



Financial Services and Markets Act 2000

2000 CHAPTER 8

PART XII

CONTROL OVER AUTHORISED PERSONS

Modifications etc. (not altering text)

- C1** Pt. 12 modified (1.12.2001) by [S.I. 2001/3592](#), [arts. 1\(2\)](#), [114\(3\)\(a\)](#) (with [art. 23\(2\)](#))
- C2** Pt. 12 applied (with modifications) (30.4.2011) by [The Electronic Money Regulations 2011](#) (S.I. 2011/99), [reg. 62](#), [Sch. 3 para. 4](#) (with [reg. 3](#)) (as amended (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013](#) (S.I. 2013/472), [Sch. 2 para. 196\(5\)\(d\)\(e\)](#))
- C3** Pt. 12 excluded (26.7.2013 for specified purposes, 2.9.2013 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013](#) (S.I. 2013/1881), [arts. 1\(2\)\(5\)](#), [59\(7\)](#)

[^{F1}Notices of acquisitions of control over UK authorised persons

Textual Amendments

- F1** Ss. 178-191G and cross-headings substituted (21.3.2009) for ss. 178-191 and cross-headings by [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009](#) (S.I. 2009/534), [reg. 3](#), [Sch. 1](#) (with [reg. 8](#))

^{x1}178 **Obligation to notify the [^{F2}appropriate regulator]: acquisitions of control**

- (1) A person who decides to acquire or increase control over a UK authorised person must give the [^{F2}appropriate regulator] notice in writing before making the acquisition.
- (2) For the purposes of calculations relating to this section, 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.

Status: Point in time view as at 19/06/2015.

Changes to legislation: Financial Services and Markets Act 2000, Part XII is up to date with all changes known to be in force on or before 18 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- [In this Part, “the appropriate regulator” means—
- ^{F3}(2A) (a) where the UK authorised person is a PRA-authorised person, the PRA;
(b) in any other case, the FCA.]
- (3) In this Part, a notice given under this section is a “section 178 notice” and a person giving notice is a “section 178 notice-giver”.

Editorial Information

- X1** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F3** S. 178(2A) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(3\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

^{x2}179 Requirements for section 178 notices

- (1) A section 178 notice must be in such form, include such information and be accompanied by such documents as the [^{F2}appropriate regulator] may reasonably require.
- (2) [^{F4}Each regulator] must publish a list of its requirements as to the form, information and accompanying documents for a section 178 notice.
- (3) The [^{F2}appropriate regulator] may impose different requirements for different cases and may vary or waive requirements in particular cases.

Editorial Information

- X2** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F4** Words in s. 179 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(4\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

^{x3}180 Acknowledgment of receipt

- (1) The [^{F2}appropriate regulator] must acknowledge receipt of a completed section 178 notice in writing before the end of the second working day following receipt.

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- (2) If the [F²appropriate regulator] receives an incomplete section 178 notice it must inform the section 178 notice-giver as soon as reasonably practicable.

Editorial Information

- X3** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 26(2), 122(3)** (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)

Acquiring control and other changes of holding

x⁴181 Acquiring control

- (1) For the purposes of this Part, a person (“A”) acquires control over a UK authorised person (“B”) if any of the cases in subsection (2) begin to apply.
- (2) The cases are where A holds—
- (a) 10% or more of the shares in B or in a parent undertaking of B (“P”);
 - (b) 10% or more of the voting power in B or P; or
 - (c) shares or voting power in B or P as a result of which A is able to exercise significant influence over the management of B.

Editorial Information

- X4** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

x⁵182 Increasing control

- (1) For the purposes of this Part, a person (“A”) increases control over a UK authorised person (“B”) whenever—
- (a) the percentage of shares which A holds in B or in a parent undertaking of B (“P”) increases by any of the steps mentioned in subsection (2);
 - (b) the percentage of voting power A holds in B or P increases by any of the steps mentioned in subsection (2); or
 - (c) A becomes a parent undertaking of B.
- (2) The steps are—
- (a) from less than 20% to 20% or more;
 - (b) from less than 30% to 30% or more;
 - (c) from less than 50% to 50% or more.

