under section 272) applicable to a *prospectus* of a *scheme* of the type concerned.

FCA PRA

*Prospectus Directive*

the Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (No 2003/71/EC).

FCA PRA

*Prospectus Rules*

(as defined in section 73A(4) of the Act) *rules* expressed to relate to *transferable securities*.

FCA PRA

*protected claim*

a *claim* which is covered by the *compensation scheme*, as defined in ■ COMP 5.2.1 R.

FCA PRA

*protected contract of insurance*

a *contract of insurance* which is covered by the *compensation scheme*, as defined in ■ COMP 5.4.1 R.

FCA PRA

*protected deposit*

FCA PRA

a *deposit* which is covered by the *compensation scheme*, as defined in ■ COMP 5.3.1 R.

*protected dormant account*

FCA PRA

a *dormant account* which is covered by the *compensation scheme*, as defined in COMP 5.3.2R.

*protected home finance mediation*

FCA PRA

activities in relation to *home finance transactions* which are covered by the *compensation scheme*, as defined in ■ COMP 5.6.1 R.

*protected investment business*

FCA PRA

*designated investment business* which is covered by the *compensation scheme*, as defined in ■ COMP 5.5.1 R.

*protected items*

FCA PRA

(as defined in section 413 of the *Act* (Protected items)) communications (and items which they enclose or refer to and which are in the possession of a *person* entitled to possession of them) between:

- (a) a professional legal adviser and his client or any *person* representing his client; or
- (b) a professional legal adviser, his client or any *person* representing his client and any other *person*;

where the communication or the item is made:

- (i) in connection with the giving of legal advice to the client; or
- (ii) in connection with, or in contemplation of, legal proceedings and for the purposes of those proceedings; and

is not held with the intention of furthering a criminal purpose.

*protected non-investment insurance mediation*

FCA PRA

*insurance mediation activities* which are covered by the *compensation scheme*, as defined in ■ COMP 5.7.1 R.

*protection buyer*

FCA PRA

(in relation to a credit derivative and in accordance with paragraph 8 of Annex I of the *Capital Adequacy Directive* (Calculating capital requirements for position risk)) the *person* who transfers credit risk.

*protection seller*

FCA PRA

(in relation to a credit derivative and in accordance with paragraph 8 of Annex I of the *Capital Adequacy Directive* (Calculating capital requirements for position risk)) the *person* who assumes the credit risk.



*proven reserves*

FCA PRA

(in LR):

(a) in respect of mineral companies primarily involved in the *extraction* of oil and gas resources, those reserves which, on the available evidence and taking into account technical and economic factors, have a better than 90% chance of being produced; and

(b) in respect of mineral companies other than those primarily involved in the *extraction* of oil and gas resources, those measured mineral resources of which detailed technical and economic studies have demonstrated that *extraction* can be justified at the time of the determination, and under specified economic conditions.

*providing information in relation to a specified benchmark*

FCA

The *regulated activity*, specified in article 63O(1)(a) of the *Regulated Activities Order*, which in summary means making *benchmark submissions*.

*providing qualifying credit*

FCA PRA

the *controlled activity*, specified in paragraph 10 of Schedule 1 to the *Financial Promotion Order*, of providing *qualifying credit*.

*proxy capital resources requirement*

FCA PRA

the *minimum capital requirement* to which an *undertaking* would have been subject if it had *permission* for each activity it carries on anywhere in the world, so far as that activity is a *regulated activity*.

PRR

FCA PRA

*position risk requirement*.

PRR charge

FCA PRA

one of the following:

- (a) the *interest rate PRR*;
- (b) the *equity PRR*;
- (c) the *commodity PRR*;
- (d) the *foreign currency PRR*;
- (e) the *option PRR*;
- (f) the *collective investment undertaking PRR*; and
- (g) (if the context requires) the *model PRR*.

*PRR identical product netting rules*

FCA PRA

the following:

- (a) ■ BIPRU 7.2.37 R (Deriving the net position in each debt security: Netting positions in the same debt security);
- (b) ■ BIPRU 7.2.40 R (Deriving the net position in each debt security: Netting zero-specific-risk securities with different maturities);
- (c) ■ BIPRU 7.3.23 R (Deriving the net position in each equity);
- (d) ■ BIPRU 7.4.20 R and ■ BIPRU 7.4.22 R (Calculating the PRR for each commodity: General);

*PRR item*

FCA PRA

(e) ■ BIPRU 7.5.19 R (1) (Open currency position); and

(f) the obligation under ■ BIPRU 7.5.20 R (Net gold position) to calculate a separate *foreign exchange PRR* charge for gold).

a *commodity* or a *CRD financial instrument*.

*PRU*

FCA PRA

the Integrated Prudential Sourcebook

*prudential context*

FCA PRA

(1) For the *FCA*, in relation to activities carried on by a *firm*, the context in which the activities have, or might reasonably be regarded as likely to have, a negative effect on:

(a) the integrity of the *UK financial system*; or

(b) the ability of the *firm* to meet either:

(i) the "fit and proper" test in *threshold condition 5* (Suitability); or

(ii) the applicable requirements and standards under the *regulatory system* relating to the *firm's* financial resources.

(2) For the *PRA*, in relation to activities carried on by a *firm*, the context in which the activities have, or might reasonably be regarded as likely to have, a negative effect on:

(a) the safety and soundness of *PRA-authorised persons*; or

(b) the ability of the *firm* to meet either:

(i) the "fit and proper" test in *threshold condition 5* (Suitability); or

(ii) the applicable requirements and standards under the *regulatory system* relating to the *firm's* financial resources.

*PSE*

FCA PRA

a *public sector entity*.

*public announcement*

FCA PRA

any communication made by or on behalf of the *issuer* or the *stabilising manager* being a communication made in circumstances in which it is likely that members of the public will become aware of the communication.

*public censure*

FCA PRA

(1) a statement published under section 205 (Public censure) of the *Act*;

(2) a statement of misconduct published under section 66 (Disciplinary powers) of the *Act*;

(3) a statement published under section 123 (Power to impose penalties in cases of market abuse) of the *Act*;

(4) a statement published under section 87M (Public censure of issuer) of the *Act*, under section 88A (Disciplinary powers: contravention of s88(3)(c) or (e)) of the *Act* or under section 91 (Penalties for breach of Part 6 rules) of the *Act*.

*public international body*

**FCA** **PRA**

(1) (in *PR*) (as defined in the *PD Regulation*) a legal entity of public nature established by an international treaty between sovereign States and of which one or more Member States are members.

(2) (in *LR* and *DTR*) the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the Council of Europe Development Bank, the European Atomic Energy Community, the European Bank for Reconstruction and Development, the European Company for the Financing of Railroad Stock, the *EU*, the European Investment Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Monetary Fund and the Nordic Investment Bank.

*public offer*

**FCA** **PRA**

an offer of *securities* to the public and described in the *POS Regulations*.

*public sector entity*

**FCA** **PRA**

(in accordance with Article 4(18) of the *Banking Consolidation Directive* (Definitions)) any of the following:

- (a) non-commercial administrative bodies responsible to central governments, regional governments or local authorities; or
- (b) authorities that exercise the same responsibilities as regional and local authorities; or
- (c) non commercial *undertakings* owned by central governments that have explicit guarantee arrangements; or
- (d) self administered bodies governed by law that are under public supervision.

*public sector issuer*

**FCA** **PRA**

states and their regional and local authorities, *state monopolies*, *state finance organisations*, *public international bodies*, statutory bodies and *OECD state guaranteed issuers*.

*published recommendation*

**FCA** **PRA**

any publication by or on behalf of a *firm* (including publication by sound broadcasting or television or other electronic means) which contains:

- (a) the results of research into *investments*; or
- (b) analysis of factors likely to influence the future performance of *investments*; or
- (c) advice or recommendations based on those results or analysis, including any communication of which the content is common to a number of communications although worded as if it were a *personal recommendation*.

*pure protection contract*

**FCA** **PRA**

(1) a *long-term insurance contract* in respect of which the following conditions are met:

- (a) the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity;
- (b) [deleted]
- (c) the contract has no surrender value, or the consideration consists of a single premium and the surrender value does not exceed that premium; and
- (d) the contract makes no provision for its conversion or extension in a manner which would result in it ceasing to comply with (a) or (c); or
- (e) [deleted]

*pure protection service*

**FCA** **PRA**

(2) a *reinsurance contract* covering all or part of a risk to which a *person* is exposed under a *long-term insurance contract*.

(a) making a *personal recommendation* to a *consumer* in relation to a *pure protection contract*;

(b) arranging for a *consumer* to enter into a *pure protection contract*.

*pure reinsurer*

**FCA** **PRA**

an *insurer* whose *insurance business* is restricted to reinsurance.

qualified investor

**FCA** **PRA**

(in PR) (as defined in section 86(7) of the Act) in relation to an offer of transferable securities :

- (a) a person or entity described in points (1) to (4) of Section I of Annex II to MiFID, other than a person who, before the making of the offer, has agreed in writing with the relevant firm (or each of the relevant firms) to be treated as a non-professional client in accordance with MiFID; or
- (b) a person who has made a request to one or more relevant firms to be treated as a professional client in accordance with Section II of Annex II to MiFID and has not subsequently, but before the making of the offer, agreed in writing with that relevant firm (or each of those relevant firms) to be treated as a non-professional client in accordance with the final paragraph of Section I of Annex II to MiFID ; or
- (c) a person who is an eligible counterparty in accordance with article 24 of MiFID and has not, before the making of the offer, agreed in writing with the relevant firm (or each of the relevant firms) to be treated as a non-professional client in accordance with the final paragraph of Section I of Annex II of MiFID; or
- (d) a person whom any relevant firm is authorised to continue to treat as a professional client in accordance with article 71(6) of MiFID.

qualified investor scheme

**FCA** **PRA**

an authorised fund whose instrument constituting the scheme contains the statement in ■ COLL 8.2.6 R 1(2) (Table: contents of the instrument constituting the scheme) that it is a qualified investor scheme.

qualified valuer

**FCA** **PRA**

(in relation to any particular type of land in any particular area) a fellow or professional associate of the Royal Institution of Chartered Surveyors, a fellow or associate of the Incorporated Society of Valuers and Auctioneers, or a fellow or associate of the Rating and Valuation Association, who:

- (a) has knowledge of and experience in the valuation of that particular type of land in that particular area; or
- (b) has knowledge of and experience in the valuation of land and has taken advice from a valuer who he is satisfied has knowledge of and experience in the valuation of that particular type of land in that particular area; or
- (c) immediately before 15 June 1981 was recognised as a qualified valuer by approval by the Secretary of State under the Insurance Companies (Valuation of Assets) Regulations 1976.

qualifying capital instrument

**FCA** **PRA**

(in UPRU) means that part of a firm's capital which is a security of indeterminate duration, or other instrument, that fulfils the following conditions:

- (a) it may not be reimbursed on the bearer's initiative or without the prior agreement of FCA;
- (b) the debt agreement must provide for the firm to have the option of deferring the payment of interest on the debt;
- (c) the lender's claims on the firm must be wholly subordinated to those of all non-subordinated creditors;
- (d) the documents governing the issue of the securities must provide for debt and unpaid interest to be such as to absorb losses, whilst leaving the firm in a position to continue trading; and
- (e) only fully paid-up amounts shall be taken into account.

*qualifying capital item*

FCA PRA

(in *UPRU*) means that part of a *firm's* capital which has the following characteristics:

- (a) it is freely available to the *firm* to cover normal banking or other risks where revenue or capital losses have not yet been identified;
- (b) its existence is disclosed in internal accounting records; and
- (c) its amount is determined by the management of the *firm* and verified by independent auditors, and is made known to, and is monitored by, *FCA*.

Note: verification by internal auditors will suffice until such time as EU provisions making external auditing mandatory have been implemented.

*qualifying credit*

FCA PRA

(as defined in Schedule 1 paragraph 10 (Providing qualifying credit) of the *Financial Promotion Order*) credit (including a cash loan and any other form of financial accommodation) provided in accordance with an agreement under which:

- (a) the lender is a person who enters into or administers *regulated mortgage contracts*; and
- (b) the obligation of the borrower to repay is secured (in whole or in part) on land.

*qualifying debt security*

FCA PRA

- (1) [deleted]
- (2) (for the purposes of *BIPRU*) a *debt security* that satisfies the conditions in ■ *BIPRU* 7.2.49 R (Definition of a qualifying debt security).

*qualifying equity index*

FCA PRA

an *equity* index falling into in ■ *BIPRU* 7.3.38 R (Definition of a qualifying equity index).

*qualifying holding*

FCA PRA

(1) (in *GENPRU* and *BIPRU*) has the meaning in *GENPRU* 2.2.203R (Qualifying holdings), which is in summary a direct or indirect holding of a *bank* or *building society* in a non-financial *undertaking* which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that *undertaking*.

(2) (otherwise) any direct or indirect holding in an *investment firm* which represents 10% or more of the capital or of the voting rights, as set out in Article 92 of the European Parliament and Council Directive on the admission of securities to official stock exchange listing and on information to be published on those securities (No. 2001/34/EC) or which makes it possible to exercise a significant influence over the management of the *investment firm* in which that holding subsists.

[Note: article 4(1)(27) of *MiFID*]

*qualifying interest in land*

FCA PRA

(in accordance with article 63B(4)(a) of the *Regulated Activities Order*) land (other than timeshare accommodation) in the UK which is:

- (a) in relation to land in England and Wales, an estate in fee simple absolute or a term of years absolute whether subsisting at law or in equity; or
- (b) in relation to land in Scotland, the interest of an owner in land or the tenant's right over or interest in a property subject to a lease; or
- (c) in relation to land in Northern Ireland, any freehold estate or any leasehold estate whether subsisting at law or in equity.

qualifying investment

FCA PRA

an investment which has been prescribed by the Treasury in the *Prescribed Markets and Qualifying Investments Order*

qualifying management company holding

FCA PRA

(in *COLL*) a direct or indirect holding in a *management company* which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the company in which that holding subsists; and for this purpose the voting rights referred to in articles 9 and 10 of the *Transparency Directive* must be taken into account.

qualifying master scheme

FCA PRA

where a *feeder NURS* is dedicated to *units* in a single *collective investment scheme*, which meets the requirements in ■ *COLL* 5.6.26 R (1), that *collective investment scheme*.

qualifying money market fund

FCA PRA

(1) (in *COLL*, ■ *CASS* 7 and *BSOCS*) a *collective investment scheme* authorised under the *UCITS Directive* or which is subject to supervision and, if applicable, authorised by an authority under the national law of an *EEA State*, and which satisfies the following conditions:

(a) its primary investment objective must be to maintain the net asset value of the undertaking either constant at par (net of earnings), or at the value of the investors' initial capital plus earnings;

(b) it must, with a view to achieving that primary investment objective, invest exclusively in high quality money market instruments with a maturity or residual maturity of no more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of no more than 60 days. It may also achieve this objective by investing on an ancillary basis in deposits with credit institutions;

(c) it must provide liquidity through same day or next day settlement.

(2) For the purposes of (1)(b), a money market instrument is to be considered to be of high quality if it has been awarded the highest available credit rating by each competent rating agency which has rated that instrument. An instrument that is not rated by any competent rating agency is not to be considered to be of high quality.

(3) For the purposes of (2), a rating agency is to be considered to be competent if it issues credit ratings in respect of money market funds regularly and on a professional basis and is an eligible ECAI within the meaning of Article 81(1) of the *BCD*.

[Note: article 18(2) of the *MiFID implementing Directive*]

qualifying revolving retail exposure

FCA PRA

(in relation to the *IRB approach*) *retail exposures* falling into ■ *BIPRU* 4.6.44 R (2) (Qualifying revolving retail exposures).

PAGE  
Q3

qualifying subordinated loan

FCA PRA

(in *UPRU*) has the meaning given in *IPRU(INV)* 5.2.5(1) to (7) (Qualifying subordinated loans).

*qualifying undertaking*

**FCA** **PRA**

(in *UPRU*) has the meaning given in IPRU(INV) 5.2.6(3) (Qualifying undertakings).

*quantification date*

**FCA** **PRA**

the date as at which the liability of the relevant person in default is to be determined under ■ COMP 12.3.

*quarterly financial return*

**FCA** **PRA**

(in *UPRU*) means the return referred to in *SUP*.

*quasi-derivative contract or quasi-derivative*

**FCA** **PRA**

a contract or asset having the effect of a *derivative* contract.



|  |   |
|--|---|
| <p>RAG<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                  | <p><i>regulated activity group.</i></p>   |
| <p>railway rolling stock<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                | <p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph 5 of Part I of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of general insurance), against loss of or damage to railway rolling stock.</p>  |
| <p>range<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                | <p>see <i>range of packaged products</i> and range of stakeholder products.</p>   |
| <p>range of packaged products, range<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>    | <p>(in relation to a <i>firm</i>) the range of packaged products on which the <i>firm</i> gives <i>advice on investments</i> to <i>retail clients</i> (see <span style="color: #000080;">■</span> COBS 6.3 ) or if appropriate the list of packaged products in which the <i>firm</i> deals.</p>  |
| <p>range of stakeholder products, range<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>(in relation to a <i>firm</i>) the range of <i>stakeholder products</i> on which the <i>firm</i> gives <i>advice</i> (see <span style="color: #000080;">■</span> COBS 9.6 );</p> <p>References to a <i>firm's</i> range (or ranges) of <i>stakeholder products</i> include, where the context requires, a reference to the range (or ranges) of the <i>firm's appointed representatives</i>.</p>   |
| <p>RAP<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span></p>  | <p>a <i>recognised auction platform</i>.</p>  |
| <p>RAP recognition requirements<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span></p>   | <p>(1) (in relation to an <i>RAP</i>) any of the requirements applicable to an <i>RAP</i> under the <i>RAP regulations</i>, the <i>auction regulation</i> or the <i>MiFID Regulation</i>.</p> <p>(2) (in relation to a <i>UK RIE</i> applying for recognition as an <i>RAP</i>) any of the requirements under the <i>RAP regulations</i>, the <i>auction regulation</i> or the <i>MiFID Regulation</i> which, if its application were successful, would apply to it.</p>                                  |
| <p>RAP regulations<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span></p>  | <p>the Recognised Auction Platforms Regulations 2011 (SI 2011/2699).</p>  |
| <p>rated position<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                       | <p>(for the purposes of <span style="color: #000080;">■</span> BIPRU 9 (Securitisation), in accordance with Part 1 of Annex IX of the <i>Banking Consolidation Directive</i> (Securitisation definitions) and in relation to a <i>securitisation position</i>) describes a <i>securitisation position</i> which has an eligible credit assessment by an <i>eligible ECAI</i>.</p>   |
| <p>rating system<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                        | <p>(in relation to the <i>IRB approach</i> and in accordance with <span style="color: #000080;">■</span> BIPRU 4.3.25 R) comprises all of the methods, processes, controls, data collection and IT systems that support the assessment of credit risk, the assignment of <i>exposures</i> to grades or pools (rating), and the quantification of <i>default</i> and <i>loss</i> estimates for a certain type of <i>exposure</i>.</p>  |
| <p>ratings based method<br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                 | <p>(for the purposes of <span style="color: #000080;">■</span> BIPRU 9 (Securitisation) and in accordance with Part 1 of Annex IX of the <i>Banking Consolidation Directive</i> (Securitisation definitions)) the method of calculating <i>risk weighted exposure amounts</i> for <i>securitisation positions</i> set out in <span style="color: #000080;">■</span> BIPRU 9.12.10 R-<span style="color: #000080;">■</span> BIPRU 9.12.19 R and <span style="color: #000080;">■</span> BIPRU 9.14.2 R.</p> |
| <p>RCB</p>   | <p>the Regulated Covered Bond sourcebook.</p>   |

**FCA** **PRA**

RCB  
Regulations

the Regulated Covered Bonds Regulations 2008 (SI 2008/346).

**FCA** **PRA**

RCH

a *recognised clearing house*.

**FCA** **PRA**

RDC

*Regulatory Decisions Committee*.

**FCA** **PRA**

readily  
realisable  
investment

(except in *UPRU*)

- (a) a *packaged product*;
- (b) a *readily realisable security*.

**FCA** **PRA**

(in *UPRU*) means a *unit* in a *regulated collective investment scheme*, a *life policy* or any *marketable investment* other than one which is traded on or under the rules of a *recognised* or *designated investment exchange* so irregularly or infrequently:

- (a) that it cannot be certain that a price for that *investment* will be quoted at all times; or
- (b) that it may be difficult to effect transactions at any price which may be quoted.

readily  
realisable  
security

(a) a *government* or *public security* denominated in the currency of the country of its *issuer*;

(b) any other *security* which is:

**FCA** **PRA**

- (i) admitted to official listing on an exchange in an *EEA State*; or
- (ii) regularly traded on or under the rules of such an exchange; or
- (iii) regularly traded on or under the rules of a *recognised investment exchange* or (except in relation to *unsolicited real time financial promotions*) *designated investment exchange*;

(c) a newly issued *security* which can reasonably be expected to fall within (b) when it begins to be traded.

real estate  
market  
adjustment  
ratio

has the meaning set out, in relation to the *resilience capital requirement*, in INSPRU 3.1.21R.

**FCA** **PRA**

real time  
financial  
promotion

(in accordance with article 7(1) of the Financial Promotion Order) a *financial promotion* made in the course of a personal visit, telephone conversation or other interactive dialogue.

**FCA** **PRA**

|  |  |
|--|--|
| <p><i>realistic basis life firm</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>a <i>firm</i> to which ■ GENPRU 2.1.18 R applies (and which is therefore required to calculate a <i>with-profits insurance capital component</i> in accordance with INSPRU 1.3 ).</p>   |
| <p><i>realistic current liabilities</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(in relation to a <i>with-profits fund</i>) the realistic current liabilities of the <i>with-profits fund</i> calculated in accordance with INSPRU 1.3.190R.</p>  |
| <p><i>realistic excess capital</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>(in relation to a <i>with-profits fund</i>) has the meaning set out in INSPRU 1.3.32R .</p>   |
| <p><i>realistic value of assets</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>(in relation to a <i>with-profits fund</i>) has the meaning set out in INSPRU 1.3.33R .</p>   |
| <p><i>realistic value of liabilities</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(in relation to a <i>with-profits fund</i>) the sum of the <i>with-profits benefit reserve</i>, the <i>future policy related liabilities</i> and the <i>realistic current liabilities</i> for the <i>with-profits fund</i>.</p>   |
| <p><i>reasonable assurance engagement</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>a 'reasonable assurance engagement' as described in the Glossary of terms in the Auditing Practices Board Standards and Guidance for Auditors issued in 2010.</p>   |
| <p><i>retribution</i></p> <p><b>FCA</b> <b>PRA</b></p>                     | <p>the process under which a <i>firm</i> which carries on <i>with-profits business</i> seeks to redefine the rights and interests that the <i>with-profits policyholders</i> have over the <i>inherited estate</i>.</p>  |
| <p><i>retribution expert</i></p> <p><b>FCA</b> <b>PRA</b></p>              | <p>the expert appointed by a <i>firm</i> to satisfy its obligations under ■ COBS 20.2.47 R (Retribution expert).</p>   |
| <p><i>rebalancing of the portfolio</i></p> <p><b>FCA</b> <b>PRA</b></p>    | <p>(in COLL and in accordance with article 2(1) of the <i>UCITS implementing Directive No 2</i>) means a significant modification of the composition of the <i>scheme property</i> of a <i>UCITS scheme</i> or the portfolio of an <i>EEA UCITS scheme</i>.</p>                                  |
| <p>REC</p> <p><b>FCA</b> <b>PRA</b></p>                                    | <p>the Recognised Investment Exchange and Recognised Clearing House sourcebook.</p>  |
| <p><i>receivable</i></p> <p><b>FCA</b> <b>PRA</b></p>                      | <p>(in relation to a <i>member</i>, a period and a <i>premium</i>) a <i>premium</i> due to the <i>member</i> in respect of <i>contracts of insurance</i> effected during the period, whether or not the <i>premium</i> is received during that period.</p>                                       |
| <p><i>receiving UCITS</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>(in COLL) in relation to a <i>UCITS merger</i>, the <i>UCITS scheme</i> or <i>EEA UCITS scheme</i> or <i>sub-fund</i> of that <i>scheme</i>, whether it is an existing <i>scheme</i> (or a <i>sub-fund</i> of it) or one that is being formed for the purpose of that merger, which under</p> |

|  |   |
|--|---|
| <p><i>recipient</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                               | <p>the proposed arrangements will be receiving the assets and liabilities of one or more <i>merging UCITS</i>.</p>  |
| <p><i>reciprocal cross-holding</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                | <p>the <i>person</i> to whom a communication is made or, in the case of a <i>non-real time financial promotion</i> which is <i>directed at persons</i> generally, any <i>person</i> who reads or hears the communication.</p>   |
| <p><i>recognised auction platform</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span></p>   | <p>has the meaning in GENPRU 2.2.219R (Deductions from tiers one and two: Reciprocal cross holdings) which is in summary a holding of a <i>firm of shares</i>, any other interest in the capital, and subordinated debt, whether in the <i>trading book</i> or <i>non-trading book</i>, in:</p> <p style="margin-left: 40px;">(a) a <i>credit institution</i>; or</p> <p style="margin-left: 40px;">(b) a <i>financial institution</i>;</p> <p>that satisfies the conditions in GENPRU 2.2.219R.</p>  |
| <p><i>recognised body</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                         | <p>a <i>recognised investment exchange</i> which is declared by a <i>recognition order</i> for the time being in force to be a <i>recognised auction platform</i>.</p>  |
| <p><i>recognised body requirements</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span></p>  | <p>an <i>RIE</i> or <i>RAP</i></p> <p style="margin-left: 40px;">(1) (in relation to an <i>RIE</i> ) the <i>recognition requirements</i>;</p> <p style="margin-left: 40px;">(2) (in relation to a <i>UK RIE</i>) the <i>MiFID implementing requirements</i>;</p> <p style="margin-left: 40px;">(3) (in relation to an <i>RAP</i>) the <i>RAP recognition requirements</i>; and</p> <p style="margin-left: 40px;">(4) (in relation to any of the bodies specified in (1) to (3)) any other obligations imposed by or under the <i>Act</i>.</p> |
| <p><i>recognised clearing house</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>a <i>clearing house</i> which is declared by an order made by the Bank of England under section 290 or 292 of the <i>Act</i> and for the time being in force to be a recognised clearing house.</p>  |
| <p><i>recognised investment exchange</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>          | <p>an investment exchange which is declared by a <i>recognition order</i> for the time being in force to be a recognised investment exchange.</p>   |
| <p><i>recognised overseas investment exchange</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>an <i>overseas investment exchange</i> which is declared by a <i>recognition order</i> for the time being in force to be a <i>recognised investment exchange</i>.</p>  |
| <p><i>recognised professional body</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>any of the following professional bodies (which were the recognised professional bodies for the purposes of the Financial Services Act 1986):</p> <p style="margin-left: 40px;">(a) The Law Society (England and Wales);</p> <p style="margin-left: 40px;">(b) The Law Society of Scotland;</p>  |

- (c) The Law Society of Northern Ireland;
- (d) The Institute of Chartered Accountants in England and Wales;
- (e) The Institute of Chartered Accountants of Scotland;
- (f) The Institute of Chartered Accountants in Ireland;
- (g) The Association of Chartered Certified Accountants;
- (h) The Institute of Actuaries.

(see also *designated professional body*.)

*recognised scheme*

**FCA** **PRA**

a *scheme* recognised under:

- (a) section 264 of the *Act* (Schemes constituted in other EEA States); or
- (b) section 270 of the *Act* (Schemes authorised in designated countries or territories); or
- (c) section 272 of the *Act* (Individually recognised overseas schemes).

*recognised third country credit institution*

**FCA** **PRA**

a *full BCD credit institution* that satisfies the following conditions:

- (a) its head office is outside the *EEA*;
- (b) it is authorised by a *third country competent authority* in the state or territory in which the credit institution's head office is located;
- (c) that *third country competent authority* is named in Part 1 of **■ BIPRU 8 Annex 6 R** (Non-EEA banking regulators' requirements deemed CRD-equivalent for individual risks); and
- (d) there is a tick against that *third country competent authority* in each of the columns headed "Market risk", "Credit risk" and "Operational Risk" in the table referred to in (c).

*recognised third country investment firm*

**FCA** **PRA**

a *CAD investment firm* that satisfies the following conditions :

- (a) its head office is outside the *EEA*;
- (b) it is authorised by a *third country competent authority* in the state or territory in which the *CAD investment firm's* head office is located;
- (c) that *third country competent authority* is named in Part 2 of **■ BIPRU 8 Annex 6 R** (Non-EEA investment firm regulators' requirements deemed CRD-equivalent for individual risks); and
- (d) that *investment firm* is subject to and complies with prudential rules of or administered by that *third country competent authority* that are at least as stringent as those laid down in the *EEA prudential sectoral legislation* for the *investment services sector*.

*recognition order*

**FCA** **PRA**

(in accordance with section 313 of the *Act* (Interpretation of Part XVIII)) an order made under section 290 or 292 of the *Act* which declares an investment exchange to be an *RIE* or (for *RAPs*) an order made under regulation 2 of the *RAP regulations* which declares a *UK RIE* to be an *RAP* .

*recognition requirement*

**FCA** **PRA**

- (1) (in relation to a *UK RIE* ) any of the requirements applicable to that body under the Recognition Requirements Regulations.
- (2) (in relation to a body applying for recognition as a *UK RIE* ) any of the requirements under the Recognition Requirements Regulations which, if its application were successful, would apply to it.
- (3) (in relation to an *ROIE* , or to an applicant for recognition as an *ROIE* ) any of the requirements in section 292(3) of the *Act* (Overseas investment exchanges and overseas clearing houses).

*Recognition Requirements Regulations*

**FCA** **PRA**

the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 (SI 2001/995).

*redemption*

**FCA** **PRA**

(1) (except in ■ EG 14 (Collective investment schemes)) (in relation to *units* in an *authorised fund*) the purchase of them from their *holder* by the *authorised fund* manager acting as a *principal*.

(2) (in ■ EG 14 (Collective investment schemes)) redemption as in (1) but including their cancellation by the *trustee* of an *AUT* or by an *ICVC*.

*redemption charge*

**FCA** **PRA**

an amount levied by the *operator* of a *scheme* upon the *redemption* of *units*, in the case of an *authorised fund* under COLL 6.7.7R (Charges on buying and selling units).

*redemption price*

**FCA** **PRA**

(in *COLL*)

the *price* payable by the *authorised fund manager* for each *unit* it *redeems* from a unitholder, calculated in accordance with ■ COLL 6.3 (Valuation and pricing).

*redress determination*

**FCA** **PRA**

a written communication from a *respondent* under a *consumer redress scheme* which:

- (a) sets out the results of the *respondent's* determination under the scheme;
- (b) encloses a copy of the *Financial Ombudsman Service's* standard explanatory leaflet; and
- (c) informs the complainant that if he is dissatisfied, he may now make a *complaint* to the *Financial Ombudsman Service* and must do so within six *months*.

*reduced net underwriting position*

**FCA** **PRA**

the *net underwriting position* as adjusted under ■ BIPRU 7.8.27 R (Calculating the reduced net underwriting position).

*register*

**FCA** **PRA**

(1) [deleted]

(2) [deleted]

(3) (in *COLL*) the register of *unitholders* kept under Schedule 3 to the *OEIC Regulations* or ■ COLL 6.4.4 R (Register: general requirements and contents), or ■ COLL 8.5.8 R (The register of unitholders: AUTs) as appropriate or, in relation to a *collective investment scheme* that is not an *authorised fund*, a record of the holders (other than of *bearer certificates*) of *units* in it.

*registered branch*

**FCA** **PRA**

a branch of a *friendly society* which is separately registered under the Friendly Societies Act 1974.

