

**SUBMISSION OF POLICY STATEMENTS  
(BANKS) INSTRUMENT 2003**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making powers);
  - (2) section 156 (General supplementary powers); and
  - (3) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

**Commencement**

- C. This instrument comes into force on 1 December 2003.

**Amendments to the Interim Prudential sourcebook for banks**

- D. IPRU(BANK) is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Submission of Policy Statements (Banks) Instrument 2003.

By Order of the Board  
20 November 2003

## Annex

### Amendments to IPRU(BANK)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Volume 1

GN: Section 3

...

3.4.12R A *bank* must send to the *FSA*:

(a) a copy of the policy statement it has first adopted in compliance with each of *IPRU (BANK)* 3.4.1R, 3.4.3R, 3.4.5R and 3.4.7R as soon as possible after adopting it; and

(b) ~~a copy of the current version of the policy statement annually, at the start of each calendar year. If, during that year, if~~ the policy statement is significantly amended subject to significant changes, a *bank* must send a copy of the amended policy statement to the *FSA* as soon as possible after adopting it. A significant change would include, for instance, new types of customers or business requiring different funding or provisioning. If there is any doubt about whether a change is significant or not, it must be treated as significant.

3.4.13G ~~Where a policy statement that a bank is required to have under each of *IPRU (BANK)* 3.4.1R, 3.4.3R, 3.4.5R and 3.4.7R remains unchanged, it should still send a copy of the policy statement annually to the *FSA*. [Deleted]~~

...

CB: Section 2

...

2 Under rule 3.4.712 in Chapter GN, a *UK bank* must provide the *FSA* with a statement of its policy on its trading book. It should agree the statement with the *FSA*. This statement must be reviewed and, where necessary, updated annually, with any major/significant changes approved by its board or a body delegated this responsibility by the board. The bank should obtain the *FSA*'s written agreement to the any significant changes made. ~~A bank must inform the *FSA* when a review has taken place.~~

- a) This applies to all *UK banks* since the *FSA*'s agreement to a trading book policy statement forms the basis for determining whether it is appropriate for a *bank* not to apply the CAD trading book treatment.
  - i) The policy statement of a *bank* whose trading activities are judged minimal need only cover certain of the items normally required.

...

8 ~~The FSA reviews annually each bank's trading book policy statement.~~[This is intentionally blank.]

9 ~~The FSA reviews at least annually the trading activities of a non-CAD bank to ensure that they remain minimal.~~[This is intentionally blank.]

...

CB: Section 5

...

3 The policy statement must be reviewed and where necessary updated annually, with ~~major~~significant changes approved by its board or the body delegated this responsibility by the board. A *bank* should seek the *FSA*'s written agreement to it making ~~such any~~significant changes. ~~Where approval of changes is delegated, that body should inform the board of any major changes.~~ A bank must inform the *FSA* when a review has taken place (see 3.4.9E).

...

Volume 2

LE: Section 3

...

12 ~~The FSA reviews annually each bank's large exposures policy statement and its lending limits for exempt exposures.~~[Deleted]

...

LE: Section 8

...

- 2           The rules require a *bank* to have its policy statement approved by its board and to review it at least annually ~~and inform the FSA that it has done so.~~  
Significant ~~departures from~~changes to policies, e.g. ~~new types of lending or breaches of existing limits~~, should not be incorporated in a policy statement without prior discussion with the *FSA*.

...