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Editorial Information

X5 The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

^{x6}**183 Reducing or ceasing to have control**

- (1) For the purposes of this Part, a person (“A”) reduces control over a UK authorised person (“B”) whenever—
 - (a) the percentage of shares which A holds in B or in a parent undertaking of B (“P”) decreases by any of the steps mentioned in subsection (2);
 - (b) the percentage of voting power which A holds in B or P decreases by any of the steps mentioned in subsection (2); or
 - (c) A ceases to be a parent undertaking of B.
- (2) The steps are—
 - (a) from 50% or more to less than 50%;
 - (b) from 30% or more to less than 30%;
 - (c) from 20% or more to less than 20%.
- (3) For the purposes of this Part, a person (“A”) ceases to have control over a UK authorised person (“B”) if A ceases to be in the position of holding—
 - (a) 10% or more of the shares in B or in a parent undertaking of B (“P”);
 - (b) 10% or more of the voting power in B or P; or
 - (c) shares or voting power in B or P as a result of which A is able to exercise significant influence over the management of B.

Editorial Information

X6 The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

^{x7}**184 Disregarded holdings**

- (1) For the purposes of sections 181 to 183, shares and voting power that a person holds in a UK authorised person (“B”) or in a parent undertaking of B (“P”) are disregarded in the following circumstances.
- (2) Shares held only for the purposes of clearing and settling within a short settlement cycle are disregarded.
- (3) Shares held by a custodian or its nominee in a custodian capacity are disregarded, provided that the custodian or nominee is only able to exercise voting power represented by the shares in accordance with instructions given in writing.
- (4) Shares representing no more than 5% of the total voting power in B or P held by an investment firm are disregarded, provided that it—

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- (a) holds the shares in the capacity of a market maker (as defined in article 4.1(8) of the markets in financial instruments directive);
 - (b) is authorised by its home state regulator under the markets in financial instruments directive; and
 - (c) neither intervenes in the management of B or P nor exerts any influence on B or P to buy the shares or back the share price.
- (5) Shares held by a credit institution or investment firm in its trading book are disregarded, provided that—
- (a) the shares represent no more than 5% of the total voting power in B or P; and
 - (b) the credit institution or investment firm ensures that the voting power is not used to intervene in the management of B or P.
- (6) Shares held by a credit institution or an investment firm are disregarded, provided that—
- (a) the shares are held as a result of performing the investment services and activities of—
 - (i) underwriting a share issue; or
 - (ii) placing shares on a firm commitment basis in accordance with Annex I, section A.6 of the markets in financial instruments directive; and
 - (b) the credit institution or investment firm—
 - (i) does not exercise voting power represented by the shares or otherwise intervene in the management of the issuer; and
 - (ii) retains the holding for a period of less than one year.
- (7) Where a management company (as defined in [^{F5}Article 2.1(b)] of the UCITS directive) 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.
- (8) But subsection (7) does not apply if the management company—
- [^{F6}(a) manages holdings for its parent undertaking or a controlled undertaking of the parent undertaking;]
 - (b) has no discretion as to the exercise of the voting power attached to such holdings; and
 - (c) may only exercise the voting power in relation to such holdings under direct or indirect instruction from—
 - (i) the parent undertaking; or
 - [^{F7}(ii) a controlled undertaking of the parent undertaking.]
- (9) 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—
- (a) has permission to provide portfolio management;
 - (b) exercises its voting power independently from the parent undertaking; and
 - (c) 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.

[For the purposes of this section, an undertaking is a controlled undertaking of the
^{F8}(10) parent undertaking if it is controlled by the parent undertaking; and for this purpose

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the question of whether one undertaking controls another is to be determined in accordance with section 89J(4) and (5).]