*registered contact*

**FCA** **PRA**

(as defined in regulation 8(1)(d) of the *CTF Regulations*) the *person* who is capable of giving instructions to the *CTF provider* with respect to the management of the *CTF*.

registered  
friendly society

FCA PRA

a *friendly society* registered under section 7(1)(a) of the *Friendly Societies Act 1974* or any enactment which it replaced, including any registered branches.

registrar

FCA PRA

the *person* who maintains a *register*.

registration  
date

FCA PRA

(in RCB) the date of the *FCA* decision to register a *regulated covered bond*.

registration  
document

FCA PRA

(in *Part 6 rules*) a registration document referred to in ■ PR 2.2.2 R.

regular user

FCA PRA

(1) (as defined in section 130A(3) of the *Act* (Market abuse)) a *person* who is, in relation to a particular market, a reasonable *person* who regularly deals on that market in *investments* of the kind in question.

(2) (in accordance with section 130A(3) of the *Act* (Market abuse) as modified by the *RAP Regulations*) a *person* who is, in relation to a particular auction platform, a reasonable *person* who regularly makes bids on that market for *investments* of the kind in question.

Regulated  
Activities  
Order

FCA PRA

the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).

regulated  
activity

FCA PRA

(in accordance with section 22 of the *Act* (Regulated activities)) any of the following activities specified in Part II of the *Regulated Activities Order* (Specified Activities):

- (a) *accepting deposits* (article 5);
- (aa) *issuing electronic money* (article 9B);
- (b) *effecting contracts of insurance* (article 10(1));
- (c) *carrying out contracts of insurance* (article 10(2));
- (d) *dealing in investments as principal* (article 14);
- (e) *dealing in investments as agent* (article 21);
- (ea) *bidding in emissions auctions* (article 24A);
- (f) *arranging (bringing about) deals in investments* (article 25(1));
- (g) *making arrangements with a view to transactions in investments* (article 25(2));
- (ga) *arranging (bringing about) regulated mortgage contracts* (article 25A(1));
- (gb) *making arrangements with a view to regulated mortgage contracts* (article 25A(2));
- (gc) *arranging (bringing about) a home reversion plan* (article 25B(1));

- (gd) *making arrangements with a view to a home reversion plan* (article 25B(2));
- (ge) *arranging (bringing about) a home purchase plan* (article 25C(1));
- (gf) *making arrangements with a view to a home purchase plan* (article 25C(2));
- (gg) *operating a multilateral trading facility* (article 25D);
- (gh) *arranging (bringing about) a regulated sale and rent back agreement* (article 25E(1));
- (gi) *making arrangements with a view to a regulated sale and rent back agreement* (article 25E(2));
- (h) *managing investments* (article 37);
- (ha) *assisting in the administration and performance of a contract of insurance* (article 39A);
- (i) *safeguarding and administering investments* (article 40); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *safeguarding and administration of assets (without arranging)*;
  - (ii) *arranging safeguarding and administration of assets*;
- (j) *sending dematerialised instructions* (article 45(1));
- (k) *causing dematerialised instructions to be sent* (article 45(2));
- (l) *establishing, operating or winding up a collective investment scheme* (article 51(1)(a)); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *establishing, operating or winding up a regulated collective investment scheme*;
  - (ii) *establishing, operating or winding up an unregulated collective investment scheme*;
- (m) *acting as trustee of an authorised unit trust scheme* (article 51(1)(b));
- (n) *acting as the depositary or sole director of an open-ended investment company* (article 51(1)(c));
- (o) *establishing, operating or winding up a stakeholder pension scheme* (article 52 (a) );
- (oa) *providing basic advice on stakeholder products* (article 52B);
- (ob) *establishing, operating or winding up a personal pension scheme* (article 52(b));
- (p) *advising on investments* (article 53); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *advising on investments* (except pension transfers and pension opt-outs);
  - (ii) *advising on pension transfers and pension opt-outs*;
- (pa) *advising on regulated mortgage contracts* (article 53A);
- (pb) *advising on a home reversion plan* (article 53B);
- (pc) *advising on a home purchase plan* (article 53C);
- (pd) *advising on a regulated sale and rent back agreement* (article 53D);
- (q) *advising on syndicate participation at Lloyd's* (article 56);



- (r) *managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's* (article 57);
- (s) *arranging deals in contracts of insurance written at Lloyd's* (article 58);
- (sa) *entering into a regulated mortgage contract* (article 61(1));
- (sb) *administering a regulated mortgage contract* (article 61(2));
- (sc) *entering into a home reversion plan* (article 63B(1));
- (sd) *administering a home reversion plan* (article 63B(2));
- (se) *entering into a home purchase plan* (article 63F(1));
- (sf) *administering a home purchase plan* (article 63F(2));
- (sg) *entering into a regulated sale and rent back agreement* (article 63J(1));
- (sh) *administering a regulated sale and rent back agreement* (article 63J(2));
- (si) *meeting of repayment claims* (article 63N(1)(a));
- (sj) *managing dormant account funds (including the investment of such funds)* (article 63N(1)(b));
- (t) *entering as provider into a funeral plan contract* (article 59);
- (u) *agreeing to carry on a regulated activity* (article 64);

which is carried on by way of business and relates to a *specified investment* applicable to that activity or, in the case of (l), (m), (n) and (o), is carried on in relation to property of any kind.

*regulated activity debt*

**FCA** **PRA**

an obligation to pay a sum due and payable under an agreement, the making or performance of which constitutes or is part of a *regulated activity* carried on by an individual who:

- (a) is, or has been, an *authorised person*; or
- (b) is carrying on, or has carried on, a *regulated activity* in contravention of the *general prohibition*.

*regulated activity group*

**FCA** **PRA**

A set of one or more *regulated activities* (with associated *investment* types and *customer* types) referred to in ■ SUP 16 to determine a *firm's* or other regulated person's *data item submission* requirements.

*regulated collective investment scheme*

**FCA** **PRA**

- (a) an *ICVC*; or
- (b) an *AUT*; or
- (c) a *recognised scheme*;

whether or not the *units* are held within an *ISA* or *personal pension scheme*.

*regulated consumer credit agreement*

**FCA** **PRA**

in accordance with section 8 of the Consumer Credit Act 1974 (as amended) an agreement between an individual "the debtor" and any other person "the creditor" by which the creditor provides the debtor with credit of any amount and which is not an exempt agreement for the purposes of that Act;

and expressions used in that Act have the same meaning in this definition.

*regulated consumer hire agreement*

**FCA** **PRA**

in accordance with section 15 of the Consumer Credit Act 1974 (as amended) an agreement made by a person with an individual "the hirer" for the bailment or (in Scotland) the hiring of goods to the hirer, being an agreement which

- (a) is not a hire-purchase agreement, and

|  |  |
|--|--|
| <p>(b) is capable of subsisting for more than three months, and</p> <p>(c) is not an exempt agreement;</p> <p>and expressions used in that Act have the same meaning in this definition.</p> | <p>(b) is capable of subsisting for more than three months, and</p> <p>(c) is not an exempt agreement;</p> <p>and expressions used in that Act have the same meaning in this definition.</p>   |
| <p><i>regulated covered bond</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(in <i>RCB</i>) (as defined in Regulation 1(2) of the <i>RCB Regulations</i>) a <i>covered bond</i> or <i>programme</i> of <i>covered bonds</i>, as the case may be, which is admitted to the register of <i>regulated covered bonds</i> maintained under Regulation 7(1)(b) of the <i>RCB Regulations</i>.</p>   |
| <p><i>regulated entity</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>one of the following:</p> <p>(a) a <i>credit institution</i>; or</p> <p>(b) a regulated insurance entity; or</p> <p>(c) an <i>investment firm</i>;</p> <p>whether or not it is incorporated in, or has its head office in, an <i>EEA State</i>.</p> <p>An <i>asset management company</i> is treated as a regulated entity for the purposes described in GENPRU 3.1.39R (The financial sectors: <i>asset management companies</i>).</p>   |
| <p><i>regulated information</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>all information which an <i>issuer</i>, or any other <i>person</i> who has applied for the admission of <i>financial instruments</i> to trading on a <i>regulated market</i> without the <i>issuer's</i> consent, is required to disclose under:</p> <p>(a) the <i>Transparency Directive</i>;</p> <p>(b) article 6 of the <i>Market Abuse Directive</i>; or</p> <p>(c) <i>LR</i>, and <i>DTR</i>.</p>  |
| <p><i>Regulated Information Service</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>a Regulated Information Service that is approved by the <i>FCA</i> as meeting the Criteria for Regulated Information Services and that is on the list of Regulated Information Services maintained by the <i>FCA</i> .</p>  |
| <p><i>regulated institution</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>any of the following:</p> <p>(a) an <i>EEA insurer</i> or <i>UK insurer</i>; or</p> <p>(b) an <i>approved credit institution</i>; or</p> <p>(c) a <i>friendly society</i> (not within (a)) which is authorised to carry on <i>insurance business</i>; or</p> <p>(d) a <i>firm</i> whose <i>permission</i> includes dealing in investments as <i>principal</i> with respect to <i>derivatives</i> which are not <i>listed</i>; or</p> <p>(e) a <i>MiFID investment firm</i> whose authorisation (as referred to in article 5 of <i>MiFID</i>) authorises it to carry on activities of the kind referred to in (d).</p> |
| <p><i>regulated insurance entity</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>an insurance undertaking within the meaning of Article 4 of the <i>Consolidated Life Directive</i>, Article 6 of the <i>First Non-Life Directive</i> or Article 1(b) of the <i>Insurance Groups Directive</i>.</p>  |
| <p><i>regulated lifetime</i></p>   | <p>a <i>regulated mortgage contract</i> which is a <i>lifetime mortgage</i>.</p>   |

*mortgage contract*

FCA PRA

*regulated market*

FCA PRA

(1) a multilateral system operated and/or managed by a *market operator*, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in *financial instruments* - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the *financial instruments* admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of *MiFID*.

[Note: article 4(1)(14) of *MiFID*]

(2) (in addition, in *INSPRU* and *IPRU(INS)* only) a market situated outside the *EEA States* which is characterised by the fact that:

- (a) it meets comparable requirements to those set out in (1); and
- (b) the *financial instruments* dealt in are of a quality comparable to those in a regulated market in the United Kingdom.

*regulated market transaction*

FCA PRA

a transaction concluded by a *firm* on a *regulated market* with another member or participant of that *regulated market*.

*regulated mortgage activity*

FCA PRA

any of the following activities specified in Part II of the *Regulated Activities Order* (Specified Activities):

- (a) *arranging (bringing about) regulated mortgage contracts* (article 25A(1));
- (b) *making arrangements with a view to regulated mortgage contracts* (article 25A(2));
- (c) *advising on regulated mortgage contracts* (article 53A);
- (d) *entering into a regulated mortgage contract* (article 61(1));
- (e) administering a regulated mortgage contract (article 61(2));
- (f) *agreeing to carry on a regulated activity* in (a) to (e) (article 64).

*regulated mortgage contract*

FCA PRA

(a) (in relation to a contract) a contract which:

(i) (in accordance with article 61(3) of the *Regulated Activities Order*) at the time it is entered into, meets the following conditions:

( A ) a lender provides credit to an individual or to trustees (the 'borrower'); and

( B ) the obligation of the borrower to repay is secured by a first legal mortgage on land (other than timeshare accommodation) in the *United Kingdom*, at least 40% of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a *person* who is in relation to the borrower or (in the case of credit provided to trustees) a beneficiary of the trust:

( I ) that *person's* spouse or civil partner;  
or

*regulated  
related  
undertaking*

**FCA** **PRA**

*regulated sale  
and rent back  
activity*

**FCA** **PRA**

*regulated sale  
and rent back  
agreement*

**FCA** **PRA**

*regulated sale  
and rent back  
firm*

**FCA** **PRA**

( II ) a *person* (whether or not of the opposite sex) whose relationship with that *person* has the characteristics of the relationship between husband and wife; or

( III ) that *person's* parent, brother, sister, child, grandparent or grandchild ; and

(ii) is not a *home purchase plan*.

(b) (in relation to a *specified investment*) the *investment*, specified in article 88 of the *Regulated Activities Order*, which is rights under a *regulated mortgage contract* within (a).

a *related undertaking* that is any of the following:

- (a) a *regulated entity*; or
- (b) an *insurance undertaking* which is not a *regulated insurance entity*; or
- (c) an *asset management company*; or
- (d) a *financial institution* which is neither a *credit institution* nor an *investment firm*; or
- (e) a *financial holding company*; or
- (f) an *insurance holding company* .

any of the following *regulated activities*:

- (a) *arranging (bringing about) a regulated sale and rent back agreement* (article 25E(1));
- (b) *making arrangements with a view to a regulated sale and rent back agreement* (article 25E(2));
- (c) *advising on a regulated sale and rent back agreement* (article 53D);
- (d) *entering into a regulated sale and rent back agreement* (article 63J(1));
- (e) *administering a regulated sale and rent back agreement* (article 63J(2)); or
- (f) *agreeing to carry on a regulated activity* in (a) to (e) (article 64).

(in accordance with article 63J(3)(a) of the *Regulated Activities Order*) an arrangement comprised in one or more instruments or agreements, in relation to which the following conditions are met at the time it is entered into:

- (a) the arrangement is one under which a *person* (an agreement provider), buys all or part of the *qualifying interest in land* in the *United Kingdom* from an individual or trustees (the "agreement seller"); and
- (b) the agreement seller (if he is an individual) or an individual who is the beneficiary of the trust (if the agreement seller is a trustee), or a related person, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling, and intends to do so;

but excluding any arrangement that is a regulated *home reversion plan*.

a *firm* that carries on any *regulated sale and rent back activity*.

*regulated sale and rent back mediation activity*

FCA PRA

any of the following *regulated activities*:

- (a) *arranging (bringing about) regulated sale and rent back agreements* (article 25E(1));
- (b) *making arrangements with a view to regulated sale and rent back agreements* (article 25E(2));
- (c) *advising on regulated sale and rent back agreements* (article 53D);
- (d) *agreeing to carry on a regulated activity* in (a) to (c) (article 64).

*regulated sale and rent back transaction*

FCA PRA

a transaction involving a *regulated sale and rent back agreement* under which a *SRB agreement seller*, in return for the sale of a *qualifying interest in land* in whole or in part to a *SRB agreement provider*, is granted, or any member of his family is granted, a right to occupy the land in question as, or in connection with, a dwelling, and intends so to occupy it.

*regulatory basis only life firm*

FCA PRA

a *firm* carrying on *long-term insurance business* which is not a *realistic basis life firm*.

*regulatory body*

FCA PRA

any authority, body or *person* having, or who has had, responsibility for the supervision or regulation of any *regulated activities* or other financial services, whether in the *United Kingdom* or overseas.

*regulatory costs*

FCA PRA

the periodic fees payable to the *appropriate regulator* by a *participant firm* in accordance with ■ FEES 4 (Periodic fees) .

*regulatory current liabilities*

FCA PRA

(in relation to a *with-profits fund*) the regulatory current liabilities of the *with-profits fund* calculated in accordance with INSPRU 1.1.30R.

*Regulatory Decisions Committee*

FCA PRA

a committee of the Board of the *FCA*, described in ■ DEPP 3.1 (The nature and procedure of the RDC).

*regulatory excess capital*

FCA PRA

(in relation to a *with-profits fund*) has the meaning set out in INSPRU 1.3.32R .

*regulatory function*

FCA PRA

(as defined in section 291 of the *Act* (Liability in relation to *recognised body's* regulatory functions)) any function of a *recognised body* so far as relating to, or to matters arising out of, the obligations to which the body is subject under or by virtue of the *Act* and (for an *RAP*) under the *RAP recognition requirements* .

*regulatory high risk category*

FCA PRA

(for the purposes of the *standardised approach* to credit risk) an item that falls into ■ BIPRU 3.4.104 R (Items belonging to regulatory high risk categories under the standardised approach to credit risk).

*regulatory information service or RIS*

**FCA** **PRA**

either:

(a) a *Regulated Information Service*; or

(b) an incoming *information society service* that has its *establishment* in an *EEA State* other than the *United Kingdom* and that disseminates *regulated information* in accordance with the minimum standards set out in [article 12 of the *TD implementing Directive*].

*regulatory objectives*

[deleted]

*regulatory provisions*

**FCA** **PRA**

any rules, guidance, arrangements or policy issued by the investment exchange in connection with its business as an investment exchange or in connection with the provision by it of *clearing facilitation services*.

*regulatory surplus*

**FCA** **PRA**

(in relation to a long-term business fund, or sub-fund) the excess, if any, of the *regulatory value of assets* for the *with-profits fund* over the *regulatory value of liabilities* for that fund.

*regulatory surplus value*

**FCA** **PRA**

has the meaning set out in GENPRU 1.3.48R.

*regulatory system*

**FCA** **PRA**

the arrangements for regulating a *firm* or other *person* in or under the *Act*, including the *threshold conditions*, the *Principles* and other *rules*, the *Statements of Principle*, codes and *guidance* and including any relevant directly applicable provisions of a Directive or Regulation such as those contained in the *MiFID implementing Directive* and the *MiFID Regulation*.

*regulatory value of assets*

**FCA** **PRA**

(in relation to a *with-profits fund*) has the meaning set out in INSPRU 1.3.24R.

*regulatory value of liabilities*

**FCA** **PRA**

(in relation to a *with-profits fund*) has the meaning set out in INSPRU 1.3.29R.

*rehabilitation exceptions orders*

**FCA** **PRA**

the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2003 and the Rehabilitation of Offenders (Exceptions) Order (Northern Ireland) 1979.

*reinsurance*

**FCA** **PRA**

includes retrocession.

*reinsurance contract*

**FCA** **PRA**

(in ■ COBS 21, ICOBS, ■ CASS 5 and COMP) a *contract of insurance* covering all or part of a risk to which a *person* is exposed under a *contract of insurance*.

*Reinsurance Directive*

FCA PRA

the Directive of 16 November 2005 of the European Parliament and of the Council (No 2005/68/EC) on reinsurance and amending the *First Non-Life Directive* and the *Third Non-Life Directive* as well as the *Insurance Groups Directive* and the *Consolidated Life Directive*.

*reinsurance mediation*

FCA PRA

(as defined in article 2.4 of the *Insurance Mediation Directive*) the activities of introducing, proposing or carrying out other work preparatory to the conclusion of contracts of reinsurance, or of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim. These activities when undertaken by a *IMD reinsurance undertaking* or an employee of a *IMD reinsurance undertaking* who is acting under the responsibility of the *IMD reinsurance undertaking* shall not be considered as *reinsurance mediation*. The provision of information on an incidental basis in the context of another professional activity provided that the purpose of that activity is not to assist the customer in concluding or performing a reinsurance contract, the management of claims of a *IMD reinsurance undertaking* on a professional basis, and loss adjusting and expert appraisal of claims shall also not be considered as *reinsurance mediation*.

*reinsurance to close*

FCA PRA

(a) an agreement under which members of a *syndicate* in one *syndicate year* ("the reinsured members") agree with the members of that *syndicate* in a later *syndicate year* or the members of another *syndicate* ("the reinsuring members") that the reinsuring members will discharge, or procure the discharge of, or indemnify the reinsured members against, all known and unknown *insurance business* liabilities of the reinsured members arising out of the *insurance business* carried on by the reinsured members in that *syndicate year*; or

(b) a similar reinsurance agreement or arrangement that has been approved by the *Council* as a reinsurance to close.

*reinsurance undertaking*

FCA PRA

an *insurance undertaking* whose *insurance business* is restricted to *reinsurance*.

*reinsurer*

FCA PRA

an *insurance undertaking* whose business includes *effecting* or *carrying out* contracts of *reinsurance*; includes a retrocessionaire.

*related designated investment*

FCA PRA

(in relation to a *designated investment* (the "first investment")) a *designated investment* whose value might reasonably be expected to be directly affected by:

(a) any fluctuation in the value of the first investment; or

(b) any *published recommendation* that concerns the first investment.

*related financial instrument*

FCA PRA

means a *financial instrument*, the price of which is closely affected by price movements in another *financial instrument* which is the subject of *investment research*, and includes a derivative on that other *financial instrument*.

[Note: article 25(2) of the *MiFID implementing Directive*]

*related investment*

FCA PRA

(as defined in section 130A(3) of the *Act*) in relation to a *qualifying investment*, means an investment whose price or value depends on the price or value of the *qualifying investment*.

*related party*

FCA PRA

(1) (in *LR*) as defined in ■ LR 11.1.4 R;

|  |  |
|--|--|
| <p><i>related party circular</i></p> <p><b>FCA</b> <b>PRA</b></p>    | <p>(2) (in relation to an agreement seller under a <i>regulated sale and rent back agreement</i> or, where the agreement seller is a trustee, a beneficiary of the trust):</p> <p>(a) that <i>person's</i> spouse or civil partner; or</p> <p>(b) a <i>person</i> (whether or not of the opposite sex) whose relationship with that <i>person</i> has the characteristic of the relationship between husband and wife; or</p> <p>(c) that <i>person's</i> parent, brother, sister, child, grandparent or grandchild.</p> <p>(in LR) a <i>circular</i> relating to a <i>related party transaction</i>.</p>  |
| <p><i>related party transaction</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in LR) as defined in ■ LR 11.1.5 R.</p>  |
| <p><i>related undertaking</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>in relation to an <i>undertaking</i> ("U"):</p> <p>(a) any <i>subsidiary undertaking</i> of U; or</p> <p>(b) any <i>undertaking</i> in which U or any of U's <i>subsidiary undertakings</i> holds a participation; or</p> <p>(c) any <i>undertaking</i> linked to U by a <i>consolidation Article 12(1) relationship</i>; or</p> <p>(d) any <i>undertaking</i> linked by a <i>consolidation Article 12(1) relationship</i> to an <i>undertaking</i> in (a), (b) or (c).</p>   |
| <p><i>relevant articles</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>(in REC):</p> <p>(1) Article 6.1 to 6.4 of the <i>Market Abuse Directive</i>;</p> <p>(2) Articles 3, 5, 7, 8, 10, 14 and 16 of the <i>Prospectus Directive</i>;</p> <p>(3) Articles 4 to 6, 14, 16 to 19 and 30 of the <i>Transparency Directive</i>; and</p> <p>(4) <i>EU</i> legislation made under the provisions mentioned in (1) to (3).</p>   |
| <p><i>relevant asset pool</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>(in RCB) (as defined in Regulation 1(2) of the <i>RCB Regulations</i>) in relation to a <i>regulated covered bond</i> the <i>asset pool</i> from which the claims attaching to that bond are guaranteed to be paid by the <i>owner</i> of that pool in the event of the failure of the <i>issuer</i>.</p>   |
| <p><i>relevant business</i></p> <p><b>FCA</b> <b>PRA</b></p>         | <p>(1) (in <i>DISP</i> and <i>FEES</i>) that part of a <i>firm's</i> business which it conducts with <i>consumers</i> and which is subject to the jurisdiction of the <i>Financial Ombudsman Service</i> as provided for in ■ <i>DISP</i> 2.3 (To which activities does the Compulsory Jurisdiction apply?), ■ <i>DISP</i> 2.4 (To which activities does the Consumer Credit Jurisdiction apply?) and ■ <i>DISP</i> 2.5 (To which activities does the Voluntary Jurisdiction apply?), measured by reference to the appropriate tariff-base for each <i>industry block</i>.</p> <p>(2) (in relation to information communicated to a <i>client</i> other than a <i>financial promotion</i>) <i>designated investment business</i>.</p> <p>(3) (in relation to a <i>financial promotion</i>) a <i>controlled activity</i>.</p> |



*relevant capital sum*

**FCA** **PRA**

for the purposes of INSPRU 1.3.34R, the sum under a *contract of insurance* which is:

(a) unless (b) applies:

- (i) for whole life assurances, the sum assured;
- (ii) for *contracts of insurance* where a sum is payable on maturity (including contracts where a sum is also payable on earlier death), the sum payable on maturity;
- (iii) for deferred annuities, the capitalised value of the annuity at the vesting date (or the cash option if it is greater);
- (iv) for *capital redemption* contracts, the sum payable at the end of the contract period; and
- (v) for linked long-term contracts of insurance, notwithstanding (i) to (iv), the lesser of:

(A) the amount for the time being payable on death; and

(B) the aggregate of the value for the time being of the units allocated to the contract (or, where entitlement is not denoted by means of units, the value for the time being of any other measure of entitlement under the contract equivalent to units) and the total amount of the *premiums* remaining to be paid during such of the term of the contract as is appropriate for *zillmerising* or, if such *premiums* are payable beyond the age of seventy-five, until that age;

but excluding in all cases any vested reversionary bonus; and

(b) for temporary assurances, the sum assured on the *actuarial valuation date*.

*relevant charitable scheme*

**FCA** **PRA**

an *authorised fund* which is:

- (a) a registered charity; or
- (b) a charitable unit trust scheme under regulation 7(2)(d) of the Income Tax (Definition of Unit Trust Scheme) Regulations 1988.

*relevant collateral*

**FCA** **PRA**

in relation to a transaction:

- (a) cash;
- (b) letters of credit and guarantees to the extent of their face value, issued by an *approved bank* which is neither a counterparty nor an *associate* of a counterparty;
- (c) gold and silver bullion and coinage;
- (d) marketable investments;
- (e) the performance guarantees issued in support of the securities lending and borrowing programmes of Euroclear and Cedel, in respect only of *exposure* arising from participation in such programmes;

subject in each case to:

- (i) the *firm* having an unconditional right to apply or realise the relevant collateral for the purpose of repaying a counterparty's obligations;
- (ii) marketable investments:

(A) being marked to market daily using the valuation principles in ■ IPRU(INV) 3.41(9)R;

|   |   |
|---|---|
| <p><i>relevant commencement date</i></p> <p><b>FCA</b> <b>PRA</b></p>     | <p>(B) not being issued by a counterparty nor by an <i>associate</i> of a counterparty.</p> <p>(as defined in article 1 of the <i>Mortgage and General Insurance Complaints Transitional Order</i>):</p> <p>(a) in relation to a complaint which relates to an activity to which, immediately before 14 January 2005, the <i>GISC facility</i> applied, the beginning of 14 January 2005;</p> <p>(b) in relation to a complaint which relates to an activity to which, immediately before 31 October 2004, the <i>MCAS scheme</i> applied, the beginning of 31 October 2004.</p>  |
| <p><i>relevant competent authorities</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in relation to a <i>financial conglomerate</i> ) those <i>competent</i> authorities which are, or which have been appointed as, relevant <i>competent</i> authorities in relation to that <i>financial conglomerate</i> under Article 2(17) of the <i>Financial Groups Directive</i> (Definitions).</p>   |
| <p><i>relevant competent authority</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(in relation to a <i>financial instrument</i>) means the <i>competent authority</i> of the most relevant market in terms of liquidity for that <i>financial instrument</i>.</p> <p>[Note: article 2(7) of <i>MiFID Regulation</i>]</p>   |
| <p><i>relevant complaint</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>(1) (in <i>DISP</i>) a <i>relevant existing complaint</i>, a <i>relevant new complaint</i> or a <i>relevant transitional complaint</i>.</p> <p>(2) (in <i>REC</i>) (as defined in section 299(2) of the <i>Act</i> (Complaints about <i>recognised bodies</i>)) a complaint which the <i>FCA</i> considers is relevant to the question of whether a <i>recognised body</i> should remain a <i>recognised body</i>.</p>   |
| <p><i>relevant date</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <p>(in <b>■</b> <i>MCOB 10</i> (Annual percentage rate)):</p> <p>(a) (where a date is specified in or determinable under an agreement at the date of its making as the date on which the debtor is entitled to require provision of anything which is the subject of the agreement) the earliest such date;</p> <p>(b) (in any other case) the date of making the agreement.</p>  |
| <p><i>relevant EEA details</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>the details listed in regulation 14 of the <i>EEA Passport Rights Regulations</i> and set out in <b>■</b> <i>SUP 13 Annex 1 R</i> (Requisite details or relevant details: branches).</p>   |
| <p><i>relevant existing complaint</i></p> <p><b>FCA</b> <b>PRA</b></p>    | <p>(in accordance with the Ombudsman Transitional Order) a complaint which:</p> <p>(a) was referred to a <i>former scheme</i> at any time before <i>commencement</i>, by a person who was at that time entitled, under the terms of the <i>former scheme</i>, to refer such a complaint (whether described in that scheme as the making of a complaint, the referral of a dispute, the submission of a claim, or otherwise); and</p> <p>(b) has not, before <i>commencement</i>, been rejected, withdrawn, settled or determined by the former Ombudsman (whether by a substantive decision, or by closure of the case without a substantive decision).</p> |
| <p><i>relevant financial system</i></p>                                   | <p>(in accordance with section 169A(5) of the <i>Act</i> (Support of overseas regulator with respect to financial stability)) a financial system including:</p> <p>(a) financial markets and exchanges;</p>   |

FCA PRA

(b) activities that would be *regulated activities* if carried on in the *United Kingdom*; and

(c) other activities connected with financial markets and exchanges.

relevant former  
scheme

(as defined in article 2(2) of the *compensation transitionals order*):

FCA PRA

(a) in relation to a *pending application*, the *investment business compensation scheme* under which the application was made;

(b) in relation to an *article 9 default*, one of the following that applied to the default before *commencement*:

(i) the Policyholders Protection Scheme established by the Policyholders Protection Act 1975;

(ii) the Deposit Protection Scheme established by Part II of the Banking Act 1987;

(iii) the Building Societies Investor Protection Scheme established by Part IV of the Building Societies Act 1986;

(iv) the Friendly Societies Protection Scheme established in accordance with section 141 of the Financial Services Act 1986.

relevant  
function

(in relation to a *UK recognised body*) an *exempt activity* or a *regulatory function*.

FCA PRA

relevant  
general  
insurance  
contract

(in *COMP*) any *general insurance contract* other than:

(a) [deleted]

(b) [deleted]

(c) a contract falling within any of the following classes:

(i) *aircraft*;

(ii) *ships*;

(iii) *goods in transit*;

(iv) *aircraft liability*;

(v) *liability of ships*;

(vi) *credit*.

relevant  
information

(1) (except in *REC*) (in relation to an *investment*) information which would be likely to be regarded by a *regular user* of the market or auction platform in question as relevant when deciding the terms on which transactions in that *investment* should be effected.

(2) (in *REC*) (in relation to an *investment*) information which is relevant to determining the current value of that *investment* or (in relation to *RAPs*) information on the terms of *emissions auction products* and the terms on which they will be auctioned on an *RAP*.

FCA PRA

relevant insurer

in relation to a *community co-insurance operation*, an *insurer* which is concerned in the operation but is not the *leading insurer*.

