

**INTERIM PRUDENTIAL SOURCEBOOK FOR INVESTMENT BUSINESSES
(AMENDMENT NO 8) INSTRUMENT 2004**

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 power); and
 - (2) section 156 (General supplementary powers).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 June 2004.

Amendments to the Interim Prudential sourcebook for investment businesses

- D. Interim Prudential Sourcebook for investment businesses is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Interim Prudential Sourcebook for Investment Businesses (Amendment No 8) Instrument 2004.

By order of the Board
20 May 2004

Annex

Amendments to the Interim Prudential Sourcebook for investment businesses

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

Appendix 13(1) Defined terms for Chapter 13

...

connected
person

- ~~(1) (in relation to the FSA's consideration of an application for, or of whether to vary or cancel, a Part IV permission) any person appearing to the FSA to be, or likely to be, in a relationship with the applicant or person given permission, which is relevant, in accordance with section 49(1) of the Act (*Persons connected with an applicant*);~~
- ~~(2) (in relation to the FSA's powers to gather information under section 165 of the Act (Authority's power to require information)) (as defined in section 165(11) of the Act) a person which has or has at any relevant time had the following relationship to an authorised person (A):~~
- ~~(a) it is a member of A's group;~~
 - ~~(b) it is a controller of A;~~
 - ~~(c) it is a member of a partnership of which A is a member;~~
 - ~~(d) it is or has been an employee of A;~~
 - ~~(e) if A is a company it is or has been:~~
 - ~~(i) an officer or manager of A or of a parent undertaking of A; or~~
 - ~~(ii) an agent of A or of a parent undertaking of A;~~
 - ~~(f) if A is a partnership, it 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, it is or has been an officer, manager, or agent of A;~~
 - ~~(h) if A is a friendly society, it is or has been an officer or manager of A as defined in section 119(1) of the Friendly Societies Act 1992;~~
 - ~~(i) if A is a building society, it is or has been an officer of A as defined in section 119(1) of the Building Societies Act 1986;~~
 - ~~(j) if A is an individual, it is or has been an agent of A;~~
- ~~(3) (in relation to the FSA's powers of investigation under section 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)) (as defined in section 171(4) of the Act) a person which has or has at any relevant time had the following relationship to a person under investigation (P):~~
- ~~(a) it has the relationship specified in any of paragraphs (2) (a) to (j) inclusive to P (where references in those paragraphs to A are taken to be references to P);~~
 - ~~(b) it is a partnership of which A is a member;~~
 - ~~(c) it is the partner, manager, employee, agent, appointed representative, banker, auditor, actuary or solicitor of:~~
 - ~~(i) A;~~
 - ~~(ii) a parent undertaking of A;~~
 - ~~(iii) a subsidiary undertaking of A;~~
 - ~~(iv) a subsidiary undertaking of a parent undertaking of A; or~~
 - ~~(v) a parent undertaking of a subsidiary undertaking of A.~~

connected
person

in relation to a *person*,

- (a) its *controller*;
- (b) a partner in it, or his or its partner;
- (c) a director of it;
- (d) its employee (whether under a contract of service or a contract for services) or an employee of its *appointed representative*;
- (e) another *undertaking* having the same *controller* as that *person*;
- (f) an *undertaking* which is an *associate* of that *person*;
- (g) (if the *person* is not a *body corporate*)
 - (i) a *close relative* of any *person* within (a) to (d) above; or
 - (ii) a *body corporate* controlled by that *person* or by any partner of that *person*; or
- (h) a trustee of a trust (other than an *occupational pension scheme*) the beneficiaries of which the *firm* knows or ought to know include any individual within (a) to (d) or (g)(i) above.

material
holding

means a holding of -

- (a) ordinary share capital and non cumulative preference share capital; or
- (b) subordinated loan and non fixed-term cumulative preference share capital, in a *credit institution* or a *financial institution* where -
 - (i) (a) or (b) above exceeds 10% of the share capital plus share premium of the issuer; or
 - (ii) the aggregate of (a) and (b) above exceeds 10% of the *firm's own funds*, before deducting the holding.