Editorial Information

- X7** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

- F5** Words in s. 184(7) substituted (1.7.2011) by The Undertakings for Collective Investment in Transferable Securities Regulations 2011 (S.I. 2011/1613), **reg. 2(6)**
- F6** S. 184(8)(a) substituted (1.1.2014) by The Capital Requirements Regulations 2013 (S.I. 2013/3115), **reg. 1(2), Sch. 2 para. 10(a)**
- F7** S. 184(8)(c)(ii) substituted (1.1.2014) by The Capital Requirements Regulations 2013 (S.I. 2013/3115), **reg. 1(2), Sch. 2 para. 10(b)**
- F8** S. 184(10) inserted (1.1.2014) by The Capital Requirements Regulations 2013 (S.I. 2013/3115), **reg. 1(2), Sch. 2 para. 10(c)**

Assessment procedure

^{x8}**185 Assessment: general**

- (1) Where the [^{F2}appropriate regulator] receives a section 178 notice, it must—
- (a) determine whether to approve the acquisition to which it relates unconditionally; or
 - (b) propose to—
 - (i) approve the acquisition subject to conditions (see section 187); or
 - (ii) object to the acquisition.
- (2) The [^{F2}appropriate regulator] must—
- (a) consider the suitability of the section 178 notice-giver and the financial soundness of the acquisition in order to ensure the sound and prudent management of the UK authorised person;
 - (b) have regard to the likely influence that the section 178 notice-giver will have on the UK authorised person; and
 - (c) disregard the economic needs of the market.
- (3) The [^{F2}appropriate regulator] may only object to an acquisition—
- (a) if there are reasonable grounds for doing so on the basis of the matters set out in section 186; or
 - (b) if the information provided by the section 178 notice-giver is incomplete.

Editorial Information

- X8** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

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Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), [ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)

^{x9}186 Assessment criteria

The matters specified in section 185(3)(a) are—

- (a) the reputation of the section 178 notice-giver;
- (b) the reputation^[F9], knowledge, skills] and experience of any person who will direct the business of the UK authorised person as a result of the proposed acquisition;
- (c) the financial soundness of the section 178 notice-giver, in particular in relation to the type of business that the UK authorised person pursues or envisages pursuing;
- (d) whether the UK authorised person will be able to comply with its prudential requirements (including the threshold conditions in relation to all of the regulated activities for which it has or will have permission);
- (e) if the UK authorised person is to become part of a group as a result of the acquisition, whether that group has a structure which makes it possible to—
 - (i) exercise effective supervision;
 - (ii) exchange information among regulators; and
 - (iii) determine the allocation of responsibility among regulators; and
- (f) whether there are reasonable grounds to suspect that in connection with the proposed acquisition—
 - (i) money laundering or terrorist financing (within the meaning of Article 1 of Directive [2005/60/EC](#) of the European Parliament and of the Council of 26th October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) is being or has been committed or attempted; or
 - (ii) the risk of such activity could increase.

Editorial Information

- X9** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

- F9** Words in s. 186(b) inserted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), [reg. 1\(2\)](#), [Sch. 2 para. 11](#)

^{x10}187 Approval with conditions

- (1) The ^[F2]appropriate regulator] may impose conditions on its approval of an acquisition.
- ^[F10](2) The appropriate regulator may only impose conditions where—
 - (a) if it did not impose those conditions, it would propose to object to the acquisition, or

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- (b) it is required to do so by a direction under section 187A(3)(b) or section 187B(3).]
- (3) The [^{F2}appropriate regulator] may not impose conditions requiring a particular level of holding to be acquired.
- (4) The [^{F2}appropriate regulator] may vary or cancel the conditions.

Editorial Information

X10 The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

F2 Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

F10 S. 187(2) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(5\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

[^{F11}187A] **Assessment: consultation by PRA with FCA**

- (1) The PRA must consult the FCA before acting under section 185.
- (2) The FCA may make representations to the PRA in relation to any of the matters set out in sections 185(2) and 186.
- (3) If the FCA considers that on the basis of the matters set out in section 186(f) there are reasonable grounds to object to the acquisition, the FCA may—
- direct the PRA to object to the acquisition, or
 - direct the PRA not to approve the acquisition unless it does so subject to conditions specified in the direction (with or without other conditions).
- (4) Before giving a direction under subsection (3), the FCA must notify the PRA of its proposal to do so.
- (5) In order to comply with the obligation under subsection (1), the PRA must provide the FCA with—
- copies of—
 - the section 178 notice, and
 - any document included with that notice,
 - any further information provided pursuant to section 190, and
 - any other information in the possession of the PRA which—
 - in the opinion of the PRA, is relevant to the application, or
 - is reasonably requested by the FCA.