PAGE  
R19

FCA PRA

relevant  
investment

(1) (in ■ *COBS 12.4*, in relation to a *research recommendation* or a public appearance), a *designated investment* that is the subject of that *research recommendation* or public appearance,

FCA PRA

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|---|--|--|
| <p>(2) (other than in ■ COBS 4 or ■ COBS 12.4) (in accordance with article 3(1) of the <i>Regulated Activities Order</i> (Interpretation)):</p> <p style="margin-left: 40px;">(a) a <i>contractually based investment</i>;</p> <p style="margin-left: 40px;">(b) a <i>pure protection contract</i>;</p> <p style="margin-left: 40px;">(c) a <i>general insurance contract</i>;</p> <p style="margin-left: 40px;">(d) rights to or interests in an <i>investment</i> falling within (a).</p> <p>(3) (in ■ COBS 4) a <i>specified investment</i> or a <i>controlled investment</i>.</p> | <p><i>relevant issuer</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>(1) (in relation to a <i>designated investment</i> that is the subject of a <i>research recommendation</i> or a public appearance) the <i>issuer</i> of that <i>designated investment</i>; or</p> <p>(2) (in relation to a <i>related designated investment</i> that is the subject of a public appearance) either the <i>issuer</i> of the <i>related designated investment</i> or the <i>issuer</i> of a <i>designated investment</i> that might reasonably be expected directly to affect the value of the <i>related designated investment</i>.</p>   |
| <p>a market for a share determined in accordance with paragraph 2 and 8 of Article 9 of the <i>MiFID Regulation</i>, in many cases this will be the Member State where the share or the unit was first admitted to trading on a regulated market.</p> <p>[Note: article 9 of the <i>MiFID Regulation</i>]</p>   | <p><i>relevant liquid market</i></p> <p><b>FCA</b> <b>PRA</b></p>      | <p>(1) (in relation to business which is not <i>occupational pension fund management business</i>) the premium income in respect of <i>protected contracts of insurance</i> of a <i>firm</i>; or</p> <p>(2) (in relation to <i>occupational pension fund management business</i>) the <i>remuneration</i> retained by a <i>firm</i> in relation to its carrying on <i>occupational pension fund management business</i></p>  |
| <p>in the year preceding that in which the date for submission of the information under ■ FEES 6.5.13 R falls, net of any relevant rebates or refunds.</p>  | <p><i>relevant net premium income</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in accordance with the <i>Ombudsman Transitional Order</i>) a complaint referred to the <i>Financial Ombudsman Service</i> after <i>commencement</i> which relates to an act or omission occurring before <i>commencement</i> if:</p> <p style="margin-left: 40px;">(a) the act or omission is that of a person who was, immediately before <i>commencement</i>, subject to a <i>former scheme</i>;</p> <p style="margin-left: 40px;">(b) the act or omission occurred in the carrying on by that person of an activity to which that <i>former scheme</i> applied; and</p> <p style="margin-left: 40px;">(c) the complainant is eligible and wishes to have the complaint dealt with under the new scheme;</p> <p>for the purposes of (c), where the complainant is not eligible in accordance with ■ DISP 2 (Jurisdiction of the Financial Ombudsman Service), an <i>Ombudsman</i> may, nonetheless, if he considers it appropriate, treat the complainant as eligible if he would have been entitled to refer an equivalent complaint to the <i>former scheme</i> in question immediately before <i>commencement</i>.</p> |
| <p>a relevant office-holder as defined in section 189 of the Companies Act 1989, which is in summary:</p> <p style="margin-left: 40px;">(a) the official receiver;</p> <p style="margin-left: 40px;">(b) (in relation to a company) any <i>person</i> acting as its liquidator, provisional liquidator, administrator or administrative receiver;</p>   | <p><i>relevant new complaint</i></p> <p><b>FCA</b> <b>PRA</b></p>      |  |
| <p><i>relevant office-holder</i></p> <p><b>FCA</b> <b>PRA</b></p>   |  |  |

(c) (in relation to an individual or a debtor within the Bankruptcy (Scotland) Act 1985) a trustee in bankruptcy, interim receiver of property, or permanent or interim trustee in the sequestration of an estate;

(d) any *person* acting as administrator of an insolvent estate of a deceased *person*.

a *pension scheme* or an *additional voluntary contribution*.

relevant  
pension scheme

FCA PRA

(1) (in COMP) a *person* for *claims* against whom the *compensation scheme* provides cover, as defined in ■ COMP 6.2.1 R.

(2) any of the following:

(a) a *director, partner* or equivalent, manager or *appointed representative* (or where applicable, *tied agent*) of the *firm*;

(b) a *director, partner* or equivalent, or manager of any *appointed representative* (or where applicable, *tied agent*) of the *firm*;

(c) an *employee* of the *firm* or of an *appointed representative* (or where applicable, *tied agent*) of the *firm*; as well as any other natural person whose services are placed at the disposal and under the control of the *firm* or an *appointed representative* or a *tied agent* of the *firm* and who is involved in the provision by the *firm* of *regulated activities*;

(d) a natural person who is directly involved in the provision of services to the *firm* or its *appointed representative* (or where applicable, *tied agent*) under an *outsourcing* arrangement or (in the case of a *management company*) a delegation arrangement to third parties, for the purpose of the provision by the *firm* of *regulated activities* or (in the case of a *management company*) *collective portfolio management*.

[Note: article 2(3) of the *MiFID implementing Directive* and article 3(3) of the *UCITS implementing Directive*]

(1) (except in ■ FEES 6) a *collective investment scheme* managed by an *EEA UCITS management company*.

(2) (in ■ FEES 6) a scheme or arrangement (other than the *compensation scheme*) for the payment of compensation (in certain cases) to customers (including customers outside the *United Kingdom*) of *persons* (including *persons* outside the *United Kingdom*) who provide financial services (including financial services provided outside the *United Kingdom*) or carry on a business connected with the provision of such services.

(1) (in ■ MAR 2, when used with reference to the *Buy-back and Stabilisation Regulation*) (in accordance with Article 2(6) of the *Buy-back and Stabilisation Regulation*) *transferable securities* which are admitted to trading on a *regulated market* or for which a request for admission to trading on a *regulated market* has been made, and which are the subject of a *significant distribution*.

(2) (otherwise in ■ MAR 2) *transferable securities*

(3) [deleted]

(in accordance with the *Mortgage and General Insurance Complaints Transitional Order*) a complaint referred to the *Financial Ombudsman Service* after the

relevant  
scheme

FCA PRA

relevant  
security

FCA PRA

relevant  
transitional  
complaint

FCA PRA

*relevant commencement date* which relates to an act or omission occurring before that date if:

- (a) the act or omission is that of a *person* ("R") who, at the time of that act or omission, was subject to a *former scheme*;
- (b) R was an *authorised person* on or after the *relevant commencement date*;
- (c) the act or omission occurred in the carrying on by R of an activity to which that *former scheme* applied; and
- (d) the complainant is eligible and wishes to have the complaint dealt with under the new *scheme*.

*relevant UK details*

FCA PRA

the details required in regulation 15 of the *EEA Passport Rights Regulations* and set out in ■ SUP 13 Annex 2 R (Relevant UK details: branches of insurance undertakings).

*remedial direction*

[deleted] [deleted]

*remuneration*

FCA PRA

any form of remuneration, including salaries, *discretionary pension benefits* and benefits of any kind.

[Note: paragraph 23 of Annex V to the *Banking Consolidation Directive*]

*Remuneration Code*

FCA PRA

■ SYSC 19A (Remuneration Code).

*Remuneration Code general requirement*

FCA PRA

■ SYSC 19A.2.1 R.

*Remuneration Code staff*

FCA PRA

(for a *BIPRU firm* and a *third country BIPRU firm*) has the meaning given in ■ SYSC 19A.3.4 R.

*remuneration principles proportionality rule*

FCA PRA

(in ■ SYSC 19A) has the meaning given in ■ SYSC 19A.3.3 R.

*renewal*

FCA PRA

carrying forward a contract, at the point of expiry and as a successive or separate operation of the same nature as the preceding contract, between the same contractual parties.

*repayment claim*

FCA PRA

(in relation to a *dormant account*) a claim for repayment made by virtue of sections 1(2)(b) or 2(2)(b) of the Dormant Bank and Building Society Accounts Act 2008, that is, in summary, that the customer has against the *dormant account fund operator* whatever right to payment of the *balance* the customer would have against the *bank* or *building society* if the transfer (or in the case

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| <p>of section 2(2)(b), transfers) had not happened. In this definition, 'customer' is the <i>person</i> who held with a <i>bank</i> or <i>building society</i> the <i>balance</i> of a <i>dormant account</i> transferred to a <i>dormant account fund operator</i>.</p> |   |
| <p><i>repayment mortgage</i><br/>FCA PRA</p>   | <p>a <i>regulated mortgage contract</i> under which the <i>customer</i> is obliged to make payments of interest and capital which are designed to repay the mortgage over the stated term.</p>  |
| <p><i>repayment vehicle</i></p>  | <p>the means by which the <i>customer</i> will repay the capital due under the <i>regulated mortgage contract</i>, where all or part of that contract is an <i>interest-only</i> mortgage.</p>  |
| <p><i>repo</i><br/>FCA PRA</p>   | <p>(a) an agreement between a seller and buyer for the sale of <i>securities</i>, under which the seller agrees to repurchase the <i>securities</i>, or equivalent <i>securities</i>, at an agreed date and, usually, at a stated price;</p> <p>(b) an agreement between a buyer and seller for the purchase of <i>securities</i>, under which the buyer agrees to resell the <i>securities</i>, or equivalent <i>securities</i>, at an agreed date and, usually, at a stated price.</p>  |
| <p><i>reporting accountant</i><br/>FCA PRA</p>   | <p>an accountant appointed:</p> <p>(a) by the <i>appropriate regulator</i>; or</p> <p>(b) by a <i>firm</i>, having been nominated or approved by the <i>appropriate regulator</i> under section 166 of the <i>Act</i> (Reports by skilled persons); or</p> <p>(c) by an applicant for <i>Part 4A permission</i> ;</p> <p>to report on one or more aspects of the business of a <i>firm</i> or applicant, such as its financial position, including <i>internal controls</i> and reporting returns.</p>  |
| <p><i>reporting level</i><br/>FCA PRA</p>  | <p>(in ■ SUP 16 (Reporting requirements) and in relation to a <i>data item</i>) refers to whether that <i>data item</i> is prepared on a solo basis or on the basis of a group such as a <i>UK DLG by modification</i> and, if it is prepared on the basis of a group, refers to the type of group (such as a <i>UK DLG by modification</i> or a <i>non-UK DLG by modification (firm level)</i>).</p>   |
| <p><i>repossess</i><br/>FCA PRA</p>  | <p>(in MCOB) take possession of the property that is the subject of a <i>regulated mortgage contract</i> or <i>home purchase plan</i> .</p>   |
| <p><i>representative</i><br/>FCA PRA</p>   | <p>(1) an individual who:</p> <p>(a) is appointed by a <i>firm</i>, or by an <i>appointed representative</i> of a <i>firm</i>, to carry on any of the following activities:</p> <p style="margin-left: 20px;">(i) <i>advising on investments</i>;</p> <p style="margin-left: 20px;">(ii) providing <i>basic advice</i> on <i>stakeholder products</i>;</p> <p style="margin-left: 20px;">(iii) <i>arranging (bringing about) deals in investments</i>;</p> <p style="margin-left: 20px;">(iv) dealing in investments; or</p> <p>(b) although not appointed to do so, carries on any of the activities in (i) to (iii) on behalf of a <i>firm</i> or its <i>appointed representative</i> .</p> <p>(2) (in IPRU(INV) 13 in relation to <i>designated investment business</i>) an individual appointed by a provider firm or by an <i>appointed representative</i> or <i>tied agent</i> of that <i>firm</i> to carry out either or both of the following activities:</p> <p style="margin-left: 20px;">(a) giving <i>advice on investments</i> to <i>customers</i> on the merits of <i>packaged products</i> offered by that <i>firm</i> (or any other provider firm within the same <i>marketing group</i>); or</p> |

|   |  |
|---|--|
| <p style="margin: 0;"><i>repurchase agreement</i></p> <p style="margin: 0;">FCA PRA</p>     | <p style="margin: 0;">(b) <i>arranging (bringing about) deals in investments</i> in relation to those products.</p> <p style="margin: 0;">(3) In (2), a provider firm is a <i>firm</i> that is:</p> <p style="margin: 0;">(a) a <i>product provider</i>; or</p> <p style="margin: 0;">(b) a <i>marketing group associate</i>.</p>  |
| <p style="margin: 0;"><i>repurchase transaction</i></p> <p style="margin: 0;">FCA PRA</p>   | <p style="margin: 0;">see <i>repurchase transaction</i>.</p> <p style="margin: 0;">(in accordance with Article 3(1)(m) of the <i>Capital Adequacy Directive</i> and Article 4(33) of the <i>Banking Consolidation Directive</i> (Definitions)) any agreement in which an <i>undertaking</i> or its counterparty transfers securities or <i>commodities</i> or guaranteed rights relating to title to securities or <i>commodities</i> where that guarantee is issued by a <i>designated investment exchange</i> or <i>recognised investment exchange</i> which holds the rights to the securities or <i>commodities</i> and the agreement does not allow an <i>undertaking</i> to transfer or pledge a particular security or <i>commodity</i> to more than one counterparty at one time, subject to a commitment to repurchase them or substituted securities or <i>commodities</i> of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a <i>repurchase agreement</i> for the <i>undertaking</i> selling the securities or <i>commodities</i> and a <i>reverse repurchase agreement</i> for the <i>undertaking</i> buying them.</p> |
| <p style="margin: 0;"><i>required percentage</i></p> <p style="margin: 0;">FCA PRA</p>      | <p style="margin: 0;">the <i>required percentage</i> referred to in ■ COBS 20.2.17 R is, for each <i>with-profits fund</i>:</p> <p style="margin: 0;">(a) the percentage (if any) required in respect of that fund by:</p> <p style="margin: 0;">(i) the <i>firm's</i> articles of association, registered rules or other equivalent instrument; or</p> <p style="margin: 0;">(ii) a relevant order made by a court of competent jurisdiction;</p> <p style="margin: 0;">(b) if (a) does not apply, the percentage that reflects the <i>firm's</i> established practice, if it has one;</p> <p style="margin: 0;">(c) if (a) and (b) do not apply, not less than 90 per cent.</p>  |
| <p style="margin: 0;"><i>requirement</i></p> <p style="margin: 0;">FCA PRA</p>              | <p style="margin: 0;">a requirement included in a firm's <i>Part 4A permission</i> under section 55L(3) of the <i>Act</i> (Imposition of requirements by the FCA), section 55M(3) of the <i>Act</i> (Imposition of Requirements by the PRA) or section 55O of the <i>Act</i> (Imposition of requirements on acquisition of control).</p>   |
| <p style="margin: 0;"><i>requiring or encouraging</i></p> <p style="margin: 0;">FCA PRA</p> | <p style="margin: 0;">taking or refraining from taking any action which requires or encourages another <i>person</i> to engage in <i>behaviour</i> which, if engaged in by the <i>person</i> requiring or encouraging, would amount to <i>market abuse</i>.</p>  |
| <p style="margin: 0;"><i>requisite details</i></p> <p style="margin: 0;">FCA PRA</p>        | <p style="margin: 0;">the details required in regulation 1 of the <i>EEA Passport Rights Regulations</i> and set out in ■ SUP 13 Annex 1 R (Requisite details: branches).</p>  |
| <p style="margin: 0;"><i>research recommendation</i></p> <p style="margin: 0;">FCA PRA</p>  | <p style="margin: 0;">research or other information:</p> <p style="margin: 0;">(a) concerning one or several <i>financial instruments</i> admitted to trading on <i>regulated markets</i>, or in relation to which an application for admission to trading has been made, or <i>issuers</i> of such <i>financial instruments</i>;</p> <p style="margin: 0;">(b) intended for distribution so that it is, or is likely to become, accessible by a large number of <i>persons</i>, or for the public, but not including:</p>   |



(i) an informal short-term investment personal recommendation expressed to *clients*, which originates from inside the sales or trading department, and which is not likely to become publicly available or available to a large number of persons; or

(ii) advice given by a *firm* to a *body corporate* in the context of a *takeover bid* and disclosed only as a result of compliance with a legal or regulatory obligation, including rule 3 of the *Takeover Code* or its equivalents outside the *UK*; and

(c) which:

(i) explicitly or implicitly, recommends or suggests an investment strategy; or

(ii) directly or indirectly, expresses a particular investment recommendation; or

(iii) expresses an opinion as to the present or future value or price of such instruments.

In this definition, "financial instruments" means the following (as defined in Article 5 of the *Prescribed Markets and Qualifying Investments Order* and Article 1(3) of the *Market Abuse Directive*, and which consequently carries the same meaning in the *Buy-back and Stabilisation Regulation*):

(a) *transferable securities*;

(b) units in collective investment undertakings;

(c) *money-market instruments*;

(d) financial futures contracts, including equivalent cash-settled instruments;

(e) forward interest-rate agreements;

(f) interest-rate, currency and equity swaps;

(g) options to acquire or dispose of any instrument falling into these categories, including equivalent cash-settled instruments. This category includes in particular options on currency and on interest rates;

(h) derivatives on commodities; and

(i) any other instrument admitted to trading on a regulated market in an *EEA State* or for which a request for admission to trading on such a market has been made.

resecuritisation

FCA PRA

in ■ BIPRU 7 and ■ 9, a *securitisation* where the risk associated with an underlying pool of *exposures* is *tranché* and at least one of the underlying *exposures* is a *securitisation position*.

[Note: *BCD*, Article 4(40a)]

resecuritisation position

FCA PRA

in ■ BIPRU 7 and ■ 9, an *exposure* to a *resecuritisation*.

[Note: *BCD*, Article 4(40b)]

resilience capital requirement

FCA PRA

the capital component for *long-term insurance business* calculated in accordance with the *rules* in INSPRU 3.1.9G to INSPRU 3.1.26R.

respondent

FCA PRA

(1) (in *DISP*, ■ FEES 5 and ■ CREDS 9) a *firm* (except a *UCITS qualifier*), *payment service provider*, *electronic money issuer*, *licensee* or *VJ participant*

covered by the *Compulsory Jurisdiction, Consumer Credit Jurisdiction* or *Voluntary Jurisdiction* of the *Financial Ombudsman Service*.

(2) (in ■ DISP 2 and ■ 3 and ■ FEES 5) includes, as a result of sections 226 and 226A of the Act:

(a) an *unauthorised person* who was formerly a *firm* in respect of a *complaint* about an act or omission which occurred at the time when the *firm* was *authorised*, provided that the compulsory jurisdiction rules were in force in relation to the activity in question;

(b) a *person* who was formerly a *licensee* in respect of a *complaint* about an act or omission which occurred at the time when it was a *licensee*, provided the *complaint* falls within a description specified in the consumer credit rules in force at the time of the act or omission;

(c) a *person* who was formerly a *payment service provider* in respect of a *complaint* about an act or omission which occurred at the time when it was a *payment service provider*, provided that the compulsory jurisdiction rules were in force in relation to the activity in question; and

(d) a *person* who was formerly an *electronic money issuer* in respect of a *complaint* about an act or omission which occurred at the time when it was an *electronic money issuer*, provided that the compulsory jurisdiction rules were in force in relation to the activity in question.

(3) (in ■ DISP 2 and ■ 3 and ■ FEES 5) includes, in accordance with the *Ombudsman Transitional Order*, an *unauthorised person* subject to the *Compulsory Jurisdiction* in relation to *relevant existing complaints* and *relevant new complaints*.

(4) (in ■ DISP 2 and ■ 3 and ■ FEES 5) includes, in accordance with the *Mortgage and General Insurance Complaints Transitional Order*, a former *firm* subject to the *Compulsory Jurisdiction* in relation to *relevant transitional complaints*.

*responsible person*

FCA PRA

(1) (except in COMP) (as defined in section 3(8) of the Child Trust Funds Act 2004) a *person* with *parental responsibility* in relation to a child under 16 who is not:

(a) a local authority or, in Northern Ireland, an authority within the meaning of the Children (Northern Ireland) Order 1995 (SI 1995/755 (NI 2)); or

(b) a *person* under 16.

(2) (in COMP) (in accordance with section 3 (1) of the Compensation Act 2006) a *person* who has negligently or in breach of statutory duty caused or permitted another *person* to be exposed to asbestos (including an *insurer* of such a *person*).

*restricted advice*

FCA PRA

(a) a *personal recommendation* to a *retail client* in relation to a *retail investment product* which is not *independent advice*; or

(b) *basic advice*.

*restricted credit*

FCA PRA

a loan for which, as a result of an existing arrangement between a supplier and a *firm*, the *customer's* application to the *firm* is submitted through the supplier and the terms of the loan require that it be paid to the supplier for goods or services supplied to the *customer*, not including loans secured by a charge over land or loans or payments by *plastic card* (other than a *store card*).

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| <p><i>restricted-use credit agreement</i></p> <p>FCA PRA</p>            | <p>(in accordance with section 11 of the Consumer Credit Act 1974) an agreement:</p> <p>(a) to finance a transaction between the <i>customer</i> and the <i>firm</i>, whether forming part of that agreement or not;</p> <p>(b) to finance a transaction between the <i>customer</i> and a person (the 'supplier') other than the <i>firm</i>;</p> <p>(c) to refinance any existing indebtedness of the <i>customer's</i>, whether to the <i>firm</i> or another <i>person</i>.</p>  |
| <p><i>restriction notice</i></p> <p>FCA PRA</p>                         | <p>a notice served under sections 191B or 301J of the <i>Act</i>.</p>  |
| <p><i>retail (investment) customer</i></p> <p>FCA PRA</p>               | <p>(in relation to a <i>firm's permission</i> and the <i>Financial Services Register</i>) a <i>retail client</i>.</p>  |
| <p><i>retail (non-investment insurance) customer</i></p> <p>FCA PRA</p> | <p>(in relation to a <i>firm's permission</i> and the <i>Financial Services Register</i>) a <i>consumer</i> or a <i>customer</i> acting in the capacity of both a <i>consumer</i> and a <i>commercial customer</i> (see ■ ICOBS 2.1.3 G).</p>  |
| <p><i>retail banking service</i></p> <p>FCA PRA</p>                     | <p>an arrangement with a <i>banking customer</i>, under which a <i>firm</i> agrees to accept a <i>deposit</i> from a <i>banking customer</i> on terms to be held in an account for that customer, and to provide services in relation to that <i>deposit</i> including but not limited to repayment to the customer.</p>   |
| <p><i>retail client</i></p> <p>FCA PRA</p>                              | <p>(1) (other than in relation to the <i>provision of basic advice on stakeholder products</i>) in accordance with ■ COBS 3.4.1 R, a <i>client</i> who is neither a <i>professional client</i> or an <i>eligible counterparty</i>; or</p> <p>[Note: article 4(1)(12) of MiFID]</p> <p>(2) (in relation to the provision of <i>basic advice on a stakeholder product</i> and in accordance with article 52B of the <i>RAO</i>) any <i>person</i> who is advised by a <i>firm</i> on the merits of opening or buying a <i>stakeholder product</i> where the advice is given in the course of a business carried on by that <i>firm</i> and it is received by a <i>person</i> not acting in the course of a business carried on by him.</p> |
| <p><i>retail customer</i></p> <p>FCA PRA</p>                            | <p>(in accordance with the meaning of 'consumer' in article 2(d) of the <i>Distance Marketing Directive</i> an individual who is acting for purposes which are outside his trade, business or profession.</p>  |
| <p><i>retail exposure</i></p> <p>FCA PRA</p>                            | <p>(1) (in relation to the <i>IRB approach</i> and with respect to an <i>exposure</i>) an <i>exposure</i> falling into the <i>IRB exposure class</i> listed in ■ BIPRU 4.3.2 R (4) (Retail exposures).</p> <p>(2) (in relation to the <i>standardised approach</i> to credit risk and with respect to an <i>exposure</i>) an <i>exposure</i> falling into the <i>standardised credit risk exposure class</i> listed in ■ BIPRU 3.2.9 R (8) (Retail exposures).</p>   |
| <p><i>retail investment</i></p> <p>FCA PRA</p>                          | <p>(a) a <i>life policy</i>; or</p> <p>(b) a <i>unit</i>; or</p>   |

*retail investment activity*

**FCA** **PRA**

- (c) a *stakeholder pension scheme*; or
- (ca) a *personal pension scheme*; or
- (d) an interest in an *investment trust savings scheme*; or
- (e) a *structured capital-at-risk product*.

- (a) *advising on investments*;
- (b) *arranging (bringing about) deals in investments*; or
- (c) *making arrangements with a view to transactions in investments*,

in relation to *retail investments*, except when carried on by a *firm* exclusively with or for *professional client* or *eligible counterparties*.

*retail investment adviser*

**FCA** **PRA**

an *employee* who carries on activities 2, 3, 4, 6, 12 and 13 in **TC Appendix 1.1.1 R** (other than in relation to a *Holloway sickness policy* where the *Holloway policy special application conditions* are met).

*retail investment firm*

**FCA** **PRA**

a *firm* that has *permission* to carry on an activity which is a *retail investment activity*.

*retail investment product*

**FCA** **PRA**

- (a) a *life policy*; or
- (b) a *unit*; or
- (c) a *stakeholder pension scheme* (including a *group stakeholder pension scheme*); or
- (d) a *personal pension scheme* (including a *group personal pension scheme*); or
- (e) an interest in an *investment trust savings scheme*; or
- (f) a *security* in an *investment trust*; or
- (g) any other *designated investment* which offers exposure to underlying financial assets, in a packaged form which modifies that exposure when compared with a direct holding in the financial asset; or
- (h) a *structured capital-at-risk product*;

whether or not any of (a) to (h) are held within an *ISA* or a *CTF*.

*retail pool*

the pool of *classes* to which the *FSCS* allocates levies as described in **FEES 6.5A [to follow]**.

*retail securitised derivative*

**FCA** **PRA**

a *securitised derivative* which is not a specialist securitised derivative; in this definition, a "specialist securitised derivative" is a *securitised derivative* which, in accordance with the *listing rules*, is required to be admitted to listing with a clear statement on any disclosure document that the issue is intended for a purchase by only investors who are particularly knowledgeable in investment matters.

*retail SME*

**FCA** **PRA**

- (1) (in relation to the *IRB approach*) a small or medium sized entity, an *exposure* to which may be treated as a *retail exposure* under **BIPRU 4.6.2 R** (Definition of retail exposures).

|  |   |
|--|---|
|  | (2) (in relation to the <i>standardised approach</i> to credit risk) a small or medium sized entity, an <i>exposure</i> to which may be treated as a retail exposure under ■ BIPRU 3.2.10 R (Definition of retail exposures).   |
| <i>retail SME exposure</i><br>FCA PRA          | (in relation to the <i>IRB approach</i> or the <i>standardised approach</i> to credit risk) an <i>exposure</i> to a <i>retail SME</i> .   |
| <i>retirement annuity</i><br>FCA PRA           | an individual <i>pension policy</i> effected before 1 July 1988 by a self-employed <i>person</i> or a <i>person</i> in non-pensionable employment which was approved under Chapter III, Part XIV of the Income and Corporation Taxes Act 1988 (when sections 618 to 628 of that Chapter were in force).   |
| <i>retirement fund</i><br>FCA PRA              | the amount which will be available, at the date on which the investor retires, for the provision of benefits.   |
| <i>return</i><br>FCA PRA                       | the documents required (taken together) to be deposited under <i>IPRU(INS) rule</i> 9.6(1).   |
| <i>reverse repurchase agreement</i><br>FCA PRA | see <i>repurchase transaction</i> .   |
| <i>reverse takeover</i><br>FCA PRA             | (in <i>LR</i> ) a transaction classified as a <i>reverse takeover</i> under ■ LR 5.6.   |
| <i>reversion activity</i><br>FCA PRA           | any of the <i>regulated activities</i> of: <ul style="list-style-type: none"> <li>(a) <i>arranging (bringing about) a home reversion plan</i> (article 25B(1));</li> <li>(b) <i>making arrangements with a view to a home reversion plan</i> (article 25B(2));</li> <li>(c) <i>advising on a home reversion plan</i> (article 53B);</li> <li>(d) <i>entering into a home reversion plan</i> (article 63B(1));</li> <li>(e) <i>administering a home reversion plan</i> (article 63B(2)); or</li> <li>(f) <i>agreeing to carry on a regulated activity</i> in (a) to (e) (article 64).</li> </ul> |
| <i>reversion administrator</i><br>FCA PRA      | a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i> ) for <i>administering a home reversion plan</i> .   |
| <i>reversion adviser</i><br>FCA PRA            | a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i> ) for <i>advising on a home reversion plan</i> .   |
| <i>reversion arranger</i>                      | a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i> ) for <i>arranging a home reversion plan</i> .   |

FCA PRA

*reversion intermediary*

a *firm* with *permission* (or which ought to have *permission*) to carry on a *reversion mediation activity*.

FCA PRA

*reversion mediation activity*

any of the following *regulated activities*:

- (a) *arranging (bringing about) a home reversion plan* (article 25B(1));
- (b) *making arrangements with a view to a home reversion plan* (article 25B(2));
- (c) *advising on a home reversion plan* (article 53B); or
- (d) *agreeing to carry on a regulated activity* in (a) to (c) (article 64).

FCA PRA

*reversion occupier*

the individual (or trustees), specified in article 63B(3) of the *Regulated Activities Order*, who in summary:

- (a) is (or are) the *person* (or *persons*) from whom all or part of an interest in land is bought as part of an arrangement comprising a *home reversion plan*; and
- (b)
  - (i) in the case of an individual, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling and intends to do so; or
  - (ii) in the case of trustees, are trustees of a trust a beneficiary of which is an individual described in (i).

FCA PRA

*reversion provider*

a *firm* with *permission* (or which ought to have *permission*) for *entering into a home reversion plan*.

FCA PRA

*revolving exposure*

(for the purpose of ■ BIPRU 9.13 (Securitisations of revolving exposures with early amortisation provisions) and in accordance with Article 100 of the Banking Consolidation Directive (Securitisations of revolving exposures)) an *exposure* whereby customers' outstanding balances are permitted to fluctuate based on their decisions to borrow and repay, up to an agreed limit.

FCA PRA

RIE

*recognised investment exchange*.

FCA PRA

*right of set-off*

(in BCOBS) any right of a *firm*, whether under a contract for a *retail banking service* or the general law, to set off or combine:

- (a) any debt due from a *consumer*; or
- (b) any debit balance on an account held by a *consumer*;

against or with:

- (c) any sum payable by the *firm* to the *consumer*; or
- (d) any credit balance on an account held by the *consumer*;

that has the effect of reducing, discharging or extinguishing the *firm's* liability to the *consumer* or the credit balance on the account held by the *consumer*.

FCA PRA

rights issue

FCA PRA

(in LR and ■ DTR 5) an offer to existing *security* holders to subscribe or purchase further *securities* in proportion to their holdings made by means of the issue of a renounceable letter (or other negotiable document) which may be traded (as "nil paid" rights) for a period before payment for the *securities* is due.

rights to or interests in investments

FCA PRA

the *investment*, specified in article 89 of the *Regulated Activities Order* (Rights to or interests in investments), which is in summary: any right to or interest in any other *specified investment*, but excluding:

- (a) interests under the trusts of an *occupational pension scheme*;
- (b) rights to or interests in a *contract of insurance* of the kind referred to in paragraph (1)(a) of article 60 of the *Regulated Activities Order* (Plans covered by insurance or trust arrangements), or interests under a trust of the kind referred to in paragraph 1(b) of article 60 of the *Regulated Activities Order* (Plans covered by insurance or trust arrangements);
- (c) any other *specified investment*.

risk capital margin

FCA PRA

the risk capital margin for a *with-profits fund* calculated in accordance with the rules in INSPRU 1.3.43R to INSPRU 1.3.103G.

risk capital requirement

FCA PRA

- (1) (in relation to the *appropriate regulator's rules*) one of the following:
  - (a) the *credit risk capital requirement*;
  - (b) the *fixed overheads requirement*;
  - (c) the *market risk capital requirement*; or
  - (d) the *operational risk capital requirement*; or
- (2) (in relation to the rules of another *regulatory body*) whatever corresponds to the items in (1) under the rules of that *regulatory body*.

risk concentration

FCA PRA

(in accordance with Article 2(19) of the *Financial Groups Directive* (Definitions)) all exposures with a loss potential borne by entities within a *financial conglomerate*, which are large enough to threaten the solvency or the financial position in general of the *regulated entities* in the *financial conglomerate*; such exposures may be caused by counterparty risk, credit risk, investment risk, insurance risk, market risk, other risks, or a combination or interaction of these risks.

risk factors

FCA PRA

(in PR) (as defined in the *PD Regulation*) a list of risks which are specific to the situation of the issuer and/or the securities and which are material for taking investment decisions.

risk limit system

FCA PRA

(in COLL and in accordance with article 40(2)(d) of the *UCITS implementing Directive*) a documented system of internal limits concerning the measures used by a *management company* to manage and control the relevant risks for each *UCITS* it manages, taking into account all the risks which may be material to the *UCITS*, as referred to in the second paragraph of article 38(1) of the *UCITS implementing Directive* and ensuring consistency with the *UCITS'* risk profile.

risk position

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) a risk number that is assigned to a transaction under the *CCR standardised method* following a predetermined algorithm.

risk weight

FCA PRA

(in relation to an *exposure*) a degree of risk expressed as a percentage assigned to that *exposure* in accordance with whichever is applicable of the *standardised*

|  |  |
|--|--|
| <p><i>risk weighted exposure amount</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p><i>approach</i> to credit risk and the <i>IRB approach</i>, including (in relation to a <i>securitisation position</i>) under ■ ■ BIPRU 9 (Securitisation).</p>   |
| <p>RMAR</p> <p><b>FCA</b> <b>PRA</b></p>                                 | <p>(in <i>SUP</i>) a Retail Mediation Activities Return, containing data specified in ■ SUP 16 Annex 18A R and relevant to the <i>firm's</i> type and <i>regulated activities</i>.</p>   |
| <p>ROIE</p> <p><b>FCA</b> <b>PRA</b></p>                                 | <p><i>recognised overseas investment exchange</i>.</p>   |
| <p><i>rolling spot forex contract</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>either of the following:</p> <p>(a) a <i>future</i>, other than a <i>future</i> traded or expressed to be as traded on a <i>recognised investment exchange</i>, where the property which is to be sold under the contract is foreign exchange or sterling; or</p> <p>(b) a <i>contract for differences</i> where the profit is to be secured or loss avoided by reference to fluctuations in foreign exchange; and</p> <p>in either case where the contract is entered into for the purpose of speculation.</p>   |
| <p><i>rollover risk</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>(in accordance with Part 1 of Annex III of the <i>Banking Consolidation Directive</i> (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the amount by which <i>expected positive exposure</i> is understated when future transactions with a counterpart are expected to be conducted on an ongoing basis; the additional <i>exposure</i> generated by those future transactions is not included in calculation of <i>expected positive exposure</i>.</p> |
| <p><i>roll-up of interest mortgage</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a <i>regulated mortgage contract</i> where no payment of interest on the amount borrowed (other than interest charged when all or part of the amount borrowed is repaid voluntarily by the <i>customer</i>), is due or capable of becoming due while the <i>customer</i> continues to occupy the mortgaged property as his main residence and fulfil his obligations under the <i>regulated mortgage contract</i>.</p>  |
| <p>RPI</p> <p><b>FCA</b></p>   | <p>the Retail Prices Index.</p>  |
| <p>RPPD</p> <p><b>FCA</b> <b>PRA</b></p>                                 | <p>the Regulatory Guide which contains a statement of the responsibilities of providers and distributors for the fair treatment of <i>customers</i>.</p>   |
| <p>RSRB permission</p> <p><b>FCA</b> <b>PRA</b></p>                      | <p>(in <i>FEES</i>) an <i>authorisation</i> to carry on one or more <i>regulated sale and rent back activities</i>.</p>  |
| <p>rule</p> <p><b>FCA</b> <b>PRA</b></p>                                 | <p>(in accordance with section 417(1) of the <i>Act</i> (Definitions)) a rule made by the <i>FCA</i> or the <i>PRA</i> under the <i>Act</i>, including:</p> <p>(a) a <i>Principle</i>; and</p>   |



(b) an *evidential provision*.

*rule on use of  
dealing  
commission*

FCA PRA

■ COBS 11.6.3 R.

*running-account  
credit*

FCA PRA

(in accordance with section 10(1)(a) of the Consumer Credit Act 1974) a facility under a contract by which the *customer* is enabled to receive from time to time (whether in his own person, or by another person) from the *firm* or a third party cash, goods and services (or any of them) to an amount or value such that, taking into account payments made by or to the credit of the customer, the credit limit (if any) is not at any time exceeded.



safe custody asset

FCA PRA

(a) in relation to *MiFID business*, a *financial instrument*; or  
 (b) in relation to *safeguarding and administering investments* that is not *MiFID business*, a *safe custody investment*.

safe custody investment

FCA PRA

a *designated investment*, which is not the property of the *firm*, but for which the *firm*, or any *nominee company* controlled by the *firm* or by its *associate*, is accountable; which has been paid for in full by the *client*; and which ceases to be a *safe custody investment* when the *firm* has disposed of it in accordance with a valid instruction.

safeguarding and administering investments

FCA PRA

the *regulated activity*, specified in article 40 of the *Regulated Activities Order* (Safeguarding and administering investments), which is in summary: the safeguarding of assets belonging to another and the administration of those assets, or arranging for one or more other *persons* to carry on that activity, where:

- (a) the assets consist of or include any *security* or *contractually based investment* (that is, any *designated investment*, *funeral plan contract* or right to or interest in a *funeral plan contract*); or
- (b) the arrangements for their safeguarding and administration are such that the assets may consist of or include *designated investments*, and either the assets have at any time since 1 June 1997 done so, or the arrangements have at any time (whether before or after that date) been held out as ones under which *designated investments* would be safeguarded and administered.

safeguarding and administration of assets (without arranging)

FCA PRA

that part of *safeguarding and administering investments* which consists of both:

- (a) the safeguarding of assets belonging to another; and
- (b) the administration of those assets.

sale

FCA PRA

(in COLL) (in relation to *units* in an *authorised fund*) the sale of *units* by the *authorised fund manager* as *principal*.

sale price

FCA PRA

(in COLL)  
 the *price* payable to the *authorised fund manager* for each *unit* it *sells* to a *unitholder*, calculated in accordance with ■ COLL 6.3 (Valuation and pricing).

sale shortfall

FCA PRA

the outstanding amount due to the *home finance provider*, under a *home finance transaction*, following the sale of the property that is its subject.

same stage of capital

FCA PRA

(with respect to a particular item of capital in the *capital resources table*) the stage in the *capital resources table* in which that item of capital appears.

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schedule

FCA PRA

(in *Part 6 rules*) (as defined in the *PD Regulation*) a list of minimum information requirements adapted to the particular nature of the different types of *issuers* and/or the different *securities* involved.

scheme

FCA PRA

- (1) (except in *COBS*, *CASS* and *SUP*) a *collective investment scheme*.
- (2) (in *COBS*, *CASS* and *SUP*)

|  |   |   |  |
|--|---|---|--|
| <p>(a) a <i>regulated collective investment scheme</i> ;</p> <p>(b) an <i>investment trust</i> where the relevant <i>shares</i> have been , or will be, acquired through an <i>investment trust savings scheme</i> ;</p> <p>(c) an <i>investment trust</i> , if:</p> <p style="padding-left: 40px;">(i) the relevant <i>shares</i> will be held in a <i>wrapper</i> or <i>personal pension scheme</i>; and</p> <p style="padding-left: 40px;">(ii) the trust and the <i>wrapper</i> or <i>personal pension scheme</i> will be promoted together;</p> <p>(d) (in COBS 18.5 ) in addition to (a), (b) and (c), an <i>unregulated collective investment scheme</i>.</p> | <p><i>scheme holding</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>a holding of:</p> <p>(a) <i>units</i> in a <i>collective investment scheme</i> ; or</p> <p>(b) <i>shares</i> in an <i>investment trust savings scheme</i>.</p>   |  |
| <p>the management by an <i>operator</i> of the property held for or within the <i>scheme</i> of which it is the <i>operator</i>, excluding the receiving and holding of <i>client money</i> and <i>safeguarding and administering investments</i>.</p>   | <p><i>scheme management activity</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in <i>COLL</i> ) an arrangement relating to an <i>authorised fund</i> ("transferor fund") or to a <i>sub-fund</i> of a <i>scheme</i> that is an <i>umbrella</i> ("transferor <i>sub-fund</i>") under which:</p> <p>(a) either:</p> <p style="padding-left: 40px;">(i) all or part of the property of the transferor fund, or all or part of the property attributed to the transferor <i>sub-fund</i>, is to become the property of one or more <i>regulated collective investment schemes</i> ("transferee <i>schemes</i>"); or</p> <p style="padding-left: 40px;">(ii) all or part of the property attributed to the transferor <i>sub-fund</i> is to become part of the property attributed to one or more other <i>sub-funds</i> of the same <i>umbrella</i> ("transferee <i>sub-funds</i>"); and</p> <p>(b) holders of <i>units</i> in the transferor fund or transferor <i>sub-fund</i>, the property of which is being transferred or reattributed under (a), are to receive, in exchange for their respective interests in that property, either:</p> <p style="padding-left: 40px;">(i) <i>units</i> in the transferee <i>scheme</i> or one or more of the transferee <i>schemes</i>, to which the property is transferred; or</p> <p style="padding-left: 40px;">(ii) <i>units</i> in the transferee <i>sub-fund</i> or one or more of the transferee <i>sub-funds</i>, to which the property is reattributed.</p> <p>This arrangement includes an arrangement that constitutes a <i>domestic UCITS merger</i> or a <i>cross-border UCITS merger</i>.</p> | <p><i>scheme of arrangement</i></p> <p><b>FCA</b> <b>PRA</b></p> |
| <p>a scheme which:</p> <p>(a) describes the nature of the risks which the <i>insurer</i> is underwriting, or intends to underwrite, and the guiding principles which it intends to follow in reinsuring or covering those risks; and</p> <p>(b) contains the information required under ■ SUP App 2.12.1 R (Content of a scheme of operations).</p>  | <p><i>scheme of operations</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>a <i>document</i> containing information about a <i>regulated collective investment scheme</i>.</p>  | <p><i>scheme particulars</i></p> <p><b>FCA</b> <b>PRA</b></p>    |

|  |   |
|--|---|
| <p><i>scheme pension</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                    | <p>a scheme pension, as defined in paragraph 2 of Schedule 28 to the Finance Act 2004, which is in summary a pension payable until a pension scheme member's death, or until the later of the member's death and the end of a term not exceeding 10 years.</p>  |
| <p><i>scheme property</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                   | <p>(a) (in relation to an <i>ICVC</i>) the property subject to the <i>collective investment scheme</i> constituted by it;</p> <p>(b) (in relation to an <i>AUT</i>) the <i>capital property</i> and the <i>income property</i>.</p>   |
| <p><i>scheme report</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                     | <p>(in <span style="color: #000080;">■</span> SUP 18) the report on the terms of an <i>insurance business transfer scheme</i> required by section 109 of the <i>Act</i> (Scheme reports).</p>   |
| <p><i>scientific research based company</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>(in <i>LR</i>) a <i>company</i> primarily involved in the laboratory research and development of chemical or biological products or processes or any other similar innovative science based company.</p>   |
| <p><i>scope of advice, scope</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>the basis on which <i>personal recommendations</i> on <i>packaged products</i> is given by a <i>firm</i>, that is, one of the following:</p> <ol style="list-style-type: none"> <li>(1) the whole market (or the whole of a named sector of the market); or</li> <li>(2) a limited number of <i>product providers</i>; or</li> <li>(3) a single <i>company</i> or single group of <i>companies</i>.</li> </ol> <p>References to a <i>firm's</i> scope of <i>personal recommendations</i> of <i>packaged products</i> include, where the context requires, a reference to the scope of <i>personal recommendations</i> of the <i>firm's</i> <i>appointed representatives</i> or, where applicable, <i>tied agent</i>.</p> |
| <p><i>scope of basic advice</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>the basis on which a <i>firm</i> gives <i>basic advice</i> on <i>stakeholder products</i>, that is, with reference to the <i>stakeholder products</i> of one, or more than one, <i>stakeholder product</i> provider.</p>   |
| <p><i>SCV implementation report</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>         | <p>(in <i>COMP</i>) a report in accordance with <span style="color: #000080;">■</span> COMP 17.3.6 R explaining how the relevant <i>firm</i> has satisfied the <i>PRA's</i> <i>SCV requirements</i>.</p>  |
| <p><i>SCV report</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                        | <p>(in <i>COMP</i>) a report in accordance with <span style="color: #000080;">■</span> COMP 17.3.9 R from the relevant <i>firm's</i> board of directors confirming that the <i>firm's</i> <i>SCV system</i> satisfies the <i>PRA's</i> <i>SCV requirements</i>.</p>   |
| <p><i>SCV system</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                        | <p>(in <i>COMP</i>) a <i>firm's</i> system for satisfying the <i>PRA's</i> <i>SCV requirements</i>.</p>   |
| <p><i>SDL</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                               | <p>(in <i>BSOCS</i>) the total of share and deposit liabilities, excluding amounts that qualify as <i>own funds</i> but including accrued interest not yet payable.</p>   |
| <p><i>SDRT provision</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                    | <p>a <i>charge</i> of such amount or at such rate as is determined by the <i>authorised fund manager</i> to be made as a provision for stamp duty reserve tax for which the <i>ICVC</i> may become liable under the Stamp Duty and Stamp Duty Reserve Tax</p>   |

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| <p><i>Second Life Directive</i><br/>FCA PRA</p>           | <p>(Open-Ended Investment Companies)(Amendment No.2) Regulations 2000 or the <i>trustee</i> may become liable under Schedule 19 to the Finance Act 1999 in respect of a surrender of <i>units</i> to the <i>authorised fund manager</i>.</p>   |
| <p><i>Second Non-Life Directive</i><br/>FCA PRA</p>       | <p>the Council Directive of 8 November 1990 on the coordination of laws, etc and laying down provisions relating to facilitate the effective exercise of freedom to provide services and amending Directive 79/267/EEC (No 90/619/EEC).</p>  |
| <p><i>secondary material</i><br/>FCA PRA</p>              | <p>the Council Directive of 22 June 1988 on the coordination of laws, etc and laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 73/239/EEC (No 88/357/EEC).</p>  |
| <p><i>secondary pooling event</i><br/>FCA PRA</p>         | <p>(as more fully described in section 394 of the <i>Act</i> (Access to FCA or PRA material)) material, other than that which the <i>appropriate regulator</i> relied on in reaching its decision, which:</p> <ul style="list-style-type: none"> <li>(a) the <i>appropriate regulator</i> considered in reaching its decision; or</li> <li>(b) the <i>appropriate regulator</i> obtained in connection with, that is, in the investigation of, the matter in question.</li> </ul> <p>(1) [deleted]</p> <p>(2) (in ■ CASS 5) an event that occurs in the circumstances described in ■ CASS 5.6.14 R (Failure of a bank, other broker or settlement agent: secondary pooling events).</p> <p>(3) (in ■ CASS 7 and ■ CASS 7A) an event that occurs in the circumstances described in ■ CASS 7A.3.1R (Failure of a bank, intermediate broker, settlement agent or OTC counterparty: secondary pooling events).</p>   |
| <p><i>section 178 notice</i><br/>FCA PRA</p>              | <p>(in accordance with section 178(3) of the <i>Act</i>) a notice given to the <i>appropriate regulator</i> under section 178 of the <i>Act</i>.</p>   |
| <p><i>section 43 capital requirements</i><br/>FCA PRA</p> | <p>the financial supervision requirements of the <i>FSA</i> for the purposes of the listing arrangements made under section 43 of the Financial Services Act 1986.</p>   |
| <p><i>sectoral rules</i><br/>FCA PRA</p>                  | <p>(in relation to a <i>financial sector</i>) rules and requirements relating to the prudential supervision of <i>regulated entities</i> applicable to <i>regulated entities</i> in that <i>financial sector</i> as follows:</p> <ul style="list-style-type: none"> <li>(a) (for the purposes of ■ GENPRU 3.1.12 R (Definition of financial conglomerate: Solvency requirement)) <i>EEA prudential sectoral legislation</i> for that <i>financial sector</i> together with as appropriate the rules and requirements in (c); or</li> <li>(b) (for the purpose of calculating <i>solo capital resources</i>, a <i>solo capital resources requirement</i> and <i>regulatory surplus value</i>): <ul style="list-style-type: none"> <li>(i) to the extent provided for in paragraphs 6.4 to 6.6 of ■ GENPRU 3 Annex 1R) rules and requirements that are referred to in those paragraphs; and</li> <li>(ii) the rules and requirements in (c); or</li> </ul> </li> </ul> |

(c) (for all other purposes) rules and requirements of the *appropriate regulator*;

and so that:

(d) (in relation to prudential rules about consolidated supervision for any *financial sector*) those requirements include ones relating to the form and extent of consolidation;

(e) (in relation to any *financial sector*) those requirements include ones relating to the eligibility of different types of capital;

(f) (in relation to any *financial sector*) those requirements include both ones applying on a solo basis and ones applying on a consolidated basis;

(g) (in relation to the *insurance sector*) references in this definition to consolidated supervision are to supplementary supervision, similar expressions being interpreted accordingly; and

(h) references to the *appropriate regulator's sectoral rules* are to *sectoral rules* in the form of *rules*.

*secured debt*

FCA PRA

a debt fully secured on:

(a) assets whose value at least equals the amount of debt; or

(b) a letter of credit or guarantee from an *approved counterparty*.

*secured lending*

FCA PRA

lending where the *mortgage lender* takes security on land for the loan provided to the *customer*.

*secured lending transaction*

FCA PRA

(in accordance with point 2 of Part 1 of Annex VIII of the *Banking Consolidation Directive* (Eligibility of credit risk mitigation)) any transaction giving rise to an *exposure* secured by collateral which does not include a provision conferring upon the *person* with the *exposure* the right to receive margin frequently.

*securities and futures firm*

FCA PRA

( subject to ■ BIPRU TP 1 (Revised definition of securities and futures firm for certain transitional purposes)) a *firm* whose *permitted activities* include *designated investment business* or *bidding in emissions auctions*, which is not an *authorised professional firm*, *bank*, *BIPRU investment firm* (unless it is an *exempt BIPRU commodities firm*), *building society*, *credit union*, *friendly society*, *ICVC*, *insurer*, *media firm*, *service company*, *incoming EEA firm* (without a *top-up permission*), *incoming Treaty firm* (without a *top-up permission*), *UCITS management company* or *UCITS qualifier* (without a *top-up permission*), whose *permission* does not include a *requirement* that it comply with ■ IPRU(INV) 5 (Investment management firms) or 13 (Personal investment firms), and which is within (a), (b), (c), (d), (e), (f), (g) or (h):

(a) a *firm* (other than one falling within (d)):

(i) which was a member of *SFA* immediately before *commencement*; and

(ii) which was not, immediately before *commencement*, subject to the financial supervision requirements of the *FSA* (under section 43 of the *Financial Services Act 1986*), or *PIA* or *IMRO* (under lead regulation arrangements);

(b) a *firm* whose *permission* includes a *requirement* that it comply with ■ IPRU(INV) 3 (Securities and futures firms);

(c) a *firm*:

(i) which was given a *Part 4A permission* after *commencement*, or which was authorised under section 25 of the *Financial Services Act*

1986 immediately before *commencement* and not a member of *IMRO*, *PIA* or *SFA*; and

(ii) for which the most substantial part of its gross income (including *commissions*) from the *designated investment business* included in its *Part 4A permission* is derived from one or more of the following activities (based, for a *firm* given a *Part 4A permission* after *commencement*, on the business plan submitted as part of the *firm's* application for *permission* or, for a *firm* authorised under section 25 of the Financial Services Act 1986, on the *firm's financial year* preceding its *authorisation* under the *Act*):

- (A) an activity carried on as a member of an exchange;
- (B) making a market in *securities* or *derivatives*;
- (C) *corporate finance business*;
- (D) *dealing* (excluding, in the case of a *home finance provider*, *dealing as principal* in *contractually based investments* where this *activity* is carried out for risk management purposes and would have been excluded under article 16 of the *Regulated Activities Order* if the *firm* were an *unauthorised person* or under article 19 of the *Regulated Activities Order*), *arranging (bringing about) deals in investments* or *making arrangements with a view to transactions in investments*, in *securities* or *derivatives*;
- (E) the provision of clearing services as a *clearing firm*;
- (F) *managing investments*, where those *investments* are primarily *derivatives*;
- (G) activities relating to *spread bets*;

(d) a *firm* that is:

- (i) an *ex-section 43 firm* which was not authorised under the Financial Services Act 1986 immediately before *commencement*; or
- (ii) an *ex-section 43 lead regulated firm*;

(e) an *energy market participant*;

(f) an *oil market participant* ;

(g) an *exempt BIPRU commodities firm*;

(h) a *firm* that is exempt from *MiFID* under article 2(1)(i) whose *permitted activities* include *bidding in emissions auctions*.

*securities derivative*

FCA PRA

a *derivative instrument admitted to trading* on a *regulated market* or *prescribed market*, the value of which is dependent on an underlying equity or debt instrument or index/basket of equity or debt instruments.

*securities financing transaction*

FCA PRA

(1) (in *COBS*, in *CASS*) an instance of stock lending or stock borrowing or the lending or borrowing of other *financial instruments*, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.

[Note: article 2(10) of the *MiFID Regulation*]

(2) (in any other case) any of the following:

- (a) a *repurchase transaction*; or



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| <p><i>securities issued in a continuous and repeated manner</i></p> <p><b>FCA</b> <b>PRA</b></p>      | <p>(b) a <i>securities or commodities lending or borrowing transaction</i>; or</p> <p>(c) a <i>margin lending transaction</i>.</p> <p>(in <i>PR</i>) (as defined in Article 2.1(1) of the <i>prospectus directive</i>) issues on tap or at least two separate issues of securities of a similar type and/or class over a period of 12 months.</p>   |
| <p><i>securities note</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(in <i>Part 6 rules</i>) a securities note referred to in <b>■ PR 2.2.2 R</b>.</p>   |
| <p><i>securities or commodities borrowing</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>see <i>securities or commodities lending or borrowing transaction</i>.</p>   |
| <p><i>securities or commodities lending</i></p> <p><b>FCA</b> <b>PRA</b></p>                          | <p>see <i>securities or commodities lending or borrowing transaction</i>.</p>   |
| <p><i>securities or commodities lending or borrowing transaction</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in accordance with Article 4(34) of the <i>Banking Consolidation Directive</i> and Article 3(1)(n) of the <i>Capital Adequacy Directive</i> (Definitions)) any transaction in which an <i>undertaking</i> or its counterparty transfers securities or <i>commodities</i> against appropriate collateral subject to a commitment that the borrower will return equivalent securities or <i>commodities</i> at some future date or when requested to do so by the transferor, that transaction being <i>securities or commodities lending</i> for the <i>undertaking</i> transferring the securities or <i>commodities</i> and being <i>securities or commodities borrowing</i> for the <i>undertaking</i> to which they are transferred.</p>   |
| <p><i>securities PRR</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>the <i>interest rate PRR</i>, the <i>equity PRR</i>, the <i>option PRR</i> (but only in relation to <i>positions</i> which under <b>■ BIPRU 7.6.5 R</b> (Table: Appropriate calculation for an option or warrant) may be subject to one of the other <i>PRR</i> charges listed in this definition or which would be subject to such a <i>PRR</i> charge if <b>■ BIPRU 7.6.5 R</b> did not require an <i>option PRR</i> to be calculated), the <i>CIU PRR</i> and the <i>PRR</i> calculated under <b>■ BIPRU 7.11</b> (Credit derivatives in the trading book) and so that:</p> <p>(a) the <i>securities PRR</i> includes any <i>PRR charge</i> calculated under a <i>CAD 1 permission</i>; and</p> <p>(b) the <i>securities PRR</i> does not include any <i>PRR charge</i> calculated under a <i>VaR model permission</i> unless the provision in question provides otherwise.</p> |
| <p><i>securitisation</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(1) (subject to (2)) a process by which assets are sold to a bankruptcy-remote <i>special purpose vehicle</i> in return for immediate cash payment and that vehicle raises the immediate cash payment through the issue of debt securities in the form of tradable notes or commercial paper.</p> <p>(2) (in accordance with Article 4(36) of the <i>Banking Consolidation Directive</i> (Definitions) and in <i>BIPRU</i>) a transaction or scheme whereby the credit risk associated with an <i>exposure</i> or pool of <i>exposures</i> is <i>tranching</i> having the following characteristics:</p>   |

*securitisation position*

FCA PRA

(a) payments in the transaction or scheme are dependent upon the performance of the *exposure* or pool of *exposures*; and

(b) the subordination of *tranches* determines the distribution of *losses* during the ongoing life of the transaction or scheme.

(in accordance with Article 4(40) (Definitions) and Article 96 (Securitisation) of the *Banking Consolidation Directive*) an *exposure* to a *securitisation* within the meaning of paragraph (2) of the definition of securitisation; and so that:

(a) where there is an *exposure* to different *tranches* in a *securitisation*, the *exposure* to each *tranche* must be considered as a separate *securitisation position*;

(b) the providers of credit protection to *securitisation positions* must be considered to hold positions in the *securitisation*; and

(c) *securitisation positions* include *exposures* to a *securitisation* arising from interest rate or currency derivative contracts.

*securitisation special purpose entity*

FCA PRA

(in accordance with Article 4(44) of the *Banking Consolidation Directive* (Definitions)) a corporation, trust or other entity, other than a *credit institution*, organised for carrying on a *securitisation* or *securitisations* (within the meaning of paragraph (2) of the definition of securitisation), the activities of which are limited to those appropriate to accomplishing that objective, the structure of which is intended to isolate the obligations of the *SSPE* from those of the *originator*, and the holders of the beneficial interests in which have the right to pledge or exchange those interests without restriction.

*securitised derivative*

FCA PRA

an *option* or *contract for differences* which, in either case, is listed under ■ LR 19 of the listing rules (including such an *option* or *contract for differences* which is also a *debenture*).

*securitised exposure*

FCA PRA

an *exposure* in the pool of *exposures* that has been securitised, either via a *traditional securitisation* or a *synthetic securitisation*. The cash-flows generated by the securitised exposures are used to make payments to the *securitisation positions*.

*security*

FCA PRA

(1) (except in *LR* ) (in accordance with article 3(1) of the *Regulated Activities Order* (Interpretation)) any of the following *investments* specified in that Order:

(a) *share* (article 76);

(b) *debenture* (article 77);

(ba) *alternative debenture* (article 77A);

(c) *government and public security* (article 78);

(d) *warrant* (article 79);

(e) *certificate representing certain securities* (article 80);

(f) *unit* (article 81);

(g) *stakeholder pension scheme* (article 82 (1) );

(ga) *personal pension scheme* (article 82(2));

(h) *rights to or interests in investments* in (a) to (g) (article 89).

(2) (in *LR* ) (in accordance with section 102A of the *Act*) anything which has been, or may be admitted to the *official list*.

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| <p><i>security-based CTF</i></p> <p><b>FCA</b> <b>PRA</b></p>                    | <p>a <i>CTF</i>, other than a <i>stakeholder CTF</i>, which is not limited to <i>deposit</i> based investment.</p>  |
| <p><i>segregated client</i></p> <p><b>FCA</b> <b>PRA</b></p>                     | <p>a <i>client</i> whose <i>money</i> must be segregated by the <i>firm</i> under ■ CASS 4.3.3 R (Segregation).</p>   |
| <p><i>self-invested personal pension scheme</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>an arrangement which forms all or part of a <i>personal pension scheme</i>, which gives the member the power to direct how some or all of the member's contributions are invested.</p>   |
| <p><i>sell</i></p> <p><b>FCA</b> <b>PRA</b></p>                                  | <p>(in accordance with article 3(1) of the <i>Regulated Activities Order</i> (Interpretation)) (in relation to any <i>investment</i>) sell in any way, including disposing of the <i>investment</i> for valuable consideration; in this definition, "disposing" includes:</p> <ul style="list-style-type: none"> <li>(a) (in relation to an <i>investment</i> consisting of rights under a contract): <ul style="list-style-type: none"> <li>(i) surrendering, assigning or converting those rights; or</li> <li>(ii) assuming the corresponding liabilities under the contract;</li> </ul> </li> <li>(b) (in relation to an <i>investment</i> consisting of rights under other arrangements) assuming the corresponding liabilities under the arrangements; and</li> <li>(c) (except in <i>COLL</i>) (in relation to any other <i>investment</i>) issuing or creating the <i>investment</i> or granting the rights or interests of which it consists.</li> </ul> |
| <p><i>sending dematerialised instructions</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>the <i>regulated activity</i>, specified in article 45(1) of the <i>Regulated Activities Order</i>, of sending, on behalf of another <i>person</i>, dematerialised instructions relating to a <i>security</i>, where those instructions are sent by means of a relevant system in respect of which an operator is approved under the 2001 Regulations; in this definition:</p> <ul style="list-style-type: none"> <li>(a) "the 2001 Regulations" means the Uncertificated Securities Regulations 2001 (SI 2001/3755);</li> <li>(b) "dematerialised instruction" and "operator" have the meaning given by regulation 3 of the 2001 Regulations.</li> </ul>  |
| <p><i>senior management</i></p> <p><b>FCA</b> <b>PRA</b></p>                     | <p>(in ■ BIPRU 7.10 (Use of a value at risk model) and in relation to a <i>firm</i>) the <i>firm's governing body</i> and those of the <i>firm's senior managers</i> and other senior management who have responsibilities relating to the measurement and control of the risks which the <i>firm's VaR model</i> is designed to measure or whose responsibilities require them to take into account those risks.</p>   |
| <p><i>senior manager</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>an individual other than a <i>director</i>:</p> <ul style="list-style-type: none"> <li>(a) who is employed by: <ul style="list-style-type: none"> <li>(i) a <i>firm</i>; or</li> <li>(ii) a <i>body corporate</i> within a <i>group</i> of which the <i>firm</i> is a member;</li> </ul> </li> <li>(b) to whom the <i>governing body</i> of the <i>firm</i>, or a member of the <i>governing body</i> of the <i>firm</i>, has given responsibility, either alone or jointly with others, for management and supervision;</li> <li>(c) who, if the individual is employed by the <i>firm</i>, reports directly to: <ul style="list-style-type: none"> <li>(i) the <i>governing body</i>; or</li> </ul> </li> </ul>  |

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| <p style="margin: 0;"><i>senior personnel</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p>       | <p style="margin: 0;">(ii) a member of the <i>governing body</i>; or</p> <p style="margin: 0;">(iii) the <i>chief executive</i>; or</p> <p style="margin: 0;">(iv) the head of a significant business unit; and</p> <p style="margin: 0;">(d) who, if the individual is employed by a <i>body corporate</i> within the <i>group</i>, reports directly to a <i>person</i> who is the equivalent of a body or <i>person</i> referred to in (c).</p> <p style="margin: 0;">(1) those <i>persons</i> who effectively direct the business of the <i>firm</i>, which could include a <i>firm's governing body</i> and other <i>persons</i> who effectively direct the business of the <i>firm</i>.</p> <p style="margin: 0;">(2) (in relation to a <i>management company</i> and in accordance with article 3(4) of the <i>UCITS implementing Directive</i>) the <i>person</i> or <i>persons</i> who effectively conduct the business of the <i>management company</i>.</p>  |
| <p style="margin: 0;"><i>senior staff committee</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p> | <p style="margin: 0;">(inDEPP and EG ) a committee consisting of senior <i>FCA</i> staff members that is empowered to make <i>statutory notice decisions</i> and <i>statutory notice associated decisions</i> by <i>executive procedures</i>.</p>  |
| <p style="margin: 0;"><i>series of transactions</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p> | <p style="margin: 0;">a series of transactions <i>executed</i> with a view to achieving one investment decision or objective.</p>  |
| <p style="margin: 0;">SERV</p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p>                          | <p style="margin: 0;">the Handbook Guide for service companies.</p>  |
| <p style="margin: 0;"><i>service company</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p>        | <p style="margin: 0;">a <i>firm</i> whose only <i>permitted activities</i> are <i>making arrangements with a view to transactions in investments</i>, and <i>agreeing to carry on that regulated activity</i>, and whose <i>Part 4A permission</i>:</p> <p style="margin: 0;">(a) incorporates a <i>limitation</i> substantially to the effect that the <i>firm</i> carry on <i>regulated activities</i> only with <i>market counterparties</i> or <i>intermediate customers</i>; and</p> <p style="margin: 0;">(b) includes <i>requirements</i> substantially to the effect that the <i>firm</i> must not:</p> <p style="margin: 0;">(i) guarantee, or otherwise accept responsibility for, the performance, by a participant in arrangements made by the <i>firm</i> in carrying on <i>regulated activities</i>, of obligations undertaken by that participant in connection with those arrangements; or</p> <p style="margin: 0;">(ii) <i>approve</i> any <i>financial promotion</i> on behalf of any other <i>person</i> or any specified class of <i>persons</i>; or</p> <p style="margin: 0;">(iii) in carrying on its <i>regulated activities</i>, provide services otherwise than in accordance with <i>documents</i> (of a kind specified in the <i>requirement</i>) provided by the <i>firm</i> to the <i>FCA</i>.</p> |
| <p style="margin: 0;"><i>service conditions</i></p> <p style="margin: 0;"><b>FCA</b> <b>PRA</b></p>     | <p style="margin: 0;">(in accordance with paragraph 14 of Schedule 3 to the <i>Act</i> (EEA Passport Rights)) the conditions that:</p> <p style="margin: 0;">(a) the <i>firm</i> has given its <i>Home State regulator</i> notice of its intent to provide services in the <i>United Kingdom</i>;</p> <p style="margin: 0;">(b) if the <i>firm</i> falls within paragraph (a), (d), (e) or (f) in the definition of "<i>EEA firm</i>", the <i>appropriate UK regulator</i> has received notice from the <i>firm's Home State regulator</i> containing such information as may be prescribed;</p>   |

(c) if the *firm* falls within paragraph (d) of that definition, its *Home State regulator* has informed it that the regulator's notice has been sent to the *PRA* ; and

(d) if the *firm* falls within paragraph (e) of that definition, one *month* has elapsed beginning with the date on which the *firm's Home State regulator* informed the *firm* that it had sent the regulator's notice to the *appropriate UK regulator*.