[Where the PRA notifies the FCA that it has been directed by the Bank of England [^{F12}(5A) under section 189(1A) to act in a timely manner, the FCA may take action under subsection (2), (3) or (4) after the time it receives that notification only if that action is taken as soon as reasonably practicable after that time.]

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- (6) If the PRA acts under section 185(1)(b), it must indicate to the section 178 notice-giver any representations or directions received from the FCA.
- (7) Directions given by the FCA under this section are subject to any directions given to the FCA under section 3I or 3J.

Textual Amendments

- F11** Ss. 187A-187C inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(6\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F12** S. 187A(5A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [117](#)

187B Assessment: consultation by FCA with PRA

- (1) The FCA must consult the PRA before acting under section 185 if—
 - (a) the UK authorised person to which the section 178 notice relates has as a member of its immediate group a PRA-authorised person, or
 - (b) the section 178 notice-giver is a PRA-authorised person.
- (2) The PRA may make representations to the FCA in relation to any of the matters set out in sections 185(2) and 186.
- (3) If the PRA considers that on the basis of relevant matters there are reasonable grounds to object to the acquisition, the PRA may direct the FCA not to approve the acquisition unless it does so subject to conditions specified in the direction (with or without other conditions).
- (4) In subsection (3) “relevant matters”—
 - (a) means the matters in paragraphs (d) and (e)(i) of section 186, and
 - (b) in a case falling within subsection (1)(b) of this section, also includes the matter in paragraph (c) of section 186.
- (5) In order to comply with the obligation under subsection (1), the FCA must provide the PRA with—
 - (a) copies of—
 - (i) the section 178 notice, and
 - (ii) any document included with that notice,
 - (b) any further information provided pursuant to section 190, and
 - (c) any other information in the possession of the FCA which—
 - (i) in the opinion of the FCA, is relevant to the application, or
 - (ii) is reasonably requested by the PRA.
- (6) If the FCA acts under section 185(1)(b), it must indicate to the section 178 notice-giver any representations or directions received from the PRA.

Textual Amendments

- F11** Ss. 187A-187C inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(6\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

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187C Variation etc of conditions

- (1) Where the PRA has imposed conditions required by a direction given by the FCA under section 187A(3)—
 - (a) the FCA may direct the PRA to exercise its power under section 187(4) to vary or cancel any of those conditions;
 - (b) the PRA must consult the FCA before it exercises that power in relation to those conditions otherwise than in accordance with a direction under paragraph (a).
- (2) Where the FCA has imposed conditions required by a direction given by the PRA under section 187B(3)—
 - (a) the PRA may direct the FCA to exercise its power under section 187(4) to vary or cancel any of those conditions;
 - (b) the FCA must consult the PRA before it exercises that power in relation to those conditions otherwise than in accordance with a direction under paragraph (a).]

Textual Amendments

F11 Ss. 187A-187C inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 26(6)**, 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)

^{x11}188 Assessment: consultation with EC competent authorities

- (1) The [^{F2}appropriate regulator] must consult any appropriate home state regulator before making a determination under section 185 and, in doing so, must comply with such requirements as to consultation as may be prescribed.
- (2) Where the [^{F2}appropriate regulator] makes a determination under section 185, it must indicate any views or reservations received from any home state regulator it consults in accordance with subsection (1).
- (3) The [^{F2}appropriate regulator] must cooperate with any equivalent consultation [^{F13}in relation to a UK authorised person by the home state regulator of an EEA firm].
- (4) In order to comply with an obligation under subsection (1) or (3), the [^{F2}appropriate regulator] must provide the regulator with—
 - (a) any relevant information that it requests; and
 - (b) any information that the [^{F2}appropriate regulator] considers that it needs.

Editorial Information

X11 The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

F2 Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 26(2)**, 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)

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F13 Words in s. 188(3) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), [Sch. 2 para. 12](#)

^{x12}**189 Assessment: Procedure**

- (1) The [F²appropriate regulator] must act under section 185 within a period of 60 working days beginning with the day on which the [F²appropriate regulator] acknowledges receipt of the section 178 notice (“the assessment period”).