*services and costs disclosure document*

FCA PRA

information about the breadth of advice or *scope of basic advice* and the nature and costs of the services offered by a *firm* as described in ■ COBS 6.3.7 G, which contains the keyfacts logo, headings and text described in ■ COBS 6 Annex 1 G.

*SETS*

FCA PRA

the Stock Exchange Electronic Trading Service.

*settlement agent*

FCA PRA

a *person* with or through whom the *firm* effects settlement of *UK* -settled or foreign-settled transactions.

*settlement decision makers*

FCA PRA

(in *DEPP* and *EG* ) two members of the *FCA's* senior management, one of whom will be of at least director of division level (which may include an acting director) and the other of whom will be of at least head of department level, with responsibility for deciding whether to give *statutory notices* in the circumstances described in ■ *DEPP* 5. At least one of the decision makers will not be from the Enforcement and Financial Crime Division.

*settlement decision procedure*

FCA PRA

(in *DEPP*) the procedure for the making of *statutory notice decisions* in the circumstances described in ■ *DEPP* 5 .

*settlement discount scheme*

FCA PRA

(in *DEPP* and *EG* ) the scheme described in ■ *DEPP* 6.7 by which the financial penalty that might otherwise be payable, or the length of the period of suspension or restriction that might otherwise be imposed, in respect of a *person's* misconduct or contravention may be reduced to reflect the timing of any settlement agreement.

*settlement price*

FCA PRA

(in *LR*) (in relation to *securitised derivatives*), the reference price or prices of the *underlying instrument* or instruments stipulated by the *issuer* for the purposes of calculating its obligations to the holder.

*Seventh Company Law Directive*

FCA PRA

the Council Directive of 13 June 1983 on consolidated accounts (No 83/349/EEC).

*SFA*

FCA PRA

the Securities and Futures Authority Limited.

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|--|--|
| <p><i>SFA Complaints Bureau</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>the first stage of the <i>SFA scheme</i>, which aimed to resolve complaints by conciliation.</p>  |
| <p><i>SFA Consumer Arbitration Scheme</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>the second stage of the <i>SFA scheme</i>, which determined complaints by means of arbitration.</p>   |
| <p><i>SFA scheme</i></p> <p><b>FCA</b> <b>PRA</b></p>                      | <p>the <i>former scheme</i> (including the <i>SFA Complaints Bureau</i> and the <i>SFA Consumer Arbitration Scheme</i>) set up by the <i>SFA</i> to handle complaints against members of the <i>SFA</i> under the Financial Services Act 1986.</p>   |
| <p><i>SFT</i></p> <p><b>FCA</b> <b>PRA</b></p>                             | <p><i>securities financing transaction</i>.</p>  |
| <p><i>shadow director</i></p> <p><b>FCA</b> <b>PRA</b></p>                 | <p>(in <i>LR</i>) as in sub-paragraph (b) of the definition of director in section 417(1) of the <i>Act</i>.</p>   |
| <p><i>share</i></p> <p><b>FCA</b> <b>PRA</b></p>                           | <p>(1) (except in <i>COLL</i>, <i>LR</i>, <i>DTR</i>, <i>REC</i>, <i>SUP</i> 11 (Controllers and close links) and <i>SUP</i> 16 (Reporting requirements)) the <i>investment</i>, specified in article 76 of the <i>Regulated Activities Order</i> (Shares etc), which is in summary: a share or stock in the share capital of:</p> <ul style="list-style-type: none"> <li>(a) any <i>body corporate</i> (wherever incorporated);</li> <li>(b) any unincorporated body constituted under the law of a country or territory outside the <i>United Kingdom</i>.</li> </ul> <p>(2) (in <i>COLL</i>):</p> <ul style="list-style-type: none"> <li>(a) (in relation to an <i>ICVC</i>) a <i>share</i> in the <i>ICVC</i> (including both <i>smaller denomination shares</i> and <i>larger denomination shares</i>);</li> <li>(b) (otherwise) an <i>investment</i> within (1).</li> </ul> <p>(3) (in <i>DTR</i> and <i>LR</i>, and in <i>FEES</i> where relevant to <i>DTR</i> or <i>LR</i>) (in accordance with section 540(1) of the Companies Act 2006) a share in the share capital of a <i>company</i>, and includes:</p> <ul style="list-style-type: none"> <li>(a) stock (except where a distinction between shares and stock is express or implied);</li> <li>(b) <i>preference shares</i>; and</li> <li>(c) in chapters 4, 5, 6 and 7 of <i>DTR</i> a convertible share.</li> </ul> <p>(4) (in <i>REC</i>) shares admitted to trading on a <i>regulated market</i>.</p> <p>(5) (in <i>SUP</i> 11 (Controllers and close links) and <i>SUP</i> 16 (Reporting requirements)) (in accordance with section 422 of the <i>Act</i>):</p> <ul style="list-style-type: none"> <li>(a) in relation to an <i>undertaking</i> with share capital, allotted shares;</li> <li>(b) in relation to an <i>undertaking</i> with capital but no share capital, rights to share in the capital of the <i>undertaking</i>;</li> <li>(c) in relation to an <i>undertaking</i> without capital, interests:</li> </ul> |

*shared appreciation mortgage*

**FCA** **PRA**

- (i) conferring any right to share in the profits, or liability to contribute to the losses, of the *undertaking*; or
- (ii) giving rise to an obligation to contribute to the debts or expenses of the *undertaking* in the event of a winding up.

a *regulated mortgage contract*, a condition of which is that the *mortgage lender* will receive a share in any increase in value in the mortgaged property when the *customer* either sells the property or terminates the contract including a contract where, if there is a reduction in value, the *customer* is required to pay the *mortgage lender* all or part of the shortfall.

*shareholder*

**FCA** **PRA**

- (1) (in relation to an *ICVC* ):
  - (a) (in relation to a *share* that is represented by a *bearer certificate*) the *person* who holds the certificate;
  - (b) (in relation to a *share* that is not represented by a *bearer certificate*) the *person* whose name is entered on the *register* in relation to that *share*.
- (2) (in relation to chapters 5 [ ] of *DTR*) any natural person or legal entity governed by private or public law, who holds directly or indirectly:
  - (a) *shares* of the *issuer* in its own name and on its own account;
  - (b) *shares* of the *issuer* in its own name, but on behalf of another natural person or legal entity;
  - (c) depository receipts, in which case the holder of the depository receipt shall be considered as the shareholder of the underlying *shares* represented by the depository receipts.

*ships*

**FCA** **PRA**

(in relation to a *class of contract of insurance* ) the *class of contract of insurance* , specified in paragraph 6 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), upon vessels used on the sea or on inland water, or upon the machinery, tackle, furniture or equipment of such vessels.

*short selling regulation*

regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps.

*shortfall*

**FCA** **PRA**

- (1) (in relation to cancellation of an *investment agreement* ) the amount a *firm* is entitled to charge a *customer* for the market loss in accordance with **■** COBS 15.4.3 R.
- (2) (in relation to *client money* ) the amount by which the *client money* in a *client bank account* is insufficient to satisfy the claims of *clients* in respect of that *money*, or not immediately available to satisfy such claims.

*short-term annuity*

**FCA** **PRA**

- (as defined in paragraph 6 of Schedule 28 to the Finance Act 2004) in relation to a member of a pension scheme, an annuity payable to the member if:
  - (a) it is purchased by the application of sums or assets representing the whole or any part of the member's drawdown pension fund (as defined in paragraph 8 of that Schedule) in respect of an arrangement;
  - (b) it is payable by an insurance company;
  - (c) the member had an opportunity to select an insurance company;
  - (d) it is payable for a term which does not exceed five years ; and
  - (e) it is either a level annuity, an increasing annuity or a relevant linked annuity.

*short-term money market fund*

FCA PRA

an *authorised fund* or, in the case of an *umbrella*, a *sub-fund* (if it were a separate fund) which satisfies the conditions in ■ COLL 5.9.3 R (Investment conditions: short-term money market funds) and is not a *qualifying money market fund*.

*sickness*

FCA PRA

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 2 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of loss to the *persons* insured attributable to sickness or infirmity, but excluding contracts within paragraph IV of Part II of Schedule 1 to the *Regulated Activities Order* (Permanent health).

*sickness or distressed circumstances contract*

FCA PRA

any contract in accordance with which benefits are provided for the relief or maintenance of any *person* during sickness or when in distressed circumstances.

SIFA

[deleted]

*significant distribution*

FCA PRA

(as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) an initial or secondary *offer of relevant securities*, publicly announced and distinct from ordinary trading both in terms of the amount in value of the *securities* offered and the selling methods employed.

*significant management function*

FCA PRA

(in the *FCA Handbook*) *FCA controlled functions* CF29 in Parts 1 and 2 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.9.9 R.

*significant-influence function*

FCA PRA

(in accordance with section 59(7B) of the *Act* and in relation to the carrying on of a *regulated activity* by an *authorised person*) a function that is likely to enable the *person* responsible for its performance to exercise a significant influence on the conduct of the *authorised person's* affairs, so far as relating to the activity.

*simple capital issuer*

FCA PRA

a *BIPRU firm* that meets the following conditions:

- (a) it does not raise capital through a special purpose vehicle;
- (b) it only includes non-convertible and non-exchangeable *capital instruments* in its *capital resources*;
- (c) (if it includes *capital instruments* in its *capital resources* on which *coupons* are payable) such *coupons* are not subject to a *step-up*;
- (d) it only includes *capital instruments* in its *tier one capital resources* consisting of ordinary *shares*, *PIBS*, perpetual non-cumulative preference *shares* or partnership or *limited liability partnership* capital accounts;
- (e) it only includes non-redeemable *capital instruments* in its *tier one capital resources*; and
- (f) (if it includes *capital instruments* in its *tier one capital resources* on which *coupons* are payable) such *coupons* are non-cumulative, non-mandatory and in cash.



*simplified  
buffer  
requirement*

FCA PRA

BIPRU 12.6.9R.

*simplified  
equity method*

FCA PRA

the method of calculating the *equity PRR* set out in ■ BIPRU 7.3.29 R (Simplified equity method).

*simplified  
ILAS*

FCA PRA

the approach to the calculation of the liquid assets buffer of a *simplified ILAS BIPRU firm* described in BIPRU 12.6.

*simplified  
ILAS BIPRU  
firm*

FCA PRA

an *ILAS BIPRU firm* that, in accordance with the procedures in ■ BIPRU 12 (Liquidity), is using the *simplified ILAS*.

*simplified  
ILAS waiver*

FCA PRA

a waiver permitting an *ILAS BIPRU firm* to operate *simplified ILAS*.

*simplified  
prospectus*

FCA PRA

a marketing *document* containing information about a *simplified prospectus scheme*, which complies with COLL 4.6.2R (Production and publication of simplified prospectus) and COLL 4.6.8R (Table: Contents of the simplified prospectus).

*simplified  
prospectus  
scheme*

FCA PRA

a *key features scheme* in respect of which a *simplified prospectus* has been, or will be, produced instead of a *key features document* (see ■ COBS 13.1.3 R (2)).

*single customer  
view*

FCA PRA

(in *COMP*) a single, consistent view of an *eligible claimant's* aggregate *protected deposits* with the relevant *firm* which contains the information required by ■ COMP 17.2.4 R, but excluding from that view those accounts where the *eligible claimant* is a beneficiary rather than the account holder or if the account is not active as defined in ■ COMP 17.2.3 R (2).

*Single Market  
Directives*

FCA PRA

- (a) the *Banking Consolidation Directive*;
- (b) the Insurance Directives (within the meaning of paragraph 1 of Schedule 3 to the *Act*) ;
- (ba) the *Reinsurance Directive*;
- (c) *MiFID*;
- (d) the *Insurance Mediation Directive*; and
- (e) the *UCITS Directive*.

*single-priced  
AUT*

FCA PRA

*single-priced authorised fund*

**FCA** **PRA**

an *authorised fund* or, in the case of an *umbrella*, a *sub-fund* (if it were a separate *fund*), for the *units* of which there is only one *price* applicable by reference to a *valuation point*.

*SIPP*

**FCA** **PRA**

a *self-invested personal pension scheme*.

*skilled person*

**FCA** **PRA**

a *person* appointed to make a report required by section 166 (Reports by skilled persons) or section 166A (Appointment of skilled person to collect and update information) of the Act for provision to the *appropriate regulator* and who must be a person:

- (a) nominated, approved or appointed by the *appropriate regulator*; and
- (b) appearing to the *appropriate regulator* to have the skills necessary to make a report on the matter concerned.

*SLRP*

**FCA** **PRA**

the *Supervisory Liquidity Review Process*.

*small and medium-sized enterprise*

**FCA** **PRA**

(in *PR*) (as defined in Article 2.1(f) of the *prospectus directive*) companies, which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: an average number of employees during the financial year of less than 250, a total balance sheet not exceeding €43,000,000 and an annual net turnover not exceeding €50,000,000.

*small business*

**FCA** **PRA**

(in *COMP*) a *partnership*, *body corporate*, unincorporated association or mutual association with an annual turnover of less than £1 million (or its equivalent in any other currency at the relevant time).

*small electronic money institution*

**FCA** **PRA**

(in accordance with regulation 2(1) of the *Electronic Money Regulations*) a person included by the *FCA* in the *Financial Services Register* pursuant to regulation 4(1)(b) of the *Electronic Money Regulations*.

*small friendly society function*

**FCA** **PRA**

(1) (in the *FCA Handbook*) *FCA controlled function* CF6 in Part 1 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.6.31 R to ■ SUP 10A.6.32 R.

(2) (in the *PRA Handbook*) *PRA controlled function* CF6 in the *table of PRA controlled functions*, described more fully in ■ SUP 10B.6.16 R to ■ SUP 10B.6.17 R.

*small payment institution*

**FCA** **PRA**

(in accordance with regulation 2(1) of the *Payment Services Regulations*) a *person* included by the *FCA* in the *Financial Services Register* pursuant to regulation 4(1)(b) of the *Payment Services Regulations*.

*small personal investment firm*

**FCA** **PRA**

a *personal investment firm*:

- (a) which is not a *MiFID investment firm* ;
- (b) whose *permission* does not include *establishing, operating or winding up a personal pension scheme*;
- (c) which is not a *network*; and

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| <p>(d) which has fewer than 26 <i>representatives</i>.</p>   |  |
| <p><i>small self-administered scheme</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                | <p>an <i>occupational pension scheme</i> of a kind described in article 4(4) and 4(5) of the Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001 (SI 2001/1177).</p>  |
| <p><i>smaller denomination share</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                    | <p>a <i>share</i> to which are attached rights in a smaller denomination as provided by regulation 45 of the <i>OEIC regulations</i>.</p>  |
| <p><i>smallest financial sector</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                     | <p>(in relation to a <i>financial sector</i> in a <i>consolidation group</i> or a <i>financial conglomerate</i> and in accordance with <span style="color: blue;">■</span> GENPRU 3.1 (Cross sector groups)) the <i>financial sector</i> with the smallest average referred to in the box titled Threshold Test 2 in the <i>financial conglomerate definition decision tree</i> (10% ratio of balance sheet size and solvency requirements), the <i>banking sector</i> and <i>investment services sector</i> being treated as one <i>financial sector</i> in the circumstances set out in <span style="color: blue;">■</span> GENPRU 3.1 .</p> |
| <p><i>smoothed linked long term stakeholder product</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>the <i>stakeholder product</i> specified by regulations 6, 7 and 8 (smoothed linked long term contracts) of the <i>Stakeholder Regulations</i>;</p>   |
| <p><i>social housing firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                           | <p>(in <span style="color: blue;">■</span> MIPRU 4 (Capital resources)) a wholly-owned <i>subsidiary</i> of:</p> <ul style="list-style-type: none"> <li>(a) a local authority; or</li> <li>(b) a registered social landlord;</li> </ul> <p>which carries on non-profit <i>regulated activities</i> in connection with housing.</p>   |
| <p><i>social insurance</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                              | <p>(in relation to a <i>class of contract of insurance</i>) the <i>class of contract of insurance</i>, specified in paragraph IX of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance), of a kind referred to in article 2(3) of the <i>Consolidated Life Directive</i> ("operations relating to the length of human life which are prescribed by or provided for in <i>social insurance</i> legislation, when they are effected or managed at their own risk by assurance undertakings in accordance with the laws of an <i>EEA State</i>").</p>   |
| <p><i>Society</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                       | <p>(1) (except in <i>BSOCS</i>) the society incorporated by Lloyd's Act 1871 by the name of Lloyd's.</p> <p>(2) (in <i>BSOCS</i>) a <i>building society</i>.</p>   |
| <p><i>society</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                       | <p>(in <i>BSOCS</i>) a <i>building society</i>.</p>  |
| <p><i>Society GICR</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                                  | <p>the <i>general insurance capital requirement</i> calculated by the <i>Society</i> as if it were an <i>insurer</i> under GENPRU 2.3.13R .</p>  |

*Society's regulatory functions*

FCA PRA

the *Society's* powers, duties or functions in relation to *members* or *underwriting agents* which are or may be exercised for the purposes of supervising or regulating the market at Lloyd's.

*sole trader*

FCA PRA

an individual who is a *firm*.

*solicited real time financial promotion*

FCA PRA

(in accordance with article 8 of the *Financial Promotion Order*) a *real time financial promotion* which is solicited, that is, it is made in the course of a personal visit, telephone call or other interactive dialogue if that call, visit or dialogue:

- (a) was initiated by the recipient of the *financial promotion*; or
- (b) takes place in response to an express request from the recipient of the *financial promotion*.

*solo capital resources*

FCA PRA

(1) (for the purposes of GENPRU 3 and INSPRU 6) capital resources that are or would be eligible as capital under the *sectoral rules* that apply for the purpose of calculating its *solo capital resources requirement*. Paragraph 6.8 of GENPRU 3 Ann 1R (Solo capital resources requirement: the insurance sector) applies for the purpose of this definition in the same way as it does for the definition of *solo capital resources requirement*.

(2) for the purpose of ■ BIPRU 10 (Large exposures requirements) the definition in (1) is adjusted in accordance with ■ BIPRU 10.8A.10 R (Calculation of capital resources for a core UK group) so that it means *capital resources* calculated in accordance with the *rules* applicable to the category of *BIPRU firm* identified by applying the procedure in ■ BIPRU 8.6.6 R to ■ BIPRU 8.6.9 R (Consolidated capital resources).

*solo capital resources requirement*

FCA PRA

(1) (for the purpose of GENPRU 3) a capital resources requirement calculated on a solo basis as defined in paragraph 6.2 to 6.7 of GENPRU 3 Ann 1R.

(2) (for the purposes of INSPRU 6) a capital resources requirement calculated on a solo basis as defined in paragraph 6.2 to 6.7 of GENPRU 3 Ann 1R as it would apply if references to *financial conglomerate* in those paragraphs were replaced with references to *insurance group*.

(3) (for the purposes of GENPRU 2.2.214R (Deductions from tiers one and two: Material holdings)) a capital resources requirement calculated on a solo basis as defined in paragraph 6.2 to 6.7 of GENPRU 3 Ann 1R as those paragraphs apply to the *insurance sector*.

*solo consolidation waiver*

FCA PRA

a waiver of the type described in ■ BIPRU 2.1 (Solo consolidation).

*Solvency 1 Directive*

FCA PRA

the Directive of the European Parliament and of the Council of 5 March 2002 amending Council Directive 79/267/EEC as regards the solvency margin requirements for life assurance undertakings (No. 2002/12/EC).

*Solvency 2 Directive*

FCA PRA

the Directive of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (No. 2009/138/EC).

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| <p><i>solvency deficit</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(in GENPRU 3 Ann 1R (Capital adequacy calculations with respect to financial conglomerates) and in respect of a member of the <i>overall financial sector</i>) the amount (if any) by which its <i>solo capital resources</i> fall short of its <i>solo capital resources requirement</i>.</p>  |
| <p><i>sovereign issuer</i></p>   | <p>(as defined in article 2(1)(d) of the <i>short selling regulation</i>) any of the following that issues debt instruments:</p> <ul style="list-style-type: none"> <li>(a) the EU; or</li> <li>(b) a Member State including a government department, an agency, or a special purpose vehicle of the Member State; or</li> <li>(c) in the case of a federal Member State, a member of the federation; or</li> <li>(d) a special purpose vehicle for several Member States; or</li> <li>(e) an international financial institution established by two or more Member States which has the purpose of mobilising funding and provide financial assistance to the benefit of its members that are experiencing or threatened by severe financing problems; or</li> <li>(f) the European Investment Bank.</li> </ul>   |
| <p><i>sovereign large exposure waiver</i></p> <p><b>FCA</b> <b>PRA</b></p>                         | <p>a <i>waiver</i> that has the result of requiring the <i>firm</i> to apply ■ BIPRU 10.6.35 R, which in summary exempts partially or fully any of the <i>exposures</i> listed in ■ BIPRU 10.6.36 R constituting claims on <i>central banks</i> or central governments from the limits in ■ BIPRU 10.5 (Limits on exposures).</p>  |
| <p><i>sovereign, institution and corporate IRB exposure class</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>(in relation to the <i>IRB approach</i>) an <i>exposure</i> falling into the <i>IRB exposure classes</i> referred to in ■ BIPRU 4.3.2 R (1)-■ (3) (Sovereigns, institutions and corporates).</p>  |
| <p><i>special adjustment</i></p> <p><b>FCA</b> <b>PRA</b></p>                                      | <p>(in IPRU(INV) 13) a <i>position</i> risk adjustment, counterparty risk adjustment and foreign exchange adjustment.</p>  |
| <p><i>special purpose vehicle</i></p> <p><b>FCA</b> <b>PRA</b></p>                                 | <p>(1) (in PR) (as defined in the <i>PD Regulation</i>) an <i>issuer</i> whose objects and purposes are primarily the issue of <i>securities</i>.</p> <p>(2) (except in PR) a <i>body corporate</i>, explicitly established for the purpose of securitising assets, whose sole purpose (either generally or when acting in a particular capacity) is to carry out one or more of the following functions:</p> <ul style="list-style-type: none"> <li>(a) issuing <i>designated investments</i>, other than <i>life policies</i>;</li> <li>(b) redeeming or terminating or repurchasing (whether with a view to re-issue or to cancellation) an issue (in whole or part) of <i>designated investments</i>, other than <i>life policies</i>;</li> <li>(c) entering into transactions or terminating transactions involving <i>designated investments</i> in connection with the <i>issue</i>, redemption, termination or re-purchase of <i>designated investments</i>, other than <i>life policies</i>;</li> </ul> |
| <p><i>specialised lending exposure</i></p> <p><b>FCA</b> <b>PRA</b></p>                            | <p>(in relation to the <i>IRB approach</i>) an <i>exposure</i> falling into ■ BIPRU 4.5.3 R (Definition of specialised lending).</p>   |

*specialist investor*

FCA PRA

(in LR) an investor who is particularly knowledgeable in investment matters.

*specialist securities*

FCA PRA

(in LR and FEES) *securities* which, because of their nature, are normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

*specialist securitised derivative*

FCA PRA

(in LR) a *securitised derivative* which because of its nature is normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

*specific costs*

FCA PRA

*management expenses* other than *base costs* and *establishment costs*.

*specific costs levy*

FCA PRA

a levy, forming part of the *management expenses levy*, to meet the *specific costs* in the financial year of the *compensation scheme* to which the levy relates, each *participant firm's* share being calculated in accordance with ■ FEES 6.4.7 R .

*specific non-real time financial promotion*

FCA PRA

a *non-real time financial promotion* which identifies and promotes a particular *investment* or service.

*specific risk*

FCA PRA

(1) (in SYSC) unique risk that is due to the individual nature of an asset and can potentially be diversified.

(2) (in GENPRU and BIPRU and in accordance with paragraph 12 of Annex I of the *Capital Adequacy Directive*) the risk of a price change in an *investment* due to factors related to its issuer or, in the case of a *derivative*, the issuer of the underlying *investment*.

*specific risk backtesting exception*

FCA PRA

(in ■ BIPRU 7.10 (Use of a value at risk model) and in relation to a *firm*) an exception arising out of backtesting a *VaR model* with respect to *specific risk* as more fully defined in that *firm's VaR model permission*.

*specific risk position risk adjustment*

FCA PRA

a *position risk adjustment* for specific risk including any such *position risk adjustment* as applied under ■ BIPRU 7.6.8 R (Table: Appropriate position risk adjustment).

*specific wrong-way risk*

FCA PRA

(in accordance with Part 1 of Annex III of the *Banking Consolidation Directive* (Definitions) and for the purpose of ■ BIPRU 13 (The calculation of counterparty risk exposure values for financial derivatives, securities financing transactions and long settlement transactions)) the risk that arises when the exposure to a particular counterparty is positively correlated with the *probability of default* of the counterparty due to the nature of the transactions with the counterparty; a *firm* is exposed to *specific wrong-way risk* if the

*specified benchmark*

FCA

future exposure to a specific counterparty is expected to be high when the counterparty's *probability of default* is also high.

a benchmark as defined in section 22(1A)(b) of the *Act* and specified in Schedule 5 to the *Regulated Activities Order* pursuant to article 63R of the *Regulated Activities Order*

*specified investment*

FCA PRA

any of the following *investments* specified in Part III of the *Regulated Activities Order* (Specified Investments):

- (a) *deposit* (article 74);
- (aa) *electronic money* (article 74A);
- (b) *contract of insurance* (article 75); for the purposes of the *permission* regime, this is sub-divided into:

- (i) *general insurance contract*;
- (ii) *long-term insurance contract*;

and then further sub-divided into *classes* of *contract of insurance*;

- (c) *share* (article 76);
- (d) *debenture* (article 77);
- (da) *alternative debenture* (article 77A);
- (e) *government and public security* (article 78);
- (f) *warrant* (article 79);
- (g) *certificate representing certain securities* (article 80);
- (h) *unit* (article 81);
- (i) *stakeholder pension scheme* (article 82(1));
- (ia) *personal pension scheme* (article 82(2));
- (j) *option* (article 83); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *option* (excluding a *commodity option* and an *option* on a *commodity future*);
  - (ii) *commodity option* and an *option* on a *commodity future*;
- (k) *future* (article 84); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *future* (excluding a *commodity future* and a *rolling spot forex contract*);
  - (ii) *commodity future*;
  - (iii) *rolling spot forex contract*;
- (l) *contract for differences* (article 85); for the purposes of the *permission* regime, this is sub-divided into:
  - (i) *contract for differences* (excluding a *spread bet* and a *rolling spot forex contract*);
  - (ii) *spread bet*;
  - (iii) *rolling spot forex contract*;
- (m) *underwriting capacity of a Lloyd's syndicate* (article 86(1));
- (n) *membership of a Lloyd's syndicate* (article 86(2));

|  |   |
|--|---|
|  | (o) <i>funeral plan contract</i> (article 87);  |
|  | (oa) <i>regulated mortgage contract</i> (article 61(3));  |
|  | (ob) <i>home reversion plan</i> (article 63B(3));   |
|  | (oc) <i>home purchase plan</i> (article 63F(3));  |
|  | (od) <i>regulated sale and rent back agreement</i> (article 63J(3));  |
|  | (oe) <i>emissions auction products</i> (article 82A);   |
|  | (p) <i>rights to or interests in investments</i> (article 89).  |
| <i>sponsor</i><br>FCA PRA                | (1) (in <i>LR</i> ) approved, under section 88 of the <i>Act</i> by the <i>FCA</i> , as a sponsor.  |
|  | (2) (in <i>BIPRU</i> ), in accordance with Article 4(42) of the <i>Banking Consolidation Directive</i> (Definitions) and in relation to a <i>securitisation</i> within the meaning of paragraph (2) of the definition of <i>securitisation</i> ) an <i>undertaking</i> other than an <i>originator</i> that establishes and manages an <i>asset backed commercial paper programme</i> or other <i>securitisation</i> scheme that purchases <i>exposures</i> from third party entities.  |
| <i>sponsor service</i><br>FCA PRA        | a service relating to a matter referred to in ■ <i>LR 8.2</i> that a <i>sponsor</i> provides or is requested or appointed to provide, including preparatory work that a <i>sponsor</i> may undertake before a decision is taken as to whether or not it will act as <i>sponsor</i> for a <i>listed company</i> or <i>applicant</i> or in relation to a particular transaction, and including all the <i>sponsor's</i> communications with the <i>FSA</i> in connection with the service. But nothing in this definition is to be taken as requiring a <i>sponsor</i> when requested to agree to act as a <i>sponsor</i> for a <i>company</i> or in relation to a transaction. |
| <i>spread bet</i><br>FCA PRA             | a <i>contract for differences</i> that is a gaming contract, whether or not section 412 of the <i>Act</i> (Gaming contracts) applies to the contract; in this definition, "gaming" has the meaning given in the Gaming Act 1968, which is in summary: the playing of a game of chance for winnings in money or money's worth, whether any <i>person</i> playing the game is at risk of losing any money or money's worth or not.  |
| <i>spread risk</i><br>FCA PRA            | the risk that a spread (that is, the difference in price or yield) between two variables will change.   |
| <i>SPV</i><br>FCA PRA                    | (1) (in <i>GENPRU 2.2</i> (Capital resources)) has the meaning in <i>GENPRU 2.2.126R</i> (Other tier one capital: innovative tier one capital: indirectly issued tier one capital).   |
|  | (2) (in ■ <i>BIPRU 8</i> (Group risk - consolidation)) has the meaning in ■ <i>BIPRU 8.6.15 R</i> (Indirectly issued capital and group capital resources).  |
| <i>SRB administrator</i><br>FCA PRA      | a <i>firm</i> which carries on the <i>regulated activity</i> of <i>administering a regulated sale and rent back agreement</i> .   |
| <i>SRB adviser</i><br>FCA PRA            | a <i>firm</i> which carries on the <i>regulated activity</i> of <i>advising on a regulated sale and rent back agreement</i> .   |
| <i>SRB agreement provider</i><br>FCA PRA | (in accordance with article 63J(3)(a) of the <i>Regulated Activities Order</i> ) a <i>firm</i> which buys all or part of the <i>qualifying interest in land</i> in the <i>United Kingdom</i> from a <i>SRB agreement seller</i> under a <i>regulated sale and rent back agreement</i> ,   |



|   |  |
|---|--|
| <p>including a <i>firm</i> which acquires obligations or rights under a <i>regulated sale and rent back agreement</i>.</p>  |  |
| <p><i>SRB agreement seller</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>       | <p>(in accordance with article 63J(3)(a) of the <i>Regulated Activities Order</i>) an individual or trustees, who sells all or part of the <i>qualifying interest in land</i> in the <i>United Kingdom</i> to an agreement provider under a <i>regulated sale and rent back agreement</i>.</p>   |
| <p><i>SRB arranger</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>a <i>firm</i> which carries on the <i>regulated activity</i> of <i>arranging (bringing about) a regulated sale and rent back agreement</i> or <i>making arrangements with a view to a regulated sale and rent back agreement</i>.</p>   |
| <p><i>SRB intermediary</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>           | <p>a <i>firm</i> with <i>permission</i> (or which ought to have <i>permission</i>) to carry on a <i>regulated sale and rent back mediation activity</i>.</p>   |
| <p><i>SREP</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                       | <p>the <i>supervisory review and evaluation process</i>.</p>   |
| <p><i>SSAS</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                       | <p><i>small self-administered scheme</i>.</p>  |
| <p><i>SSPE</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                       | <p>a <i>securitisation special purpose entity</i>.</p>   |
| <p><i>stabilisation</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>              | <p>(in <span style="background-color: #000080; color: white; padding: 0 2px;">■</span> MAR 2) (as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) any purchase or offer to purchase <i>relevant securities</i>, or any transaction in <i>associated instruments</i> equivalent thereto, by <i>investment firms</i> or <i>credit institutions</i>, which is undertaken in the context of a <i>significant distribution</i> of such <i>relevant securities</i> exclusively for supporting the market price of these <i>relevant securities</i> for a predetermined period of time, due to a selling pressure in such securities.</p>   |
| <p><i>staff mortgage</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>a <i>regulated mortgage contract</i> between an employer, or an <i>undertaking</i> in the same <i>group</i> as the employer, as lender and the employee (alone or with another <i>person</i>) as borrower to defray money applied for any of the following purposes:</p> <ul style="list-style-type: none"> <li>(a) acquiring any residential land which was intended, at the time of the acquisition, for occupation by the employee as their home;</li> <li>(b) carrying out repairs or improvements to any residential land which was intended, at the time of taking out the loan, for occupation by the employee as their home; or</li> <li>(c) payments in respect of a loan (whether of interest or capital).</li> </ul> |
| <p><i>stakeholder CTF</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>a <i>CTF</i> that has the characteristics, and complies with the conditions, set out in paragraph 2 of the Schedule to the <i>CTF Regulations</i>.</p>  |
| <p><i>stakeholder pension scheme</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>a scheme that meets the conditions in section 1 of the Welfare Reform and Pensions Act 1999 or article 3 of the Welfare Reform and Pensions (Northern Ireland) Order 1999.</p>  |

*stakeholder product*

**FCA** **PRA**

(as defined in article 52B(3) of the *Regulated Activities Order*):

- (a) a *stakeholder CTF*; or
- (b) a *stakeholder pension scheme*; or
- (c) an investment of a kind specified in the *Stakeholder Regulations*.

*Stakeholder Regulations*

**FCA** **PRA**

the Financial Services and Markets Act 2000 (Stakeholder Products) Regulations 2004 (SI 2004/2738).

*standard CIU look through method*

**FCA** **PRA**

the method for calculating the *PRR* for a *position* in a *CIU* set out in ■ BIPRU 7.7.4 R and ■ BIPRU 7.7.7 R to ■ BIPRU 7.7.10 R.

*standard equity method*

**FCA** **PRA**

the method of calculating the *equity PRR* set out in BIPRU 7.3.32R (Standard equity method).

*standard frequency liquidity reporting firm*

**FCA** **PRA**

a *standard ILAS BIPRU firm* that is not a *low frequency liquidity reporting firm*.

*standard ILAS BIPRU firm*

**FCA** **PRA**

an *ILAS BIPRU firm* that is not a *simplified ILAS BIPRU firm*.

*standard listing*

**FCA** **PRA**

in relation to *securities*, means a *listing* that is not a *premium listing*.

*standard listing (shares)*

**FCA** **PRA**

a *standard listing* of *shares* other than *preference shares* that are *specialist securities*.

*standard market risk PRR rules*

**FCA** **PRA**

the rules relating to the calculation of the *market risk capital requirement* excluding the *VaR model approach* and any *rules* modified so as to provide for the *CAD 1 model approach*.

*standard method of internal client money reconciliation*

**FCA** **PRA**

■ CASS 7 Annex 1 G.

*standard terms*

**FCA** **PRA**

(in *DISP*) the contractual terms made under paragraph 18 of Schedule 17 to the *Act* (The Ombudsman Scheme), under which *VJ participants* participate in the *Voluntary Jurisdiction*.

*standardised approach*

**FCA** **PRA**

one of the following:

(a) (where expressed to relate to credit risk) the method for calculating capital requirements for credit risk in **■ BIPRU 3** (Credit risk) and BIPRU 9.2.1R(1) and BIPRU 9.11 (Standardised approach);

(b) (where expressed to relate to *operational risk*) the method for calculating capital requirements for *operational risk* in BIPRU 6.3 (Standardised approach);

(c) (where not expressed to relate to any risk and used in **■ BIPRU 3**, **■ BIPRU 4** (IRB approach), **■ BIPRU 5** (Credit risk mitigation), **■ BIPRU 9** (Securitisation) or **■ BIPRU 10** (Large exposures requirements)) it has the meaning in (a);

(d) (where not expressed to relate to any risk and used in BIPRU 6 (Operational risk)) it has the meaning in (b);

(e) (where the one of the approaches in (a) to (d) is being applied on a consolidated basis) that approach as applied on a consolidated basis in accordance with BIPRU 8 (Group risk - consolidation); or

(f) when the reference is to the rules of or administered by a *regulatory body* other than the *appropriate regulator*, whatever corresponds to the approach in (a) to (e), as the case may be, under those rules.

*standardised credit risk exposure class*

**FCA** **PRA**

(in relation to the *standardised approach* to credit risk) one of the classes of exposure set out in BIPRU 3.2.9R (Exposure classes).

*standardised deterministic projection*

**FCA** **PRA**

a *projection* which is either a *generic projection* or a *personal projection* produced in accordance with the assumptions contained in **■ COBS 13 Annex 2**.

*standing data*

**FCA** **PRA**

the information relating to a *firm* held by the *appropriate regulator* on the matters set out in **■ SUP 16 Annex 16A R**.

*standing independent valuer*

**FCA** **PRA**

the person appointed as such under **■ COLL 5.6.20 R** (Standing independent valuer and valuation) and **■ COLL 8.4.13 R (1)** (Standing independent valuer and valuation).

*state finance organisation*

**FCA** **PRA**

a legal person other than a *company*:

(a) which is a national of an *EEA state*;

(b) which is set up by or pursuant to a special law;

(c) whose activities are governed by that law and consist solely of raising funds under state control through the issue of *debt securities*;

(d) which is financed by means of the resources they have raised and resources provided by the *EEA state*; and

*state monopoly*

FCA PRA

(e) the *debt securities* issued by it are considered by the law of the relevant *EEA state* as securities issued or guaranteed by that state.

a *company* or other legal person which is a national of an *EEA state* and which:

- (a) in carrying on its business benefits from a monopoly right granted by an *EEA state*; and
- (b) is set up by or pursuant to a special law or whose borrowings are unconditionally and irrevocably guaranteed by an *EEA state* or one of the federated states of an *EEA state*.

*State of the commitment*

FCA PRA

(in accordance with paragraph 6(1) of Schedule 12 to the *Act* (Transfer schemes: certificates)) (in relation to a commitment entered into at any date):

- (a) if the *policyholder* is an individual, the State in which he had his habitual residence at that date;
- (b) if the *policyholder* is not an individual, the State in which the establishment of the *policyholder* to which the commitment relates was established at that date;

in this definition, "commitment" means (in accordance with article 2 of the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001 (SI 2001/3625)) any contract of insurance of a kind referred to in article 2 of the *Consolidated Life Directive*.

*State of the risk*

FCA PRA

(in accordance with paragraph 6(3) of Schedule 12 to the *Act* (Transfer schemes: certificates)) (in relation to the *EEA State* in which a risk is situated):

- (a) if the insurance relates to a building or to a building and its contents (so far as the contents are covered by the same policy), the *EEA State* in which the building is situated;
- (b) if the insurance relates to a vehicle of any type, the *EEA State* of registration;
- (ba) if the insurance relates to a *vehicle* dispatched from one *EEA State* to another, in respect of the period of 30 days beginning with the day on which the purchaser accepts delivery, the *EEA State* of destination (and not, as provided by sub-paragraph (b), the *EEA State* of registration);

[Note: article 15(1) of the *Consolidated Motor Insurance Directive*]

(c) in the case of *policies* of a duration of four months or less covering travel or holiday risks (whatever the class concerned), the *EEA State* in which the *policyholder* took out the *policy*;

(d) in a case not covered by (a) to (c):

- (i) if the *policyholder* is an individual, the *EEA State* in which he has his habitual residence at the date when the contract is entered into; and
- (ii) otherwise, the *EEA State* in which the establishment of the *policyholder* to which the *policy* relates is situated at that date.

*Statement of Principle*

FCA PRA

(1) (in the *FCA Handbook*) one of the Statements of Principle issued by the *FCA* under section 64(1) of the *Act* (Conduct: Statements and codes) with respect to the conduct of *approved persons* and set out in ■ **APER 2.1A**.

The provisions of ■ **APER 1.1A** marked with a "P" in the margin also form part of the *Statements of Principle*.

|  |   |
|--|---|
| <p><i>statutory auditor</i></p> <p><b>FCA</b> <b>PRA</b></p>                     | <p>(2) (in the <i>PRA Handbook</i>) one of the Statements of Principle issued by the <i>PRA</i> under section 64(1A) of the <i>Act</i> (Conduct: Statements and codes) with respect to the conduct of <i>approved persons</i> and set out in ■ APER 2.1B.</p> <p>The provisions of ■ APER 1.1B marked with a "P" in the margin also form part of the <i>Statements of Principle</i>.</p> <p>a statutory auditor as that term is defined in section 1210 of the Companies Act 2006.</p>  |
| <p><i>statutory money purchase illustration</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>an annual illustration of the contributions made for the benefit of, and the potential benefits due to, a member of a <i>personal pension scheme</i>, which is prepared in accordance with the Personal Pension Schemes (Disclosure of Information) Regulations 1987 (SI 1987/1110).</p>   |
| <p><i>statutory notice</i></p> <p><b>FCA</b> <b>PRA</b></p>                      | <p>a <i>warning notice</i>, <i>decision notice</i> or <i>supervisory notice</i>.</p>  |
| <p><i>statutory notice associated decision</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a decision which is made by the <i>appropriate regulator</i> and which is associated with a decision to give a <i>statutory notice</i>, including a decision:</p> <ul style="list-style-type: none"> <li>(a) to determine or extend the period for making representations;</li> <li>(b) to determine whether a copy of the <i>statutory notice</i> needs to be given to any third party and the period for him to make representations;</li> <li>(c) to refuse access to <i>appropriate regulator</i> material.</li> <li>(d) [deleted]</li> </ul>  |
| <p><i>statutory notice decision</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>a decision by the <i>appropriate regulator</i> on whether or not to give a <i>statutory notice</i>.</p>  |
| <p><i>statutory objectives</i></p> <p><b>FCA</b> <b>PRA</b></p>                  | <ul style="list-style-type: none"> <li>(1) for the <i>FCA</i> (as described in sections 1B, 1C, 1D and 1E of the <i>Act</i>): <ul style="list-style-type: none"> <li>(a) its strategic objective of ensuring that the relevant markets function well; and</li> <li>(b) its operational objectives: <ul style="list-style-type: none"> <li>(i) the <i>consumer</i> protection objective (as defined in section 1C of the <i>Act</i>);</li> <li>(ii) the integrity objective (as defined in section 1D of the <i>Act</i>); and</li> <li>(iii) the competition objective (as defined in section 1E of the <i>Act</i>);</li> </ul> </li> </ul> </li> <li>(2) for the <i>PRA</i> (as described in sections 2B, 2C and 314A of the <i>Act</i>): <ul style="list-style-type: none"> <li>(a) its general objective of promoting the safety and soundness of <i>PRA-authorised persons</i>; and</li> <li>(b) its insurance objective of contributing to the securing of an appropriate degree of protection for those who are or may become <i>policyholders</i>.</li> </ul> </li> </ul> |

*step-up*

FCA PRA

(in relation to any item of capital) any change in the *coupon* rate on that item that results in an increase in the amount payable at any time, including a change already provided in the original terms governing those payments. A step-up:

- (a) includes (in the case of a fixed rate) an increase in that *coupon* rate;
- (b) includes (in the case of a floating rate calculated by adding a fixed amount to a fluctuating amount) an increase in that fixed amount;
- (c) includes (in the case of a floating rate) a change in the benchmark by reference to which the fluctuating element of the *coupon* is calculated that results in an increase in the absolute amount of the *coupon*; and
- (d) does not include (in the case of a floating rate) an increase in the absolute amount of the *coupon* caused by fluctuations in the fluctuating figure by reference to which the absolute amount of the *coupon* floats.

*stochastic projection*

FCA PRA

a *projection* showing a summary of results from repeated simulations using an investment model, where the model uses key financial parameters which are subject to random variations and are projected into the future.

*stock financing*

FCA PRA

a transaction where a *physical commodity* is sold forward and the cost of funding is locked in until the date of the forward sale.

*stock lending*

FCA PRA

the disposal of a *designated investment* subject to an obligation or right to reacquire the same or a similar *designated investment* from the same counterparty.

*stock lending activity*

FCA PRA

the activity of undertaking a *stock lending* transaction.

*stocks and shares component*

FCA PRA

a *qualifying investment* as prescribed in paragraph 7 of the *ISA Regulations*.

*store card*

FCA PRA

a card restricted to paying for goods or services from a particular supplier or group of suppliers and where the price of the goods or services is paid directly to the supplier or group of suppliers by the customer or the *firm*, but excluding a *plastic card* used to pay for goods or services through a network such as Visa or MasterCard.

*strategic investment*

FCA PRA

an investment which:

- (a) is made for a strategic purpose;
- (b) is made for an expected duration consistent with that purpose and is, or has the potential to be, illiquid or hard to value; and
- (c) is significant in value in proportion to the size of the *with-profits fund*.

*stressed VaR*

FCA PRA

The stressed VaR measure in respect of *positions* coming within the scope of the *VaR model permission*, calculated in accordance with the *VaR model*, ■ BIPRU 7.10 (Use of a Value at Risk Model) and any methodology set out in the *VaR model permission* based on a stressed historical period.

*structured capital-at-risk product*

**FCA** **PRA**

a product, other than a *derivative*, which provides an agreed level of income or growth over a specified investment period and displays the following characteristics:

- (a) the *customer* is exposed to a range of outcomes in respect of the return of initial capital invested;
- (b) the return of initial capital invested at the end of the investment period is linked by a pre-set formula to the performance of an index, a combination of indices, a 'basket' of selected stocks (typically from an index or indices), or other factor or combination of factors; and
- (c) if the performance in (b) is within specified limits, repayment of initial capital invested occurs but if not, the *customer* could lose some or all of the initial capital invested.

*structured deposit*

**FCA** **PRA**

a *deposit* paid on terms under which any interest or premium will be paid, or is at risk, according to a formula which involves the performance of:

- (a) an index (or combination of indices) (other than money market indices);
- (b) a stock (or combination of stocks); or
- (c) a commodity (or combination of commodities).

*sub-fund*

**FCA** **PRA**

(a) (in relation to an *authorised fund* that is an *umbrella* ) a separate part of the *scheme property* of that *scheme* that is pooled separately;

(aa) (in relation to an *EEA UCITS scheme*) any part of that *scheme* that constitutes an investment compartment for the purposes of the *UCITS Directive*;

(b) (in relation to a *collective investment scheme* that is not an *authorised fund* or an *EEA UCITS scheme*) any part of that *scheme* that is equivalent to (a) .

*sub-group*

**FCA** **PRA**

(in relation to a *person*):

- (a) that *person*; and
- (b) any *person* that is either:
  - (i) a *subsidiary undertaking* of that *person*; or
  - (ii) an *undertaking* in which that *person* or a *subsidiary undertaking* of that *person* holds a *participation*.

*subsidiary*

**FCA** **PRA**

(1) (except in relation to *MiFID business*) (as defined in section 1159(1) of the Companies Act 2006 (Meaning of "subsidiary", etc)) (in relation to another *body corporate* ("H")) a *body corporate* of which H is a *holding company*.

(2) (in relation to *MiFID business*) a subsidiary undertaking as defined in Articles 1 and 2 of Seventh Council Directive on consolidated accounts (No. 83/349/EEC), including any subsidiary of a subsidiary undertaking of an ultimate *parent undertaking*.

[Note: article 4 (1)(29) of *MiFID*]

*subsidiary undertaking*

**FCA** **PRA**

(1) (except for the purposes of determining whether a *person* has *close links* with another *person*) an *undertaking* of which another *undertaking* is its *parent undertaking*.

(2) (for the purposes of determining whether a *person* has *close links* with another *person*) (in accordance with section 343(8) of the *Act* (Information given by auditor or actuary to a regulator) and paragraph 3(3) of Schedule 6 to the *Act* (Threshold conditions)):

- (a) an *undertaking* in (1);

|  |  |
|--|--|
|  | (b) an <i>undertaking</i> ("S") if: <ul style="list-style-type: none"> <li>(i) another <i>undertaking</i> (its parent) is a member of S;</li> <li>(ii) a majority of S's board of directors who have held office during the financial year and during the preceding financial year have been appointed solely as a result of the exercise of the parent's voting rights; and</li> <li>(iii) no one else is the parent undertaking of S under any of (a) (i) to (iii) or b(i) or (ii) in the definition of <i>parent undertaking</i>.</li> </ul> <p>(3) (in LR and BSOCS) as defined in section 1162 of the Companies Act 2006.</p> |
| <i>subsistence balance</i><br>FCA PRA                  | (in BCOBS) any sum of money payable by a <i>firm</i> to a <i>consumer</i> or standing to the credit of the <i>consumer</i> in an account with the <i>firm</i> where that sum is needed by the <i>consumer</i> to meet essential living expenses or <i>priority debts</i> (whether owed to the <i>firm</i> or a third party).   |
| <i>substantial shareholder</i><br>FCA PRA              | as defined in ■ LR 11.1.4A R.  |
| <i>suitability report</i><br>FCA PRA                   | a report which a <i>firm</i> must provide to its <i>client</i> under ■ COBS 9.4 (Suitability reports) which, among other things, explains why the <i>firm</i> has concluded that a recommended transaction is suitable for the <i>client</i> .   |
| <i>summary</i><br>FCA PRA                              | (in relation to a <i>prospectus</i> ) the summary included in the <i>prospectus</i> .  |
| SUP<br>FCA PRA   | the Supervision manual.  |
| <i>supervisory formula method</i><br>FCA PRA           | (for the purposes of BIPRU 9 (Securitisation), in relation to a <i>securitisation</i> within the meaning of paragraph (2) of the definition of securitisation and in accordance with Part 1 of Annex IX of the <i>Banking Consolidation Directive</i> (Securitisation definitions)) the method of calculating <i>risk weighted exposure amounts</i> for <i>securitisation positions</i> set out in BIPRU 9.12.21R-BIPRU 9.12.23R and BIPRU 9.14.3R.  |
| <i>supervisory function</i><br>FCA PRA                 | (1) any function within a <i>common platform firm</i> that is responsible for the supervision of its <i>senior personnel</i> .<br><br>(2) (in relation to a <i>management company</i> and in accordance with article 3(6) of the <i>UCITS implementing Directive</i> ) the <i>relevant persons</i> or body or bodies responsible for the supervision of its <i>senior personnel</i> and for the assessment and periodic review of the adequacy and effectiveness of the risk management process and of the policies, arrangements and procedures put in place to comply with its obligations under the <i>UCITS Directive</i> .    |
| <i>Supervisory Liquidity Review Process</i><br>FCA PRA | the <i>appropriate regulator's</i> assessment of the adequacy of certain <i>firms'</i> liquidity resources as described in BIPRU 12.2 and BIPRU 12.5.  |



*supervisory notice*

**FCA** **PRA**

(as defined in section 395(13) of the *Act* (The FCA's and PRA's procedures)) a notice given by the *appropriate regulator* in accordance with section 55Y(4), (7) or (8)(b); 78(2) or (5); 197(3), (6) or (7)(b); 259(3), (8) or (9)(b); 268(3), (7)(a) or (9)(a) (as a result of subsection (8)(b)); 282(3), (6) or (7)(b); or 321(2) or (5).

*supervisory review and evaluation process*

**FCA** **PRA**

the *appropriate regulator's* assessment of the adequacy of certain *firms'* capital, as more fully described in ■ BIPRU 2.2.9 G and ■ INSPRU 7.1.91 G to ■ INSPRU 7.1.99 G.

*supervisory volatility adjustments approach*

**FCA** **PRA**

the approach to calculating volatility adjustments under the *financial collateral comprehensive method* under which the *firm* uses the adjustments specified in ■ BIPRU 5.4 (Financial collateral) rather than in its own estimates, as more fully described in ■ BIPRU 5.4 and including that approach as applied to master netting agreements as described in BIPRU 5.6 (Master netting agreements).

*supplementary listing particulars*

**FCA** **PRA**

(in *LR*) (in accordance with section 81(1) of the *Act*), supplementary listing particulars containing details of the change or new matter.

*supplementary prospectus*

**FCA** **PRA**

(in *Part 6 rules*) a supplementary prospectus containing details of a new factor, mistake or inaccuracy.

*suretyship*

**FCA** **PRA**

(in relation to a *class of contract of insurance*) the *class of contract of insurance*, specified in paragraph 15 of Part I of Schedule 1 to the *Regulated Activities Order* (Contracts of general insurance), namely:

- (a) a *contract of insurance* against the risks of loss to the *person* insured arising from their having to perform contracts of guarantee entered into by them;
- (b) fidelity bonds, performance bonds, administration bonds, bail bonds or customs bonds or similar contracts of guarantee where these are:
  - (i) effected or carried out by a *person* not carrying on a banking business;
  - (ii) not effected merely incidentally to some other business carried on by the *person* effecting them; and
  - (iii) effected in return for the payment of one or more premiums.

*surrender value*

**FCA** **PRA**

(a) where the contract is a contract of life assurance or a contract for an annuity, the amount (including a nil amount) payable by the *firm* or other body issuing the contract on surrender of the *policy*;

(b) where the contract is a *personal pension scheme* or *stakeholder pension scheme*, the amount payable on the transfer of the investor's accrued rights under that contract to another *personal pension scheme* or *stakeholder pension scheme*;

(c) where the contract is a *Holloway sickness policy*, the amount payable by the *firm* on surrender on or before the *projection date* for the *policy*;

|   |   |
|---|---|
|   | (d) where the contract is for any other matter, the amount payable by the <i>firm</i> on the surrender of the <i>policy</i> .   |
| <i>swap</i><br>FCA PRA                            | a transaction in which two counterparties agree to exchange streams of payments over time according to a predetermined basis or a <i>contract for differences</i> .   |
| <i>Swiss general insurance company</i><br>FCA PRA | (in accordance with article 1(2) of the Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (SI 201/2507)) a <i>person</i> :<br>(a) whose head office is in Switzerland;<br>(b) who is authorised by the supervisory authority in Switzerland as mentioned in article 7.1 of the <i>Swiss Treaty Agreement</i> ; and<br>(c) who is seeking to carry on, or is carrying on, from a branch in the <i>United Kingdom</i> , a <i>regulated activity</i> consisting of the <i>effecting</i> or <i>carrying out</i> of <i>contracts of insurance</i> of a kind which is subject to that agreement. |
| <i>Swiss general insurer</i><br>FCA PRA           | a <i>Swiss general insurance company</i> which has <i>permission</i> to effect or <i>carry out contracts of insurance</i> of a kind which is subject to the <i>Swiss Treaty Agreement</i> .   |
| <i>Swiss Treaty Agreement</i><br>FCA PRA          | the agreement of 10 October 1989 between the European Economic Community and the Swiss Confederation on direct insurance other than life insurance, approved on behalf of the European Economic Community by the Council Decision of 20 June 1999 (No 91/370/EEC).  |
| <i>syndicate</i><br>FCA PRA                       | one or more <i>persons</i> , to whom a particular syndicate number has been assigned by or under the authority of the <i>Council</i> , <i>carrying out</i> or <i>effecting contracts of insurance</i> written at Lloyd's.   |
| <i>syndicate actuary</i><br>FCA PRA               | an <i>actuary</i> appointed to a <i>syndicate</i> as required by ■ SUP 4.6.9 R (1).   |
| <i>syndicate assets</i><br>FCA PRA                | assets managed by or at the direction of a <i>managing agent</i> in respect of <i>insurance business</i> carried on through a <i>syndicate</i> and overseas business regulatory deposits funded from those assets.  |
| <i>syndicate ICA</i><br>FCA PRA                   | the capital assessment performed by a <i>managing agent</i> under the <i>overall Pillar 2 rule</i> , GENPRU 1.5.1R(1), INSPRU 7.1 and INSPRU 1.1.57R(1) in respect of each <i>syndicate</i> managed by it.  |
| <i>syndicate year</i><br>FCA PRA                  | a year of account of a <i>syndicate</i> .   |
| <i>synthetic cash</i><br>FCA PRA                  | a position in a <i>derivative</i> that offsets an exposure in property to the point where that exposure has effectively been neutralised, and the effect of the combined holding of both property and the position in the <i>derivative</i> is the same as if the <i>authorised fund</i> had received or stood to receive the value of the property in cash.  |
| <i>synthetic future</i><br>FCA PRA                | (a) a synthetic bought future, that is, a bought call <i>option</i> coupled with a written put <i>option</i> ; or   |

(b) a synthetic sold future, that is, a bought put *option* coupled with a written call *option*;

provided that in either case the two *options*:

- (i) are bought and written, whether simultaneously or not, on a single *eligible derivatives* market;
- (ii) relate to the same underlying *security* or other asset;
- (iii) give the purchasers of the *options* the same rights of exercise (whether at the same price or not); and
- (iv) will expire together, if not exercised.

*synthetic risk and reward indicator*

FCA PRA

(in *COLL* and in accordance with article 2(2) of the *UCITS implementing Directive No 2*) a synthetic indicator within the meaning of article 8 of the *KII Regulation*.

*synthetic securitisation*

FCA PRA

(in accordance with Article 4(38) of the *Banking Consolidation Directive* (Definitions)) a *securitisation* (within the meaning of paragraph (2) of the definition of securitisation) where the *tranching* is achieved by the use of credit derivatives or guarantees, and the pool of *exposures* is not removed from the balance sheet of the *originator*.

SYSC

FCA PRA

the part of the *Handbook* in High Level Standards which has the title Senior Management Arrangements, Systems and Controls.

*systematic internaliser*

FCA PRA

*investment firm* which, on an organised, frequent and systematic basis, *deals on own account* by executing *client* orders outside a *regulated market* or an *MTF*.

[Note: article 4(1)(7) of *MiFID*]

*systems and controls function*

FCA PRA

(1) (in the *FCA Handbook*) *FCA controlled function* CF28 in Part 1 of the *table of FCA controlled functions*, described more fully in ■ SUP 10A.8.1 R.

(2) (in the *PRA Handbook*) *PRA controlled function* CF28 in the *table of PRA controlled functions*, described more fully in ■ SUP 10B.9.1 R.



*table of FCA controlled functions*

FCA PRA

the table of *controlled functions* in ■ SUP 10A.4.4 RS.

*table of PRA controlled functions*

FCA PRA

the table of *controlled functions* in ■ SUP 10B.4.3 R.

*takeover bid*

FCA PRA

an offer, as the term is used in the *Takeover Code*, or any other similar conduct governed by that code.

*Takeover Code*

FCA PRA

the City Code on Takeovers and Mergers issued by the *Takeover Panel*.

*takeover or related operation*

FCA PRA

(a) any transaction falling within paragraph 3(b) (Companies, Transactions and Persons subject to the Code) of the introduction to the *Takeover Code* and, for this purpose, an offer for non-voting, non-equity share capital is to be regarded as falling within the *Takeover Code* even if not required by rule 15 of that Code;

(b) any transaction which would have fallen within (a) were it not for the fact that the company which is the subject of the transaction does not satisfy the tests set out in paragraph 3(a) (Companies, Transactions and Persons subject to the Code) of the introduction to the *Takeover Code*;

(c) any offer, transaction or arrangement relating to the purchase of *securities* with a view to establishing or increasing a strategic holding of a *person*, or of a *person* together with his *associates*, in the *securities* concerned;

(d) any transaction or arrangement entered into in contemplation or furtherance of any offer, transaction or arrangement falling within (a) to (c) ; and

(e) any transaction or arrangement entered into by way of defence or protection against any offer, transaction or arrangement falling within (a) to (d) which has taken place or which is contemplated.

*Takeover Panel*

FCA PRA

the Panel on Takeovers and Mergers.

*target*

FCA PRA

(in LR) the subject of a *class 1 transaction* or *reverse takeover*.

*tariff of charges*

FCA PRA

a list of all the charges (including amounts) that are payable on a *home finance transaction* , including the reason for, and amount of, each charge.

*tax exempt policy*

FCA PRA

any contract of assurance, offered or issued by a *friendly society*, which is tax exempt life or endowment business as defined in section 466 (2) of the Income and Corporation Taxes Act 1988.

TC

FCA PRA

the Training and Competence sourcebook.

TD

*implementing Directive*

FCA PRA

Commission Directive implementing Directive 2004/109/EC of the European Parliament and of the Council laying down rules for the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (No.2007/14/EC).

*technical provision*

FCA PRA

a technical provision established:

(a) for *general insurance business*, in accordance with INSPRU 1.1.12R; and

(b) for *long-term insurance business*, in accordance with INSPRU 1.1.16R .

*tender offer*

FCA PRA

(in *LR*) an offer by a *company* to purchase all or some of a *class* of its *listed equity securities* at a maximum or fixed price (that may be established by means of a formula) that is:

(a) communicated to all holders of that *class* by means of a *circular* or advertisement in two national newspapers;

(b) open to all holders of that *class* on the same terms for at least seven days; and

(c) open for acceptance by all holders of that *class* pro rata to their existing holdings.

*terminating event*

FCA PRA

(as defined in article 2(1) of the *compensation transitionals order*) in relation to applications made under an *investment business compensation scheme*, the withdrawal, discontinuance or rejection of the application, or its determination by a final payment of compensation to the applicant.

*terms of business*

FCA PRA

a statement in a *durable medium* of the terms and conditions on which a *firm* will carry on a *regulated activity* with or for a *client* or *consumer*.

*terms of reference*

FCA PRA

the terms of reference of a *firm's with-profits committee*, or the terms of appointment of the person or persons acting as the *with-profits advisory arrangement*, satisfying the requirements set out in ■ COBS 20.5.3 R.

*third country banking or investment services undertaking*

FCA PRA

(in *BIPRU*) an *institution*, a *financial institution* or an *asset management company* in a *non-EEA state*.

*third country BIPRU 730k firm*

FCA PRA

an *overseas firm* that:

(a) is not an *EEA firm*;

(b) has its head office outside the *EEA*; and

*third country  
BIPRU firm*

**FCA** **PRA**

(c) would be a *BIPRU 730k firm* if it had been a *UK domestic firm*, had carried on all its business in the *United Kingdom* and had obtained whatever authorisations for doing so as are required under the *Act*.

an *overseas firm* that:

(a) is not an *EEA firm*;

(b) has its head office outside the *EEA*; and

(c) would be a *BIPRU firm* if it had been a *UK domestic firm*, it had carried on all its business in the *United Kingdom* and had obtained whatever authorisations for doing so are required under the *Act*.

*third country  
competent  
authority*

**FCA** **PRA**

a *regulatory body* of a state or territory that is not an *EEA State*.

*third country  
investment  
firm*

**FCA** **PRA**

a *firm* which would be a *MiFID investment firm* if it had its head office in the *EEA*.

*third country  
issuer*

**FCA** **PRA**

an issuer which does not have its registered office in the *EEA*.

[Note: article 2(4) of the *MiFID Regulation*]

*Third Life  
Directive*

**FCA** **PRA**

the Council Directive of 10 November 1992 on the coordination of laws, etc, and amending Directives 79/267/EEC and 90/619/EEC (No 92/96/EEC).

*Third Non-Life  
Directive*

**FCA** **PRA**

the Council Directive of 18 June 1992 on the coordination of laws, etc, and amending Directives 73/239/EEC and 88/357/EEC (No 92/49/EEC).

*third party  
processor*

**FCA** **PRA**

(1) A *firm* ("Firm A") which carries on *home finance activities* or *insurance mediation activities* other than *advising on life policies*, or both, for another *firm* (or an *appointed representative*) ("Firm B") under a properly documented *outsourcing* agreement, the terms of which provide that when Firm A carries on any of these activities ("the outsourced activities") for Firm B:

(a) Firm A acts only on the instructions of Firm B;

(b) in any communication with a *customer*, Firm A represents itself as Firm B;

(c) Firm A undertakes to co-operate fully with Firm B in relation to any complaints arising from Firm A's performance of the outsourced activities, even if the complaint is made after Firm A has ceased to carry on the outsourced activities for Firm B; and

(d) Firm B accepts full responsibility for the acts and omissions of Firm A when carrying on the outsourced activities and must pay any redress due to the *customer*;

or an *appointed representative* ("Firm A") which carries on such activities for its *principal* ("Firm B") under such an agreement.