^{F14}(1A) [But where the section 178 notice relates to an acquisition or increase of control over a credit institution, investment firm or banking group company, the Bank of England, acting in the exercise of its functions under sections 6A to 6C of the Banking Act 2009 or under the special resolution regime under Part 1 of that Act, may direct the appropriate regulator to act under this Part in a timely manner, and to shorten the assessment period so far as reasonably practicable.

(1B) In subsection (1A)—

“bank” has the meaning given in section 2 of the Banking Act 2009;

“banking group company” has the meaning given in section 81D of that Act.]

- (2) The assessment period may be interrupted, no more than once, in accordance with section 190.
- (3) The [F²appropriate regulator] must inform the section 178 notice-giver in writing of—
 - (a) the duration of the assessment period;
 - (b) its expiry date; and
 - (c) any change to the expiry date by virtue of section 190.
- (4) The [F²appropriate regulator] must, within two working days of acting under section 185 (and in any event no later than the expiry date of the assessment period)—
 - (a) notify the section 178 notice-giver that it has determined to approve the acquisition unconditionally; or
 - (b) give a warning notice stating that it proposes to—
 - (i) approve the acquisition subject to conditions; or
 - (ii) object to the acquisition.
- (5) Where the [F²appropriate regulator] gives a warning notice stating that it proposes to approve the acquisition subject to conditions—
 - (a) it must, in the warning notice, specify those conditions; and
 - (b) the conditions take effect as interim conditions.
- (6) The [F²appropriate regulator] is treated as having approved the acquisition if, at the expiry of the assessment period, it has neither—
 - (a) given notice under subsection (4); nor
 - (b) informed the section 178 notice-giver that the section 178 notice is incomplete.
- (7) If the [F²appropriate regulator] decides to approve an acquisition subject to conditions or to object to an acquisition it must give the section 178 notice-giver a decision notice.
- (8) Following receipt of a decision notice under this section, the section 178 notice-giver may refer the [F²appropriate regulator's] decision to the Tribunal.

Status: Point in time view as at 19/06/2015.

Changes to legislation: Financial Services and Markets Act 2000, Part XII is up to date with all changes known to be in force on or before 18 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Editorial Information

X12 The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F14** S. 189(1A)(1B) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 118](#)

^{X13}190 Requests for further information

(1) The [^{F2}appropriate regulator] may, no later than the 50th working day of the assessment period, in writing ask the section 178 notice-giver to provide any further information necessary to complete its assessment.

[But where a direction has been given by the Bank of England under section 189(1A),
^{F15}(1A) the appropriate regulator must, as soon as reasonably practicable, ask the section 178 notice-giver to provide any further information necessary to complete its assessment.]

(2) On the first occasion that the [^{F2}appropriate regulator] asks for further information, the assessment period is interrupted from the date of the request until the date the [^{F2}appropriate regulator] receives the requested information (“the interruption period”).

(3) But the interruption period may not exceed 20 working days, unless subsection (4) applies.

(4) The interruption period may not exceed 30 working days if the notice-giver—

- (a) is situated or regulated outside the [^{F16}European Union]; or
- (b) is not subject to supervision under—
 - (i) the UCITS directive;
 - (ii) the insurance directives;
 - (iii) the markets in financial instruments directive;
 - (iv) the reinsurance directive; or
 - (v) the [^{F17}capital requirements directive].

(5) The [^{F2}appropriate regulator] may make further requests for information (but a further request does not result in a further interruption of the assessment period).

(6) The [^{F2}appropriate regulator] must acknowledge in writing receipt of further information before the end of the second working day following receipt.