(2) A *firm* ("Firm C") which carries on *home finance activities* or *insurance mediation activities* other than *advising on life policies*, or both, for a *third party processor* within (1) ("Firm A"), where:

(a) the *outsourcing* agreement between Firm A and the *firm* for which Firm A is carrying on outsourced activities ("Firm B") authorises Firm A to outsource some or all of those activities to third parties which are *firms*, and identifies Firm C by name as one of those third parties;

(b) under the *outsourcing* agreement between Firm A and Firm B, Firm B accepts full responsibility for the acts and omissions of Firm C when carrying on the activities which are outsourced to it by Firm A; and

(c) there is a properly documented *outsourcing* agreement between Firm C and Firm A the terms of which provide that when Firm C carries on any of the outsourced activities:

(i) Firm C acts only on the instructions of Firm A;

(ii) in any communication with a customer, Firm C represents itself as Firm B; and

(iii) Firm C undertakes to co-operate fully with Firm A and Firm B in relation to any complaints arising from Firm C's performance of the outsourced activities, even if the complaint is made after Firm C has ceased to carry on the outsourced activities for Firm A.

*third party prospectus*

FCA PRA

a communication made by a *firm* if the communication is a prospectus that has been drawn up and published in accordance with the *Prospectus Directive* and the *firm* is not responsible under that directive for the information given in the prospectus.

[Note: recital 52 to the *MiFID implementing Directive*]

*third-country banking and investment group*

FCA PRA

a *banking and investment group* that meets the following conditions:

(a) it is headed by:

(i) a *credit institution*; or

(ii) an *asset management company*; or

(iii) an *investment firm*; or

(iv) a *financial holding company*;

that has its head office outside the *EEA*; and

(b) it is not part of a wider *EEA banking and investment group*.

*third-country competent authority*

FCA PRA

the authority of a country or territory which is not an *EEA State* that is empowered by law or regulation to supervise (whether on an individual or group-wide basis) *regulated entities*.

*third-country financial conglomerate*

FCA PRA

a *financial conglomerate* that is of a type that falls under Article 5(3) of the *Financial Groups Directive*, which in summary is a *financial conglomerate* headed by a *regulated entity* or a *mixed financial holding company* that has its head office outside the *EEA*.



|   |   |
|---|---|
| <p><i>third-country group</i></p> <p><b>FCA</b> <b>PRA</b></p>          | <p>a <i>third-country financial conglomerate</i> or a <i>third-country banking and investment group</i>.</p>  |
| <p><i>threshold condition</i></p> <p><b>FCA</b> <b>PRA</b></p>          | <p>(in relation to a <i>regulated activity</i>) any of the conditions set out in or under Schedule 6 to the <i>Act</i> (Threshold conditions), including the additional conditions in the Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (SI 2001/2507) (see <i>COND</i>).</p>  |
| <p><i>tier one agent</i></p> <p><b>FCA</b> <b>PRA</b></p>               | <p>a <i>person</i> who, under the full and unconditional responsibility of only one <i>MiFID investment firm</i> or <i>third country investment firm</i> on whose behalf it acts, promotes <i>investment services</i> and/or <i>ancillary services</i> to <i>clients</i> or prospective <i>clients</i>, receives and transmits instructions or orders from the <i>client</i> in respect of <i>investment services</i> or <i>financial instruments</i>, places <i>financial instruments</i> and/or provides advice to <i>clients</i> or prospective <i>clients</i> in respect of those <i>financial instruments</i> or <i>investment services</i>.</p> <p>[Note: article 4(1)(25) of <i>MiFID</i>]</p> |
| <p><i>tier one product</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>a product, other than <i>linked borrowing</i> or a <i>linked deposit</i>, that a <i>customer</i> is obliged to purchase through a <i>mortgage lender</i> or <i>reversion provider</i> as a condition of taking out a <i>regulated mortgage contract</i> or <i>home reversion plan</i> with that <i>firm</i>.</p>   |
| <p><i>tier one capital</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>(1) [deleted]</p> <p>(2) (in <i>BIPRU</i>, <i>GENPRU</i> and <i>INSPRU</i>) an item of capital that is specified in stages A(Core tier one capital), , B (Perpetual non-cumulative preference shares) or C (Innovative tier one capital) of the <i>capital resources table</i> .</p>   |
| <p><i>tier one capital resources</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>the sum calculated at stage F of the calculation inthe <i>capital resources table</i> (Total tier one capital after deductions) .</p>  |
| <p><i>tier one instrument</i></p> <p><b>FCA</b> <b>PRA</b></p>          | <p>an item of capital that falls into <i>GENPRU 2.2.62R</i> (Tier one capital: General) and is eligible to form part of a <i>firm's tier one capital resources</i>.</p>   |
| <p><i>tier three capital</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>an item of capital that is <i>upper tier three capital</i> or <i>lower tier three capital</i>.</p>   |
| <p><i>tier three capital resources</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>the sum calculated at stage Q of the <i>capital resources table</i> (Total tier three capital).</p>  |
| <p><i>tier three instrument</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>an item of capital that falls into <i>GENPRU 2.2.242R</i> (Tier three capital: upper tier three capital resources) and is eligible to form part of a <i>firm's upper tier three capital resources</i>.</p>   |
| <p><i>tier two capital</i></p> <p><b>FCA</b> <b>PRA</b></p>             | <p>(1) [deleted]</p>  |

|   |   |
|---|---|
|   | (2) (in <i>BIPRU</i> , <i>GENPRU</i> and <i>INSPRU</i> ) an item of capital that is specified in stages G (Upper tier two capital) or H (Lower tier two capital) of the <i>capital resources table</i> .  |
| <i>tier two capital resources</i><br>FCA PRA        | the sum calculated at stage I (Total tier two capital) of the calculation in the <i>capital resources table</i> .   |
| <i>tier two instrument</i><br>FCA PRA               | a <i>capital instrument</i> that meets the conditions in <i>GENPRU</i> 2.2.159R (General conditions for eligibility as tier two capital instruments) or <i>GENPRU</i> 2.2.177R (Upper tier two capital: General) and is eligible to form part of a <i>firm's tier two capital resources</i> .   |
| <i>time-scheduled buy-back programme</i><br>FCA PRA | (as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i> ) a <i>buy-back programme</i> where the dates and quantities of <i>securities</i> to be traded during the time period of the programme are set out at the time of the public disclosure of the <i>buy-back programme</i> .   |
| <i>tontines</i><br>FCA PRA                          | (in relation to a <i>class of contract of insurance</i> ) tontines as specified in paragraph V of Part II of Schedule 1 to the <i>Regulated Activities Order</i> (Contracts of long-term insurance).  |
| <i>top-up cover</i><br>FCA PRA                      | cover provided by the <i>compensation scheme</i> for <i>claims</i> against an <i>incoming EEA firm</i> (which is a <i>credit institution</i> , an <i>IMD insurance intermediary</i> , an <i>IMD reinsurance intermediary</i> or a <i>MiFID investment firm</i> or a <i>UCITS management company</i> ) in relation to the <i>firm's passported activities</i> and in addition to, or due to the absence of, the cover provided by the <i>firm's Home State</i> compensation scheme (see ■ COMP 14 (Participation by EEA firms)). |
| <i>top-up permission</i><br>FCA PRA                 | a <i>Part 4A permission</i> given to an <i>incoming EEA firm</i> , an <i>incoming Treaty firm</i> or a <i>UCITS qualifier</i> .   |
| <i>total amount payable</i><br>FCA PRA              | the <i>total charge for credit</i> plus the total amount of credit advanced.  |
| <i>total charge for credit</i><br>FCA PRA           | the total of the charges (determined as at the date of making the contract) specified in ■ MCOB 10.4.2 R as applying in relation to the <i>secured lending</i> but excluding the charges specified in ■ MCOB 10.4.4 R.  |
| <i>total exposure</i><br>FCA PRA                    | (in relation to a <i>counterparty</i> or <i>group of connected clients</i> and a <i>person</i> or in relation to a <i>person</i> and its <i>counterparties</i> falling within ■ BIPRU 10.10A.1 R ) all that <i>person's exposures</i> to that <i>counterparty</i> or <i>group of connected clients</i> or to that <i>person's counterparties</i> falling within ■ BIPRU 10.10A.1 R, or the total amount of those <i>exposures</i> .   |
| <i>total group tier one capital</i><br>FCA PRA      | the sum calculated at stage A of the calculation in <i>INSPRU</i> 6.1.43R.  |

|   |   |
|---|---|
| <p><i>total group tier two capital</i></p> <p><b>FCA</b> <b>PRA</b></p>     | <p>the sum calculated at stage B of the calculation in INSPRU 6.1.43R.</p>  |
| <p><i>total non-deferred shares</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>(in <i>CREDS</i>) means the total of members' share balances in a <i>credit union</i> shown in the most recent annual return to have been sent to the <i>appropriate regulator</i> under <b>■</b> SUP 16.7.62 R or <b>■</b> SUP 16.12.5 R (see <b>■</b> CREDS 8.2.3 G), excluding any <i>deferred shares</i> in the <i>credit union</i>.</p>   |
| <p><i>total relevant liabilities</i></p> <p><b>FCA</b> <b>PRA</b></p>       | <p>(in <i>CREDS</i>) means the sum of:</p> <p>(a) <i>unattached shares</i> in the <i>credit union</i>, and <i>deposits</i> by persons too young to be members of the <i>credit union</i>; and</p> <p>(b) liabilities (other than liabilities for shares) with an original or remaining maturity of less than three <i>months</i> (including overdrafts and instalments of loans).</p>   |
| <p><i>TPF rules</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>the rules and guidance in <b>■</b> COBS 20.2.1 G to <b>■</b> COBS 20.2.39 R and <b>■</b> COBS 20.2.51 R to <b>■</b> COBS 20.2.57 G.</p>  |
| <p><i>tradable renewable energy credit</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>an allowance, licence, permit, right, note, unit, credit, asset, certificate or instrument (the "credit") where:</p> <p>(a) the credit confers or may result in a benefit or advantage to its holder or someone else; and</p> <p>(b) the credit, or the benefit or advantage in (a), is linked to the supply, distribution or consumption of energy derived from renewable sources by the holder of the credit or someone else.</p>  |
| <p><i>trade confirmation information</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>the information identified in column 1 of the table in <b>■</b> COBS 16 Annex 1R R.</p>  |
| <p><i>traded life policy</i></p> <p><b>FCA</b> <b>PRA</b></p>               | <p>a <i>life policy</i> which is to be or has been assigned for value by the <i>policyholder</i> to another <i>person</i>.</p>  |
| <p><i>trading book</i></p> <p><b>FCA</b> <b>PRA</b></p>                     | <p>(1) (in <i>UPRU</i>) in relation to a <i>firm's</i> business or <i>exposures</i>, means:</p> <p>(a) its proprietary positions in financial instruments:</p> <p>(i) which are held for resale and/or are taken on by the <i>firm</i> with the intention of benefiting in the short term from actual and/or expected differences between their buying and selling prices or from other price or interest-rate variations;</p> <p>(ii) arising from matched principal broking;</p> <p>(iii) taken in order to hedge other elements of the trading book;</p> <p>(b) <i>exposures</i> due to unsettled securities transactions, free deliveries, <i>OTC derivative</i> instruments, repurchase agreements and securities lending transactions based on securities included in (a)(i) to (iii) above, reverse repurchase agreements and securities borrowing transactions based on securities included in (a)(i) to (iii) above; and</p> |

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|--|--|
| <p><i>trading book concentration risk excess</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(c) fees, commission, interest and dividends, and margin on exchange-traded derivatives which are directly related to the items included in (a) and (b) above.</p> <p>(2) (in <i>BIPRU</i>, <i>GENPRU</i> and <i>BSOCS</i> and in relation to a <i>BIPRU firm</i>) has the meaning in BIPRU 1.2 (Definition of the trading book) which is in summary, all that <i>firm's positions</i> in <i>CRD financial instruments</i> and <i>commodities</i> held either with trading intent or in order to hedge other elements of the <i>trading book</i>, and which are either free of any restrictive covenants on their tradability or able to be hedged.</p> <p>(3) (in <i>BIPRU</i> and <i>GENPRU</i> and in relation to a <i>person</i> other than a <i>BIPRU firm</i>) has the meaning in (2) with references to a <i>firm</i> replaced by ones to a <i>person</i>.</p> <p>has the meaning in <b>■ BIPRU 10.10A.8 R</b> (How to calculate the concentration risk cap)</p> |
| <p><i>trading book policy statement</i></p> <p><b>FCA</b> <b>PRA</b></p>           | <p>has the meaning in BIPRU 1.2.29R (Trading book policy statements) which is in summary a single document of a <i>person</i> recording the policies and procedures referred to in BIPRU 1.2.26R and BIPRU 1.2.27R.</p>  |
| <p><i>trading book systems and controls rules</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>GENPRU 1.3.13R(2) to (3) (General requirements: Methods of valuation and systems and controls), GENPRU 1.3.14R to GENPRU 1.3.16R (Marking to market), GENPRU 1.3.17R to GENPRU 1.3.25R (Marking to model), GENPRU 1.3.26R to GENPRU 1.3.28R (Independent price verification), GENPRU 1.3.30R to GENPRU 1.3.33R (Valuation adjustments or reserves), GENPRU 2.2.86R (Core tier one capital: profit and loss account and other reserves: Losses arising from valuation adjustments) and GENPRU 2.2.248R to GENPRU 2.2.249R (Tier three capital: lower tier three capital resources).</p>  |
| <p><i>trading day</i></p> <p><b>FCA</b> <b>PRA</b></p>                             | <p>(1) (in <b>■ MAR 7</b> (Disclosure of information on certain trades undertaken outside a regulated market or MTF) and <b>■ SUP 17</b> (Transaction reporting)) in relation to post-trade information to be made public about a share under <b>■ MAR 7.2.10 EU</b>, any day of normal trading in a share on a <i>trading venue</i> in the <i>relevant liquid market</i> for this share.</p> <p>[Note: article 4(2) of the <i>MiFID Regulation</i>]</p> <p>(2) other than in (1) or (3), a day included in the calendar of trading days published by the <i>appropriate regulator</i> at <a href="http://www.fsa.gov.uk">www.fsa.gov.uk</a>.</p> <p>(3) (in <i>FINMAR</i>) as defined in article 2(1)(p) of the <i>short selling regulation</i>, a trading day as referred to in article 4 of Regulation (EC) No 1287/2006.</p>   |
| <p><i>trading information</i></p> <p><b>FCA</b> <b>PRA</b></p>                     | <p>information of the following kinds:</p> <p>(1) that <i>investments</i> of a particular kind have been or are to be acquired or disposed of, or that their acquisition or disposal is under consideration or the subject of negotiation; or</p> <p>(2) that <i>investments</i> of a particular kind have not been or are not to be acquired or disposed of; or</p> <p>(3) the quantity of <i>investments</i> acquired or disposed of or to be acquired or disposed of or whose acquisition or disposal is under consideration or the subject of negotiation; or</p> <p>(4) the price (or range of prices) at which <i>investments</i> have been or are to be acquired or disposed of or the price (or range of prices) at which</p>  |

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| <p><i>investments</i> whose acquisition or disposal is under consideration or the subject of negotiation may be acquired or disposed of; or</p> <p>(5) the identity of the <i>persons</i> involved or likely to be involved in any capacity in an acquisition or disposal.</p> |   |
| <p><i>trading plan</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(in <i>LR</i>) a written plan between a restricted person and an independent third party which sets out a strategy for the acquisition and/or disposal of <i>securities</i> by a specified person and:</p> <p>(a) specifies the amount of <i>securities</i> to be dealt in and the price at which and the date on which the <i>securities</i> are to be dealt in; or</p> <p>(b) gives discretion to that independent third party to make trading decisions about the amount of <i>securities</i> to be dealt in and the price at which and the date on which the <i>securities</i> are to be dealt in; or</p> <p>(c) includes a written formula or algorithm, or computer program, for determining the amount of <i>securities</i> to be dealt in and the price at which and the date on which the <i>securities</i> are to be dealt in.</p> |
| <p><i>trading venue</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(1) (except in <i>FINMAR</i>) a <i>regulated market</i>, <i>MTF</i> or <i>systematic internaliser</i> acting in its capacity as such, and, where appropriate, a system outside the <i>EU</i> with similar functions to a <i>regulated market</i> or <i>MTF</i>.</p> <p>[Note: article 2(8) of the <i>MIFID Regulation</i>]</p> <p>(2) (in <i>FINMAR</i>) (as defined in article 2(1)(1) of the <i>short selling regulation</i>) a <i>regulated market</i> or an <i>MTF</i>.</p>  |
| <p><i>traditional securitisation</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>(in accordance with Article 4(37) of the <i>Banking Consolidation Directive</i> (Definitions)) a <i>securitisation</i> (within the meaning of paragraph (2) of the definition of securitisation) involving the economic transfer of the <i>exposures</i> being <i>securitised</i> to a <i>securitisation special purpose entity</i> which issues securities; and so that:</p> <p>(a) this must be accomplished by the transfer of ownership of the <i>securitised exposures</i> from the <i>originator</i> or through sub-participation; and</p> <p>(b) the securities issued do not represent payment obligations of the <i>originator</i>.</p>   |
| <p><i>tranche</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>(in accordance with Article 4(39) of the <i>Banking Consolidation Directive</i> (Definitions) and in relation to a <i>securitisation</i> within the meaning of paragraph (2) of the definition of securitisation) a contractually established segment of the credit risk associated with an <i>exposure</i> or number of <i>exposures</i>, where a position in the segment entails a risk of credit loss greater than or less than a position of the same amount in each other such segment, without taking account of credit protection provided by third parties directly to the holders of positions in the segment or in other segments.</p>   |
| <p><i>transaction</i></p> <p><b>FCA</b> <b>PRA</b></p>   | <p>only the purchase and sale of a <i>financial instrument</i>. For the purposes of the <i>MiFID Regulation</i>, excluding Chapter II, this does not include:</p> <p>(a) <i>securities financing transactions</i>; or</p> <p>(b) the exercise of options or covered warrants; or</p> <p>(c) primary market transactions (such as issuance allotment or subscription) in <i>financial instruments</i> falling within Article 4(1)(18)(a) and (b) of <i>MiFID</i>.</p> <p>[Note: article 5 of the <i>MiFID Regulation</i>]</p>  |
| <p><i>transaction report</i></p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a report of a transaction which meets the requirements of ■ SUP 17.4.1 EU.1 R and ■ SUP 17.4.2 R (Information to appear in transaction reports).</p>   |

*transaction-specific advice*

**FCA** **PRA**

*advice on investments:*

- (a) given in connection with :
- (i) *dealing in investments as principal*; or
  - (ii) *dealing in investments as agent*; or
  - (iii) acting as an *arranger*; or

- (b) with a view to carrying on any such activities;

with or for the *eligible counterparty* to whom the advice is given.

*transferable security*

**FCA** **PRA**

(1) (in *PR* and *LR*) (as defined in section 102A of the *Act*) anything which is a transferable security for the purposes of *MiFID* , other than money-market instruments for the purposes of that directive which have a maturity of less than 12 months.

(2) (in *COLL* ) an *investment* within ■ **COLL 5.2.7 R** ( Transferable securities ) in relation to *schemes* falling under ■ **COLL 5**.

(3) those classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:

(a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;

(b) bonds or other forms of securitised debt, including depositary receipts in respect of such securities; and

(c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, *commodities* or other indices or measures.

[Note: article 4(1)(18) of *MiFID*]

*Transparency Directive*

**FCA** **PRA**

the European Parliament and Council Directive on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market or through a comparable mechanism for the disclosure of information under national requirements of a Member State concerning the dissemination of information (No. 2004/109/EC).

*transparency rules*

**FCA** **PRA**

(in accordance with sections 73A(1) and 89A of the *Act*) *rules* relating to the notification and dissemination of information in respect of *issuers* of *transferable securities* and relating to major shareholdings.

*treasury shares*

**FCA** **PRA**

shares which meet the conditions set out in paragraphs (a) and (b) of subsection 724(5) of the Companies Act 2006.

*Treaty*

**FCA** **PRA**

the Treaty on the Functioning of the European Union.

*Treaty activity*

**FCA** **PRA**

(as defined in section 417(1) of the *Act* (Definitions)) an activity carried on under a *permission* obtained in accordance with Schedule 4 to the *Act* (Treaty Rights).

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| <p><i>Treaty firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>            | <p>(as defined in paragraph 1 of Schedule 4 to the <i>Act</i> (Treaty Rights)) a <i>person</i>:</p> <p>(a) whose head office is situated in an <i>EEA State</i> (its "<i>Home State</i>") other than the <i>United Kingdom</i>; and</p> <p>(b) which is recognised under the law of that State as its national.</p>  |
| <p><i>Treaty right</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>           | <p>the entitlement of a <i>Treaty firm</i> to qualify for <i>authorisation</i> under Schedule 4 to the <i>Act</i> (Treaty Rights).2001/7</p>   |
| <p><i>Tribunal</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>the Upper Tribunal, namely the Tribunal established under section 3 of the Tribunals, Courts and Enforcement Act 2007, and to which the functions of the Financial Services and Markets Tribunal were transferred on 6 April 2010 by the Transfer of Tribunal Functions Order 2010.</p>   |
| <p><i>trust deed</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>             | <p>(1) (in <i>LR</i>) a trust deed or equivalent document securing or constituting <i>debt securities</i>.</p> <p>(2) (in <i>COLL</i>) the deed referred to in <span style="color: #000080;">■</span> COLL 3.2.3 R (The trust deed for AUTs ) , together with any deed expressed to be supplemental to it, made between the <i>manager</i> and the <i>trustee</i> (or, in the case of a <i>recognised scheme</i> that is a <i>unit trust scheme</i> , the <i>instrument constituting the scheme</i> as amended from time to time).</p> |
| <p><i>trust scheme rules</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>     | <p>rules in <i>COLL</i> made by the <i>FCA</i> under section 247(1) of the <i>Act</i> (Trust scheme rules) in relation to:</p> <p>(a) the constitution, management and operation of <i>AUTs</i>;</p> <p>(b) the powers, duties, rights and liabilities of the <i>manager</i> and <i>trustee</i> of any such <i>scheme</i>;</p> <p>(c) the rights and duties of the <i>participants</i> in any such <i>scheme</i>; and</p> <p>(d) the winding up of any such <i>scheme</i>.</p>   |
| <p><i>trustee</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>                | <p>(in accordance with section 237(2) of the <i>Act</i> (Other definitions)) (in relation to a <i>unit trust scheme</i>) the <i>person</i> holding the property in question on trust for the <i>participants</i>.</p>  |
| <p><i>trustee firm</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>           | <p>a <i>firm</i> which is not an <i>OPS firm</i> and which is acting as a:</p> <p>(a) trustee; or</p> <p>(b) personal representative.</p>  |
| <p><i>turnover</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>               | <p>(in relation to a <i>financial instrument</i>) means the sum of the results of multiplying the number of units of that instrument exchanged between buyers and sellers in a defined period of time, pursuant to <i>transactions</i> taking place on a <i>trading venue</i> or otherwise, by the unit price applicable to each such <i>transaction</i>.</p> <p>[Note: article 2(9) of the <i>MiFID Regulation</i>]</p>   |
| <p><i>two-day emissions spot</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p> | <p>an <i>emissions allowance</i> where delivery is to be made at an agreed date no later than the second trading day from the day of an auction on an <i>auction platform</i> (within the meaning of article 3(3) of the <i>auction regulation</i>).</p>   |
| <p><i>Type P projection</i><br/> <span style="border: 1px solid black; padding: 2px;">FCA</span> <span style="border: 1px solid black; padding: 2px;">PRA</span></p>      | <p>(in relation to a <i>pension scheme</i> or a <i>stakeholder pension scheme</i>) a <i>projection</i> in real value terms based on prices where the period to the <i>projection date</i> is one year or more.</p>   |

Type Q  
projection

FCA PRA

(in relation to *pension scheme* or a *stakeholder pension scheme*) a *projection* in real value terms based on earnings where the period to the *projection date* is one year or more.



## UCITS

FCA PRA

undertakings for collective investment in transferable securities that are established in accordance with the *UCITS Directive*.

## UCITS Directive

FCA PRA

the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended.

## UCITS eligible assets Directive

FCA PRA

Commission Directive 2007/16/EC implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions.

## UCITS firm

FCA PRA

a *firm* which:

- (a) is a *management company*, including where in addition the *firm* is also the *operator* of a *collective investment scheme* which is not a *UCITS scheme*; and
- (b) does not have a *Part 4A permission* (or an equivalent permission from its *Home State regulator*) to carry on any *regulated activities* other than those which are in connection with, or for the purpose of, such schemes.

## UCITS Home State

FCA PRA

the *Home State* of a *UCITS scheme* or *EEA UCITS scheme*.

## UCITS implementing Directive

FCA PRA

Commission Directive (2010/43/EU) of the European Parliament and of the Council implementing Directive 2009/65/EC (UCITS IV) as regards certain provisions concerning organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a *depository* and a *management company*.

## UCITS implementing Directive No 2

FCA PRA

Commission Directive (2010/44/EU) of the European Parliament and of the Council implementing Directive 2009/65/EC (UCITS IV) as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure.

## UCITS investment firm

FCA PRA

a *firm* which:

- (a) is a *management company* (whether or not it is also the operator of other *collective investment schemes*); and
- (b) has a *Part 4A permission* (or an equivalent permission from its *Home State regulator*) to manage *investments* where:
  - (i) the *investments* managed include one or more of the instruments listed in Section C of Annex 1 to *MiFID*; and
  - (ii) the *permission* extends to activities permitted by article 6(3) of the *UCITS Directive* as well as those permitted by article 6(2).

## UCITS management company

FCA PRA

(1) (except in relation to *MiFID business*) a *firm* which is either:

- (a) a *UCITS firm*; or
- (b) a *UCITS investment firm*.

(2) (in relation to *MiFID business*) a *management company* as defined in the *UCITS Directive*.

UCITS  
marketing  
notification

FCA PRA

[Note: article 4 (1)(24) of *MiFID*]

(in *COLL*) a notification in respect of a *UCITS scheme*, for the purpose of *marketing units* in another *EEA State*, pursuant to:

- (a) paragraph 20B(5) (Notice of intention to market) of Schedule 3 (EEA Passport Rights) to the *Act*; or
- (b) article 46 of the Council Directive of 20 December 1985 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 85/611/EEC).

UCITS merger

FCA PRA

(in *COLL* and in accordance with article 2(1)(p) of the *UCITS Directive*) a merger between one or more *UCITS schemes* or between one or more *UCITS schemes* and *EEA UCITS schemes* being an operation whereby:

- (a) one or more *merging UCITS*, on being dissolved without going into liquidation, transfers all of its assets and liabilities to an existing *receiving UCITS*, in exchange for the issue to its *unitholders of units* of the *receiving UCITS* and, if applicable, a cash payment not exceeding 10% of the net asset value of those *units* (a "merger by absorption"); or
- (b) two or more *merging UCITS*, on being dissolved without going into liquidation, transfer all of its assets and liabilities to a *receiving UCITS* which they form, in exchange for the issue to their *unitholders of units* of the *receiving UCITS* and, if applicable, a cash payment not exceeding 10% of the net asset value of those *units* (a "merger by formation of a new *UCITS*"); or
- (c) one or more *merging UCITS*, which continue to exist until the liabilities have been discharged, transfer its net assets to another *receiving UCITS*, and for this purpose the *merging UCITS* and the *receiving UCITS* may be *sub-funds* of the same *UCITS* (a "merger by *scheme of arrangement*");

but at least one of which is established in the *United Kingdom*.

UCITS  
qualifier

FCA PRA

a *firm* (other than an *EEA UCITS management company*) which:

- (a) for the time being is an *operator, trustee or depositary* of a *scheme* which is a *recognised scheme* under section 264 of the *Act*; and
- (b) is an *authorised person* as a result of paragraph 1(1) of Schedule 5 to the *Act* (Persons Concerned in Collective Investment Schemes);

a reference to a *firm* as a *UCITS qualifier* applies in relation to the carrying on by the *firm* of activities for which it has *permission* in that capacity.

UCITS  
Regulations  
2011

FCA PRA

the Undertaking for Collective Investment in Transferable Securities Regulations 2011 (SI 2011/1613).

UCITS scheme

FCA PRA

(a) an *authorised fund* authorised by the *FCA* in accordance with the *UCITS Directive*:

- (i) with the sole object of collective investment in *transferable securities* or in other liquid financial instruments permitted by ■ *COLL 5.2* (General investment powers and limits for UCITS schemes) of capital raised from the public and which operates on the principle of risk-spreading; and
- (ii) with *units* which are, at the request of *unitholders*, repurchased or *redeemed*, directly or indirectly, out of the *scheme's* assets; and for this purpose action taken by or on behalf of a *scheme* to ensure

that the stock exchange value of its *units* does not significantly vary from their net asset value is to be regarded as equivalent to that repurchase or *redemption*; or

(b) an umbrella, each of whose *sub-funds* would be a *UCITS scheme* if it had a separate *authorisation order*;

unless:

(c) [deleted]

(d) the *scheme's units* under its *instrument constituting the scheme*, may be sold only to the public in non-EEA States; or

(e) the *scheme* (other than a *master UCITS* which has at least two *feeder UCITS* as *unitholders*) raises capital without promoting the *sale* of its *units* to the public within the *EEA* or any part of it.

[Note: article 1 of the *UCITS Directive*]

UK

FCA PRA

*United Kingdom*.

UK bank

FCA PRA

a *bank* which is a *body corporate* or *partnership* formed under the law of any part of the *United Kingdom*.

UK consolidation group

FCA PRA

has the meaning in ■ BIPRU 8.2.4 R (Definition of UK consolidation group), which is in summary the group that is identified as a *UK consolidation group* in accordance with the decision tree in ■ BIPRU 8 Annex 1 R (Decision tree identifying a UK consolidation group); in each case only *persons* included under ■ BIPRU 8.5 (Basis of consolidation) are included in the *UK consolidation group*.

UK Corporate Governance Code

FCA PRA

the UK Corporate Governance Code published in May 2010 by the Financial Reporting Council.

UK DLG by modification

FCA PRA

a *DLG by modification (firm level)* in which each member is a *UK ILAS BIPRU firm*. A *firm* with a *UK DLG by modification* cannot also have a *non-UK DLG by modification (firm level)*.

UK domestic firm

FCA PRA

a *firm* that has its registered office (or, if it has no registered office, its head office) in the *United Kingdom*.

UK financial sector company

FCA PRA

a company that is a:

(a) *UK bank*; or

(b) *UK insurer*; or

(c) *UK incorporated parent undertaking* of a company referred to in (a) or (b) where the main business of the *group* to which the *parent undertaking* and the company belong is financial services .

UK financial system

**FCA** **PRA**

(as defined in section 1I of the *Act* (Meaning of "the UK financial system")) the financial system operating in the *United Kingdom* including:

- (a) financial markets and exchanges;
- (b) *regulated activities*; and
- (c) other activities connected with financial markets and exchanges.

UK firm

**FCA** **PRA**

(1) (except in *REC*) (as defined in paragraph 10 of Schedule 3 to the *Act* (EEA Passport Rights)) a *person* whose head office is in the *United Kingdom* and who has an *EEA right* to carry on activity in an *EEA State* other than the *United Kingdom*.

(2) (in *REC*) means an *investment firm* or *credit institution* which has a *Part 4A permission* to carry on one or more *regulated activities*.

UK ILAS BIPRU firm

**FCA** **PRA**

an *ILAS BIPRU firm* which has its registered office (or, if it does not have a registered office, its head office) in the *United Kingdom*.

UK insurance intermediary

**FCA** **PRA**

a *UK domestic firm* which has *Part 4A permission* to carry on *insurance mediation activity* but no other *regulated activity*.

UK insurer

**FCA** **PRA**

an *insurer*, other than a *pure reinsurer* or a *non-directive insurer*, whose head office is in the *United Kingdom*.

UK ISPV

**FCA** **PRA**

an *ISPV* with a *Part 4A permission* to *effect* or *carry out contracts of insurance*.

UK lead regulated firm

**FCA** **PRA**

a *UK firm* that:

- (a) is not part of a group that is subject to consolidated supervision by the *FCA* or the *PRA* or any other *regulatory body*; or
- (b) is part of a group that is subject to consolidated supervision by the *FCA* or the *PRA* and that group is not part of a wider group that is subject to consolidated supervision by a *regulatory body* other than the *FCA* or the *PRA*.