Editorial Information

X13 The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

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Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F15** S. 190(1A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), [arts. 1\(2\), 119](#)
- F16** Words in s. 190(4)(a) substituted (22.4.2011 with application in accordance with art. 3 of the amending S.I.) by virtue of [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), [art. 4](#)
- F17** Words in s. 190(4)(b)(v) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), [reg. 1\(2\), Sch. 2 para. 13](#)

^{x14}191 Duration of approval

- (1) Approval of an acquisition (whether granted unconditionally or subject to conditions) is effective for such period as the [F²appropriate regulator] may specify in writing.
- (2) Where the [F²appropriate regulator] has specified a period under subsection (1), it may extend the period.
- (3) Where the [F²appropriate regulator] has not specified a period, the approval is effective for one year beginning with the date—
 - (a) of the notice given under section 189(4)(a) or (b)(i);
 - (b) on which the [F²appropriate regulator] is treated as having given approval under section 189(6); or
 - (c) of a decision on a reference to the Tribunal which results in the person receiving approval.

Editorial Information

- X14** The substitution of ss. 178-191G for ss. 178-191 on 21.3.2009 which involves the insertion of several new headings in Pt. XII gives rise to a change in the structure of this legislation on SLD which breaks the continuity of historical versions of the existing provisions which are now brought under those new headings.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Enforcement procedures

191A Objection by the [F²appropriate regulator]

- (1) The [F²appropriate regulator] may object to a person's control over a UK authorised person in any of the circumstances specified in subsection (2).
- (2) The circumstances are that the [F²appropriate regulator] reasonably believes that—
 - (a) the person acquired or increased control without giving notice under section 178(1) in circumstances where notice was required;
 - (b) the person is in breach of a condition imposed under section 187; or
 - (c) there are grounds for objecting to control on the basis of the matters in section 186.

Status: Point in time view as at 19/06/2015.

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- (3) The [F²appropriate regulator]—
- (a) must take into account whether influence exercised by the person is likely to operate to the detriment of the sound and prudent management of the UK authorised person; and
 - (b) may take into account whether the person has co-operated with any information requests made or requirements imposed by the [F²appropriate regulator].
- (4) If the [F²appropriate regulator] proposes to object to a person's control over a UK authorised person, it must give that person a warning notice.

[Where the appropriate regulator is the PRA, it must consult the FCA before giving a
F18(4A) warning notice under this section.

- (4B) Where the appropriate regulator is the FCA, it must consult the PRA before giving a warning notice under this section if—
- (a) the UK authorised person has as a member of its immediate group a PRA-authorised person, or
 - (b) the person to whom the warning notice is to be given is a PRA-authorised person.]
- (5) The [F²appropriate regulator] must consult any appropriate home state regulator before giving a warning notice under this section and, in doing so, must comply with such requirements as to consultation as may be prescribed.
- (6) If the [F²appropriate regulator] decides to object to a person's control over a UK authorised person, it must give that person a decision notice.
- (7) A person to whom the [F²appropriate regulator] gives a decision notice under this section may refer the matter to the Tribunal.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F18** S. 191A(4A)(4B) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(7\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

191B Restriction notices

- (1) The [F²appropriate regulator] may give notice in writing (a “restriction notice”) to a person in the following circumstances.
- (2) The circumstances are that—
- (a) the person has control over a UK authorised person by virtue of holding shares or voting power; and
 - (b) in relation to the shares or voting power, the [F²appropriate regulator] has given the person a warning notice or a decision notice under section 189 or 191A or a final notice which confirms a decision notice given under section 189 or 191A.

[Where the appropriate regulator is the PRA, it must consult the FCA before giving a
F19(2A) restriction notice under this section.

Status: Point in time view as at 19/06/2015.

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- (2B) Where the appropriate regulator is the FCA, it must consult the PRA before giving a restriction notice under this section if—
- (a) the UK authorised person has as a member of its immediate group a PRA-authorised person, or
 - (b) the person to whom the restriction notice is to be given is a PRA-authorised person.]
- (3) In a restriction notice, the [F²appropriate regulator] may direct that shares or voting power to which the notice relates are, until further notice, subject to one or more of the following restrictions—
- (a) except by court order, an agreement to transfer or a transfer of any such shares or voting power or, in the case of unissued shares, any agreement to transfer or transfer of the right to be issued with them, is void;
 - (b) no voting power is to be exercisable;
 - (c) no further shares are to be issued in pursuance of any right of the holder of any such shares or voting power or in pursuance of any offer made to their holder;
 - (d) except in a liquidation, no payment is to be made of any sums due from the body corporate on any such shares, whether in respect of capital or otherwise.
- (4) A restriction notice takes effect—
- (a) immediately; or
 - (b) on such date as may be specified in the notice.
- (5) A restriction notice does not extinguish rights which would be enjoyable but for the notice.
- (6) A copy of the restriction notice must be served on—
- (a) the UK authorised person in question; and
 - (b) in the case of shares or voting power held in a parent undertaking of a UK authorised person, the parent undertaking.
- (7) A person to whom the [F²appropriate regulator] gives a restriction notice may refer the matter to the Tribunal.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 26(2), 122(3)** (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)
- F19** S. 191B(2A)(2B) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 26(8), 122(3)** (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)

191C Orders for sale of shares

- (1) The court may, on the application of the [F²appropriate regulator], order the sale of shares or the disposition of voting power in the following circumstances.
- (2) The circumstances are that—
 - (a) a person has control over a UK authorised person by virtue of holding the shares or voting power; and

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- (b) the acquisition or continued holding of the shares or voting power by that person is in contravention of a final notice which confirms a decision notice given under section 189 or section 191A.

[Where the appropriate regulator is the PRA, it must consult the FCA before making ^{F20}(2A) an application to the court under this section.

- (2B) Where the appropriate regulator is the FCA, it must consult the PRA before making an application to the court under this section if—
- (a) the UK authorised person has as a member of its immediate group a PRA-authorised person, or
- (b) the person holding the shares or voting power is a PRA-authorised person.]
- (3) Where the court orders the sale of shares or disposition of voting power it may—
- (a) if a restriction notice has been given in relation to the shares or voting power, order that the restrictions cease to apply; and
- (b) make any further order.
- (4) Where the court makes an order under this section, it must take into account the level of holding that the person would have been entitled to acquire, or to continue to hold, without contravening the final notice.
- (5) If shares are sold or voting power disposed of in pursuance of an order under this section, any proceeds, less the costs of the sale or disposition, must be paid into court for the benefit of the persons beneficially interested in them; and any such person may apply to the court for payment of a whole or part of the proceeds.
- (6) The jurisdiction conferred by this section may be exercised by the High Court and the Court of Session.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F20** S. 191C(2A)(2B) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(9\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Notice of reductions of control of UK authorised persons

191D Obligation to notify the [^{F2}appropriate regulator]: dispositions of control

- (1) A person who decides to reduce or cease to have control over a UK authorised person must give the [^{F2}appropriate regulator] notice in writing before making the disposition.

[The PRA must give the FCA a copy of any notice it receives under this section. ^{F21}(1A)

- (1B) The FCA must give the PRA a copy of any notice it receives under this section which—
- (a) relates to a UK authorised person who has as a member of its immediate group a PRA-authorised person, or
- (b) is given by a PRA-authorised person.]

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- (2) For the purposes of calculations relating to this section, 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.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F21** S. 191D(1A)(1B) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(10\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

191E Requirements for notices under section 191D

- (1) A notice under section 191D must be in such form, include such information and be accompanied by such documents as the [F²appropriate regulator] may reasonably require.
- (2) [F²²Each regulator] must publish a list of its requirements as to the form, information and accompanying documents for a notice under section 191D.
- (3) The [F²appropriate regulator] may impose different requirements for different cases and may vary or waive requirements in particular cases.

Textual Amendments

- F2** Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F22** Words in s. 191E(2) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(11\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Offences

191F Offences under this Part

- (1) A person who fails to comply with an obligation to notify the [F²appropriate regulator] under section 178(1) or 191D(1) is guilty of an offence.
- (2) A person who gives notice to the [F²appropriate regulator] under section 178(1) and makes the acquisition to which the notice relates before the expiry date of the assessment period is guilty of an offence unless the [F²appropriate regulator] has approved the acquisition or given a warning notice under section 189(4)(b)(i).
- (3) A person who contravenes an interim condition in a warning notice given under section 189(4)(b)(i) or a condition in a decision notice given under section 189(7) or a final notice which confirms a decision notice under that section is guilty of an offence.
- (4) A person who makes an acquisition in contravention of a warning notice given under section 189(4)(b)(ii) or a decision notice given under section 189(7) or a final notice which confirms a decision notice under that section is guilty of an offence.