For the purposes of this definition:

- (c) Consolidated supervision of a group of *persons* means supervision of the adequacy of financial and other resources of that group on a consolidated basis. For example, this includes supervision under **■ BIPRU 8** (Group risk consolidation).
- (d) It is not relevant whether or not any supervision by another *regulatory body* has been assessed as equivalent under the *CRD* or the *Financial Groups Directive*.
- (e) If the group is a *UK consolidation group* or *financial conglomerate* of which the *FCA* or the *PRA* is lead regulator that is headed by an *undertaking* that is not itself the *subsidiary undertaking* of another *undertaking* the *firm* is a 'UK lead regulated firm'.

This definition is not related to the defined term *lead regulated firm*.

UK MCR

the *MCR* calculated in accordance with *INSPRU 1.5.44R* by a *non-EEA direct insurer* (except a *UK-deposit insurer*, an *EEA-deposit insurer* or a *Swiss*

|   |  |
|---|--|
| <p><b>FCA</b> <b>PRA</b></p>  | <p><i>general insurer</i>) in relation to business carried on by the <i>firm</i> in the <i>United Kingdom</i>.</p>   |
| <p>UK MiFID investment firm</p> <p><b>FCA</b> <b>PRA</b></p>                              | <p>a <i>MiFID investment firm</i> whose <i>Home State</i> is the <i>United Kingdom</i> (this may include a natural <i>person</i> provided the conditions set out in Article 4(1)(1) of <i>MiFID</i> are satisfied).</p>  |
| <p>UK parent financial holding company in a Member State</p> <p><b>FCA</b> <b>PRA</b></p> | <p>a <i>parent financial holding company</i> in a <i>Member State</i> where the <i>EEA State</i> in question is the <i>United Kingdom</i>.</p>   |
| <p>UK pure reinsurer</p> <p><b>FCA</b> <b>PRA</b></p>                                     | <p>a <i>pure reinsurer</i> whose head office is in the <i>United Kingdom</i>.</p>  |
| <p>UK RCH</p> <p><b>FCA</b> <b>PRA</b></p>  | <p>a <i>clearing house</i> which is declared by an order made by the Bank of England under section 290 of the <i>Act</i> and for the time being in force to be a recognised clearing house.</p>  |
| <p>UK recognised body</p> <p><b>FCA</b> <b>PRA</b></p>                                    | <p>a UK <i>RIE</i> or <i>RAP</i>.</p>  |
| <p>UK regulated EEA financial conglomerate</p> <p><b>FCA</b> <b>PRA</b></p>               | <p>a <i>financial conglomerate</i> (other than a <i>third-country financial conglomerate</i>) that satisfies one of the following conditions:</p> <p>(a) ■ GENPRU 3.1.26 R or ■ GENPRU 3.1.29 R (Capital adequacy calculations for <i>financial conglomerates</i>) applies with respect to it; or</p> <p>(b) a <i>firm</i> that is a member of that <i>financial conglomerate</i> is subject to obligations imposed through its <i>Part 4A permission</i> to ensure that <i>financial conglomerate</i> meets levels of capital adequacy based or stated to be based on Annex I of the <i>Financial Groups Directive</i>.</p> |
| <p>UK RIE</p> <p><b>FCA</b> <b>PRA</b></p>  | <p>an <i>RIE</i> that is not an <i>ROIE</i>.</p>   |
| <p>UK UCITS management company</p> <p><b>FCA</b> <b>PRA</b></p>                           | <p>a <i>management company</i> that is established in the <i>United Kingdom</i> and is <i>authorised</i> and regulated by the <i>FCA</i> .</p>   |
| <p>UK-deposit insurer</p> <p><b>FCA</b> <b>PRA</b></p>                                    | <p>a <i>non-EEA insurer</i> that has made a deposit in the <i>United Kingdom</i> under article 23 of the <i>First Non-Life Directive</i> in accordance with article 26 of that Directive or under article 51 of the <i>Consolidated Life Directive</i> in accordance with article 56 of that Directive.</p>  |
| <p>UKLA</p>   | <p>the <i>FCA</i> acting in its capacity as the <i>competent authority</i> for the purposes of Part VI of the <i>Act</i> (Official Listing).</p>   |

FCA PRA

*ultimate EEA insurance parent undertaking*

an *EEA insurance parent undertaking* that is not itself the *subsidiary undertaking* of another *EEA insurance parent undertaking*.

FCA PRA

*ultimate insurance parent undertaking*

an *insurance parent undertaking* that is not itself the *subsidiary undertaking* of another *insurance parent undertaking*.

FCA PRA

*ultimate parent undertaking*

(in relation to an *insurer*) a *parent undertaking* of the *insurer* that is not itself the *subsidiary undertaking* of another *undertaking*.

FCA PRA

*umbrella*

FCA PRA

(in *FEES*, *COLL* and *COBS*) a *collective investment scheme* whose *instrument constituting the scheme* provides for such pooling as is mentioned in section 235(3)(a) of the *Act* (Collective investment schemes) in relation to separate parts of the *scheme property* and whose *unitholders* are entitled to exchange rights in one part for rights in another.

*umbrella collective investment scheme*

(in *PR*) (as defined in the *PD Regulation*) a collective investment undertaking invested in one or more collective investment undertakings, the asset of which is composed of separate class(es) or designation(s) of securities.

FCA PRA

*unattached shares*

(in *CREDS*) means the total shares in the *credit union* other than any *attached shares* or *deferred shares*.

FCA PRA

*unauthorised person*

a *person* who is not an *authorised person*.

FCA PRA

*unauthorised reversion provider*

a *person* who carries on, or proposes to carry on, the activity specified in article 63B(1) of the *Regulated Activities Order* which is entering into a *home reversion plan* as plan provider, and who does not have *permission* for, and is not an *exempt person* in relation to, *entering into a home reversion plan*.

FCA PRA

*unauthorised SRB agreement provider*

a *person* who carries on, or proposes to carry on, the activity specified in article 63J(1) of the *Regulated Activities Order* which is entering into a *regulated sale and rent back agreement* as agreement provider, and who does not have *permission* for, and is not an *exempt person* in relation to, *entering into a regulated sale and rent back agreement*; and in this definition references to an agreement provider include a *person* who acquires obligations or rights under a *regulated sale and rent back agreement*.

FCA PRA

*underlying instrument*

**FCA** **PRA**

(in LR) (in relation to *securitised derivatives*) means either:

(a) if the *securitised derivative* is an *option* or *debt security* with the characteristics of an *option*, any of the underlying investments listed in article 83 of the *Regulated Activities Order*; or

(b) if the *securitised derivative* is a *contract for differences* or *debt security* with the characteristics of a *contract for differences*, any factor by reference to which a profit or loss under article 85 of the *Regulated Activities Order* can be calculated.

*undertaking*

**FCA** **PRA**

(as defined in section 1161(1) of the Companies Act 2006 (Meaning of "undertaking" and related expressions)):

(a) a *body corporate* or *partnership*; or

(b) an unincorporated association carrying on a trade or business, with or without a view to profit.

*underwrite*

**FCA** **PRA**

(for the purposes of ■ BIPRU 7 (Market risk)) to undertake a firm commitment to buy a specified quantity of new *securities* on a given date and at a given price if no other has purchased or acquired them; and so that:

(a) new is defined in BIPRU 7.8.12R (New securities);

(b) a *firm* still underwrites *securities* at a time before the exact quantity of *securities* being underwritten or their price has been determined if it is committed at that time to underwrite them when the quantity and price is fixed;

(c) (in the case of provisions of the *Handbook* that distinguish between *underwriting* and sub-*underwriting*) *underwriting* does not include sub-*underwriting*; and

(d) (in any other case) *underwriting* includes sub-*underwriting*.

*underwriting agent*

**FCA** **PRA**

a *firm* permitted by the *Council* to act as an underwriting agent at Lloyd's.

*underwriting capacity of a Lloyd's syndicate*

**FCA** **PRA**

the *investment*, specified in article 86(1) of the *Regulated Activities Order*, which is the underwriting capacity of a *syndicate*.

*underwriting member*

**FCA** **PRA**

a *person* admitted to the *Society* as an underwriting member.

*unearned premium*

**FCA** **PRA**

the amount set aside by a *firm* at the end of its *financial year* out of *premiums* in respect of risks to be borne by the *firm* after the end of the *financial year* under *contracts of insurance* entered into before the end of that year.

*Unfair Terms Regulations*

**FCA** **PRA**

the Unfair Terms in Consumer Contracts Regulations 1999 (SI 1999/2083), as amended by SI 2001/1186 and SI 2001/3649.

UNFCOG

FCA PRA

the Unfair Contract Terms Regulatory Guide.

unfunded  
credit  
protection

FCA PRA

(in accordance with Article 4(32) of the *Banking Consolidation Directive* (Definitions)) a technique of *credit risk mitigation* where the reduction of the credit risk on the *exposure* of an undertaking derives from the *undertaking* of a third party to pay an amount in the event of the default of the borrower or on the occurrence of other specified events.

unit

FCA PRA

the investment, specified in article 81 of the *Regulated Activities Order* (Units in a collective investment scheme) and defined in section 237(2) of the *Act* (Other definitions)), which is the right or interest (however described) of the *participants* in a *collective investment scheme*; this includes:

- (a) (in relation to an *AUT*) a unit representing the rights or interests of the *unitholders* in the *AUT*;
- (b) (in relation to an *ICVC*) a *share* in the *ICVC*.

unit trust  
scheme

FCA PRA

(as defined in section 237(1) of the *Act* (Other definitions)) a *collective investment scheme* under which the property in question is held on trust for the *participants*.

United  
Kingdom

FCA PRA

England and Wales, Scotland and Northern Ireland (but not the Channel Islands or the Isle of Man).

unitholder

FCA PRA

- (a) (in relation to an *ICVC* or an *AUT* as appropriate, and subject to ■ COLL 4.4.4 R (Special meaning of unitholder in ■ COLL 4.4)):

- (i) (in relation a *unit* which is represented by a *bearer certificate*) the *person* who holds that certificate; or (ii) (in relation to a *unit* that is not represented by a *bearer certificate*) the *person* whose name is entered on the *register* in relation to that *unit*; or

- (b) (in relation to a *unit* in *collective investment scheme* not within (a)):
- (i) the holder of the *bearer certificate* representing that *unit*; or
- (ii) the *person* who entered on the *register* of the *scheme* as the holder of that *unit*.

unitisation

FCA PRA

arrangements for a newly formed *AUT* under which:

- (a) the whole or part of the property of a *body corporate* (or a *collective investment scheme*) becomes the first property to be held on the trusts of the *AUT*; and
- (b) the *holders* of:
  - (i) *shares* in the *body corporate* being wound up; or
  - (ii) *units* in the *collective investment scheme*, the property of which is being transferred;

become the first *participants* in the *AUT*.

units of a  
collective  
investment  
scheme

(in *PR*) (as defined in Article 2.1(p) of the *prospectus directive*) securities issued by a collective investment undertaking as representing the rights of the participants in such an undertaking over its assets.



FCA PRA

*unpaid initial fund*

part of the *initial fund* of a *mutual* which the *mutual* is prevented from including in its *tier one capital resources* as *permanent share capital* by reason of GENPRU 2.2.64R because it is not fully paid.

FCA PRA

*unrated position*

(for the purposes of BIPRU 9 (Securitisation), in accordance with Part 1 of Annex IX of the *Banking Consolidation Directive* (Securitisation definitions) and in relation to a *securitisation position*) describes a *securitisation position* which does not have an eligible credit assessment by an *eligible ECAI*.

FCA PRA

*unrecognised scheme*

(in LR) a *collective investment scheme* which is neither a *recognised scheme* nor a scheme that is constituted as an *authorised unit trust scheme*.

FCA PRA

*unregulated activity*

an activity which is not a *regulated activity*.

FCA PRA

*unregulated collective investment scheme*

a *collective investment scheme* which is not a *regulated collective investment scheme*.

FCA PRA

*unsecured debt*

debt that does not fall within the definition of *secured debt*.

FCA PRA

*unsecured lending*

lending where the *mortgage lender* does not take a mortgage or other form of security in respect of the credit provided to the *customer*.

FCA PRA

*unsolicited real time financial promotion*

(in accordance with article 8 of the *Financial Promotion Order*) a *real time financial promotion* which is not a *solicited real time financial promotion*.

FCA PRA

*upper tier three capital*

an item of capital that is specified in stage O of the *capital resources table* (Upper tier three).

FCA PRA

*upper tier three capital resources*

the sum calculated at stage O of the *capital resources table* (Upper tier three).

FCA PRA

*upper tier three instrument*

**FCA** **PRA**

an item of capital that meets the conditions in GENPRU 2.2.242R (Tier three capital: upper tier three capital resources) and is eligible to form part of a *firm's upper tier three capital resources*.

*upper tier two capital*

**FCA** **PRA**

(1) [deleted]

(2) (in *BIPRU*, *GENPRU* and *INSPRU*) an item of capital that is specified in stage G of the *capital resources table* (Upper tier two capital) .

*upper tier two capital resources*

**FCA** **PRA**

the sum calculated at stage G of the calculation in the *capital resources table* (Upper tier two capital) .

*upper tier two instrument*

**FCA** **PRA**

a *capital instrument* that meets the conditions in ■ GENPRU 2.2.177 R (Upper tier two capital: General) and is eligible to form part of a *firm's upper tier two capital resources*.

*UPRU*

**FCA** **PRA**

the Prudential sourcebook for UCITS Firms.

|  |   |
|--|---|
| <p><i>valuation point</i><br/>FCA PRA</p>                        | <p>(in COLL ) a <i>valuation point</i> fixed by the <i>authorised fund manager</i> for the purpose of ■ COLL 6.3.4 R (Valuation points) or ■ COLL 8.5.9 R (Valuation, pricing and dealing ) .</p>   |
| <p><i>value at risk</i><br/>FCA PRA</p>                          | <p>(in relation to risk modelling or estimation) the measure of risk described in BIPRU 7.10.146R (Requirement to use value at risk methodology).</p>   |
| <p><i>VaR</i><br/>FCA PRA</p>                                    | <p><i>value at risk</i></p>   |
| <p><i>VaR measure</i><br/>FCA PRA</p>                            | <p>an estimate by a <i>VaR model</i> of the worst expected loss on a portfolio resulting from market movements over a period of time with a given confidence level.</p>   |
| <p><i>VaR model</i><br/>FCA PRA</p>                              | <p>a value at risk model as described in BIPRU 7.10 (Use of a Value at Risk Model).</p>   |
| <p><i>VaR model approach</i><br/>FCA PRA</p>                     | <p>one of the following:</p> <ul style="list-style-type: none"> <li>(a) the approach to calculating part of the <i>market risk capital requirement</i> set out in BIPRU 7.10 (Use of a value at risk model);</li> <li>(b) (where the approach in (a) is being applied on a consolidated basis) the method in (a) as applied on a consolidated basis in accordance with BIPRU 8 (Group risk - consolidation); or</li> <li>(c) when the reference is to the rules of or administered by a <i>regulatory body</i> other than the <i>appropriate regulator</i>, whatever corresponds to the approach in (a) or (b), as the case may be, under those rules.</li> </ul> |
| <p><i>VaR model permission</i><br/>FCA PRA</p>                   | <p>an <i>Article 129 implementing measure</i>, a <i>requirement</i> or a <i>waiver</i> that requires a <i>BIPRU firm</i> or an <i>institution</i> to use the <i>VaR model approach</i> on a solo basis or, if the context requires, a consolidated basis.</p>   |
| <p><i>VaR number</i><br/>FCA PRA</p>                             | <p>has the meaning in BIPRU 7.10.115R (Capital calculations: General) which in summary is (in relation to a <i>business day</i> and a <i>VaR model</i>) the <i>VaR measure</i>, in respect of the previous <i>business day</i>'s close-of-business <i>positions</i> in products coming within the scope of the <i>VaR model permission</i>, calculated by the <i>VaR model</i> and in accordance with BIPRU 7.10 (Use of a Value at Risk Model) and any methodology set out in the <i>VaR model permission</i>.</p>   |
| <p><i>VaR specific risk minimum requirements</i><br/>FCA PRA</p> | <p>BIPRU 7.10.46R to BIPRU 7.10.52R (Model standards: Risk factors: Specific risk) and BIPRU 7.10.107R (Backtesting: Specific risk backtesting).</p>  |
| <p><i>vehicle</i><br/>FCA PRA</p>                                | <p>any motor vehicle intended for travel on land and propelled by mechanical power, but not running on rails, and any trailer whether or not coupled.</p> <p>[Note: article 1(1) of Council Directive 72/166/EEC (First Motor Insurance Directive)]</p>   |
| <p><i>vendor consideration placing</i></p>                       | <p>(in LR) a marketing, by or on behalf of vendors, of <i>securities</i> that have been allotted as consideration for an acquisition.</p>   |

FCA PRA

*venture capital business*

FCA PRA

the business of carrying on any of:

- (a) investing in, *advising on investments* which are, *managing investments* which are, *arranging* (bringing about) *transactions* in, or *making arrangements with a view to transactions in venture capital investments*;
- (b) *advising on investments* or *managing investments* in relation to portfolios, or *establishing, operating or winding up collective investment schemes*, where the portfolios or *collective investment schemes* (apart from funds awaiting investment) invest only in *venture capital investments*;
- (c) any *custody* activities provided in connection with the activities in (a) and (b);
- (d) any related *ancillary activities*.

*venture capital contact*

FCA PRA

(when a *firm* carries on *regulated activities* with or for a *person* in the course of or as a result of carrying on *venture capital business*) that *person* in connection with that *regulated activity* if:

- (a) the *firm* does not behave in a way towards that *person* which might reasonably be expected to lead that *person* to believe that he is being treated as a *client*; and
- (b) the *firm* clearly indicates to that *person* that the *firm*:
  - (i) is not acting for him; and
  - (ii) will not be responsible to him for providing protections afforded to *clients* of the *firm* or be advising him on the relevant transaction.

*venture capital firm*

FCA PRA

a *firm* whose *permission* includes a *requirement* that it must not conduct *designated investment business* other than *venture capital business*.*venture capital investment*

FCA PRA

a *designated investment* which, at the time the investment is made, is:

- (a) in a new or developing *company* or venture; or
- (b) in a management buy-out or buy-in; or
- (c) made as a means of financing the investee *company* or venture and accompanied by a right of consultation, or rights to information, or board representation, or management rights; or
- (d) acquired with a view to, or in order to, facilitate a transaction falling within (a) to (c).

*venture capital trust*

FCA PRA

(in *LR*) a *company* which is, or which is seeking to become, approved as a venture capital trust under section 842AA of the Income and Corporation Taxes Act 1988.*verified*

FCA PRA

(in *IPRU(INV)* 13) where interim net profits are to be included in a *firm's* capital resources, checked by an external auditor who has undertaken at least to:

- (a) satisfy himself that the figures forming the basis of the interim profits have been properly extracted from the underlying accounting records;
- (b) review the accounting policies used in calculating the interim profits so as to obtain comfort that they are consistent with those normally

adopted by the *firm* in drawing up its *annual financial statements* and are in accordance with the accounting principles set out in *IPRU(INV)* 13;

(c) perform analytical procedures on the result to date, including comparisons of actual performance to date with budget and with the results of prior period(s);

(d) discuss with management the overall performance and financial *position* of the *firm*;

(e) obtain adequate comfort that the implications of current and prospective litigation, all known claims and commitments, changes in business activities and provisioning for bad and doubtful debts have been properly taken into account in arriving at the interim profits; and

(f) follow up problem areas of which he is already aware in the course of auditing the *firm's* financial statements, a copy of whose report asserting that the interim net profits are reasonably stated has been submitted to the *FCA* (although this does not apply to *exempt CAD firms*).

version 1 credit union

**FCA** **PRA**

a *credit union* whose *Part 4A permission* includes a *requirement* (whether for all or for particular purposes) that it must not lend more than £15,000, or such lesser amount as may be specified, in excess of a member's shareholding;

in this definition a "member's shareholding" means any shares held by a member of the *credit union*

in accordance with section 5 and 7 of the Credit Unions Act 1979 or articles 14 and 23 of the Credit Unions (Northern Ireland) Order 1985 (as appropriate).

version 2 credit union

**FCA** **PRA**

a *credit union* which is not a *version 1 credit union*.

VJ participant

**FCA** **PRA**

a *person* subject to the *Voluntary Jurisdiction* by contract.

volatility risk

**FCA** **PRA**

the potential loss due to fluctuations in implied *option* volatilities.

Voluntary Jurisdiction

**FCA** **PRA**

the jurisdiction of the *Financial Ombudsman Service* in which *persons* (whether *authorised* or *unauthorised*) participate by contract.

voting power

**FCA** **PRA**

(in *SUP* 11 (Controllers and close links) and *SUP* 16 (Reporting requirements) (in accordance with section 422 of the *Act*):

(a) includes, in relation to a *person* ("H"):

(i) voting power held by a third party with whom H has concluded an agreement, which obliges H and the third party to adopt, by concerted exercise of the voting power they hold, a lasting common policy towards the management of the *undertaking* in question;

(ii) voting power held by a third party under an agreement concluded with H providing for the temporary transfer for consideration of the voting power in question;

(iii) voting power attaching to *shares* which are lodged as collateral with H, provided that H controls the voting power and declares an intention to exercise it;

- (iv) voting power attaching to *shares* in which H has a life interest;
  - (v) voting power which is held, or may be exercised within the meaning of subparagraphs (i) to (iv), by a subsidiary *undertaking* of H;
  - (vi) voting power attaching to *shares* deposited with H which H has discretion to exercise in the absence of specific instructions from the shareholders;
  - (vii) voting power held in the name of a third party on behalf of H;
  - (viii) voting power which H may exercise as a proxy where H has discretion about the exercise of the voting power in the absence of specific instructions from the shareholders; and
- (b) in relation to an *undertaking* which does not have general meetings at which matters are decided by the exercise of voting rights, the right under the constitution of the *undertaking* to direct the overall policy of the *undertaking* or alter the terms of its constitution.

*waiver*

FCA PRA

a direction waiving or modifying a *rule*, given by the *appropriate regulator* under section 138A of the *Act* (Modification or waiver of rules) or by the *FCA* under sections 250 or 294 of the *Act* (Modification or waiver of rules) or regulation 7 of the *OEIC Regulations* (see ■ SUP 8 and ■ REC 3.3).

*warning notice*

FCA PRA

a notice issued by the *appropriate regulator* in accordance with section 387 of the *Act* (Warning notices).

*warrant*

FCA PRA

(1) (except in *COLL*) the *investment*, specified in article 79 of the *Regulated Activities Order* (Instruments giving entitlements to investments), which is in summary: a warrant or other instrument entitling the holder to subscribe for a *share*, *debenture*, *alternative debenture* or *government and public security*.

(2) (in *COLL*) an *investment* in (1) and any other *transferable security* (not being a nil paid or partly paid *security*) which is:

(i) *listed* on an *eligible securities* market; and

(ii) akin to an *investment* within (1) in that it involves a down payment by the then holder and a right later to surrender the instrument and to pay more *money* in return for a further *transferable security*.

*weather derivative*

FCA PRA

a *contract for differences* where the index or other factor in question is a climatic variable.

*website conditions*

FCA PRA

the following conditions :

(1) the provision of information by means of a website must be appropriate to the context in which the business between the *firm* and the *client* is, or is to be, carried on (that is, there is evidence that the *client* has regular access to the internet, such as the provision by the client of an e-mail address for the purposes of the carrying on of that business);

(2) the *client* must specifically consent to the provision of that information in that form;

(3) the *client* must be notified electronically of the address of the website, and the place on the website where the information may be accessed;

(4) the information must be up to date; and

(5) the information must be accessible continuously by means of that website for such period of time as the *client* may reasonably need to inspect it.

[Note: article 3 of the *MiFID implementing Directive* and article 38(2) of the *KII Regulation*]

*weighted average life*

FCA PRA

(in accordance with the definitions section in *CESR's guidelines on a common definition of European money market funds*) the weighted average of the remaining life (maturity) of each *security* held in a fund, meaning the time until the principal is repaid in full (disregarding interest and not discounting).

PAGE  
W1*weighted average maturity*

FCA PRA

(in accordance with the definitions section in *CESR's guidelines on a common definition of European money market funds*) a measure of the average length of time to maturity of all of the underlying *securities* in a fund weighted to reflect the relative holdings in each instrument, assuming that the maturity of a floating rate instrument is the time remaining until the next interest rate reset to the money market rate, rather than the time remaining before the principal value of the *security* must be repaid.

*welfare trust*

FCA PRA

any scheme or arrangement, not being an *occupational pension scheme*, that is comprised in one or more instruments or agreements and operates as a benevolent fund so as to provide benefits, at the discretion of the trustees and to which the beneficiaries have no contractual rights.

*whole life assurance*

FCA PRA

a *contract of insurance* which, disregarding any benefit payable on surrender, secures a capital sum only on death or either on death or on disability, but does not include a term assurance.

*whole-firm liquidity modification*

FCA PRA

a modification to the *overall liquidity adequacy rule* of the kind described in BIPRU 12.8.22G.

*wholesale depositor*

FCA PRA

a *person* who is:

- (a) a *credit institution*; or
- (b) a *large company*; or
- (c) a *large mutual association* which is:
  - (i) a *firm*; or
  - (ii) an *overseas financial services institution*; or
  - (iii) a *collective investment scheme* or an operator or trustee of a *collective investment scheme*; or
  - (iv) a pension or retirement fund, or a trustee of such a fund (except a trustee of a small self-administered scheme or an occupational scheme of an employer which is not a *large company* or a *large partnership*); or
- (d) a supranational institution, government or central administrative authority; or
- (e) a provincial, regional, local or municipal authority; or
- (f) a *body corporate* in the same *group* as the *person* with whom the *deposit* is made.

*wholesale market broker*

FCA PRA

a *firm* when carrying out the activities of *name-passing broker*, or acting on a matched principal basis, with or for *market counterparties*.

*wholesale only bank*

FCA PRA

(in relation to *firm type* in ■ SUP 16.10 (Confirmation of *standing data*)) a *bank* with *permission* to accept *deposits* from *wholesale depositors* only.

*with-profits actuary*

FCA PRA

an *actuary* appointed to perform the *with-profits actuary function*.

*with-profits actuary function*

FCA PRA

(in the *PRA Handbook*) *PRA controlled function* CF12A in the *table of PRA controlled functions*, described more fully in ■ SUP 4.3.16A R and ■ SUP 10B.8.2 R.



|   |   |
|---|---|
| <p><i>with-profits advisory arrangement</i></p> <p><b>FCA</b> <b>PRA</b></p>        | <p>(a) an independent person; or</p> <p>(b) if appropriate, one or more <i>non-executive directors</i> appointed to provide independent judgment to the <i>governing body</i> of a <i>firm</i>; <i>FCA controlled functions</i></p> <p>which satisfies the requirements of its <i>terms of reference</i>.</p>   |
| <p><i>with-profits assets</i></p> <p><b>FCA</b> <b>PRA</b></p>                      | <p>assets that match liabilities in respect of <i>with-profits insurance business</i> or represent a <i>with-profits surplus</i>.</p>   |
| <p><i>with-profits benefits reserve</i></p> <p><b>FCA</b> <b>PRA</b></p>            | <p>(in relation to a <i>with-profits fund</i>) the with-profits benefits reserve for the <i>with-profits fund</i> calculated in accordance with the <i>rules</i> in ■ INSPRU 1.3.116 R to ■ INSPRU 1.3.135 G .</p>  |
| <p><i>with-profits business</i></p> <p><b>FCA</b> <b>PRA</b></p>                    | <p>any business of an <i>insurer</i> that may affect the amount or value of the assets comprising a <i>with-profits fund</i>.</p>   |
| <p><i>with-profits committee</i></p> <p><b>FCA</b> <b>PRA</b></p>                   | <p>a committee:</p> <p>(a) the majority of the members of which are independent of the <i>firm</i>, or, where there is an equal number of independent and non-independent members, which is chaired by a <i>person</i> who is one of the independent members; and</p> <p>(b) which satisfies the requirements of its <i>terms of reference</i>.</p>   |
| <p><i>with-profits fund</i></p> <p><b>FCA</b> <b>PRA</b></p>                        | <p>(1) (except in <i>INSPRU</i>):</p> <p>(a) a <i>long-term insurance fund</i> (or that part of such a fund) in which <i>policyholders</i> are eligible to participate in any <i>established surplus</i>; and</p> <p>(b) where it is an <i>insurer's</i> usual practice to restrict <i>policyholders'</i> participation in any <i>established surplus</i> to that arising from only a part of the fund (or part fund) falling within (a), that part (or that part of the part fund).</p> <p>(2) for the purposes of <i>INSPRU</i>, a <i>long-term insurance fund</i> in which <i>policyholders</i> are eligible to participate in any <i>established surplus</i>.</p> |
| <p><i>with-profits insurance business</i></p> <p><b>FCA</b> <b>PRA</b></p>          | <p>the business of <i>effecting</i> or carrying out <i>with-profits insurance contracts</i>.</p>  |
| <p><i>with-profits insurance capital component</i></p> <p><b>FCA</b> <b>PRA</b></p> | <p>the capital component for <i>with-profits insurance business</i> of a <i>realistic basis life firm</i> calculated in accordance with ■ INSPRU 1.3 .</p>  |
| <p><i>with-profits insurance contract</i></p>                                       | <p>a <i>long-term insurance contract</i> which provides for the <i>policyholder</i> to be eligible to participate in any surplus arising on the whole of, or any part of, the <i>insurer's long-term insurance business</i>.</p>  |

FCA PRA

*with-profits insurance liabilities*insurance liabilities arising from *with-profits insurance business*.

FCA PRA

*with-profits policy*a contract falling within a *class of long-term insurance business* which is eligible to participate in any part of any *established surplus*.

FCA PRA

*with-profits policyholder*a *policyholder* under a *with-profits policy*.

FCA PRA

*with-profits practices*the with-profits practices that a *firm* must establish, maintain and record under ■ COBS 20.3 (Principles and Practices of Financial Management).

FCA PRA

*with-profits principles*the with-profits principles that a *firm* must establish, maintain and record under ■ COBS 20.3 (Principles and Practices of Financial Management).

FCA PRA

*working day*

FCA PRA

(1) (in *PR* and *COMP*) (as defined in section 103 of the *Act*) any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 in any part of the *United Kingdom*.(2) (in relation to an *underwriter* and for the purpose of *BIPRU* but not for the purpose of the definition of *working day 0*) the number of *business days* after *working day 0* specified by the provision in question so that, for example, *working day one* means the *business day* following *working day 0*.*working day 0*

FCA PRA

has the meaning in BIPRU 7.8.23R (Working day 0), which is in summary (in relation to an *underwriter*) the *business day* on which a *firm* that is *underwriting* or *sub-underwriting* becomes unconditionally committed to accepting a known quantity of *securities* at a specified price.*work-related insurance*

FCA PRA

work-related insurance, including:

- (a) life assurance;
- (b) long term disability insurance (also known as *permanent health insurance*); and
- (c) accidental death, injury, critical illness, medical, dental, income protection or travel insurance.

WPICC

FCA PRA

*with-profits insurance capital component*.*wrapper*

FCA PRA

a *PEP*, *ISA* or *CTF*.

*zero-specific-risk security*

FCA PRA

a notional debt *security* used, for the purpose of calculating *PRR*, to represent the interest rate *general market risk* arising from certain *derivative* and forward transactions as specified in BIPRU 7.2 (Interest rate *PRR*).

*zillmerising*

FCA PRA

the method known by that name for modifying the *net premium* reserve method of valuing a *long-term insurance contract* by increasing the part of the future *premiums* for which credit is taken so as to allow for initial expenses.

*Zone A country*

FCA PRA

- (a) any *EEA State*;
- (b) all other countries which are full members of the *OECD*; and
- (c) those countries which have concluded special lending arrangements with the International Monetary Fund (IMF) associated with the Fund's general arrangements to borrow (*GAB*),

save that any country falling with (a), (b) or (c) which reschedules its external sovereign debt is precluded from *Zone A* for a period of five years.