Status: Point in time view as at 19/06/2015.

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- (5) A person who makes an acquisition after the [F²appropriate regulator's] approval for the acquisition has ceased to be effective by virtue of section 191 is guilty of an offence.
- (6) A person who provides information to the [F²appropriate regulator] which is false in a material particular is guilty of an offence.
- (7) A person who breaches a direction contained in a restriction notice given under section 191B is guilty of an offence.
- (8) A person guilty of an offence under subsection (1) to (3) or (5) to (7) is liable—
- on summary conviction to a fine not exceeding the statutory maximum; or
 - on conviction on indictment, to a fine.
- (9) A person guilty of an offence under subsection (4) is liable—
- on summary conviction, to a fine not exceeding the statutory maximum; or
 - on conviction on indictment, to imprisonment for a term not exceeding two years or a fine, or both.

Textual Amendments

F2 Words in Pt. 12 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Interpretation

191G Interpretation

- (1) In this Part—
- “acquisition” means the acquisition of control or of an increase in control over a UK authorised person;
- [F²³“the appropriate regulator” is to be read in accordance with section 178(2A);]
- “credit institution” means—
- a credit institution authorised under the [F²⁴capital requirements directive]; or
 - 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 a registered office, its head office) in an EEA State;
- “shares” has the same meaning as in section 422;
- “UK authorised person” means an authorised person who—
- is a body incorporated in, or an unincorporated association formed under the law of, any part of the United Kingdom; and
 - is not a person authorised as a result of paragraph 1 of Schedule 5; and
- “voting power” has the same meaning as in section 422.
- (2) For the purposes of this Part, a “working day” is a day other than—
- a Saturday or a Sunday; or
 - a day which is a bank holiday in England and Wales under the ^{M1}Banking and Financial Dealings Act 1971.]

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Textual Amendments

- F23** Words in s. 191G(1) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 26\(12\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F24** Words in s. 191G(1) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\), reg. 1\(2\), Sch. 2 para. 14](#)

Marginal Citations

- M1** 1971 c.80.

Miscellaneous

192 Power to change definitions of control etc.

The Treasury may by order—

- (a) provide for exemptions from the obligations to notify imposed by sections 178 and ^{F25}[191D];
- (b) amend section ^{F26}[181] by varying, or removing, any of the cases in which a person is treated as ^{F27}[acquiring] control over a UK authorised person or by adding a case;
- (c) amend section ^{F28}[182] by varying, or removing, any of the cases in which a person is treated as increasing control over a UK authorised person or by adding a case;
- (d) amend section ^{F29}[183] by varying, or removing, any of the cases in which a person is treated as ^{F30}[reducing or ceasing to have] his control over a UK authorised person or by adding a case;
- (e) amend section 422 by varying, or removing, any of the cases in which a person is treated as being a controller of a person or by adding a case.

Textual Amendments

- F25** Words in s. 192(a) substituted (21.3.2009) by [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009 \(S.I. 2009/534\), reg. 4\(a\)](#)
- F26** Words in s. 192(b) substituted (21.3.2009) by [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009 \(S.I. 2009/534\), reg. 4\(b\)\(i\)](#)
- F27** Word in s. 192(b) substituted (21.3.2009) by [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009 \(S.I. 2009/534\), reg. 4\(b\)\(ii\)](#)
- F28** Words in s. 192(c) substituted (21.3.2009) by [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009 \(S.I. 2009/534\), reg. 4\(c\)](#)
- F29** Words in s. 192(d) substituted (21.3.2009) by [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009 \(S.I. 2009/534\), reg. 4\(d\)\(i\)](#)
- F30** Words in s. 192(d) substituted (21.3.2009) by [The Financial Services and Markets Act 2000 \(Controllers\) Regulations 2009 \(S.I. 2009/534\), reg. 4\(d\)\(ii\)](#)

Commencement Information

- I1** S. 192 wholly in force at 1.12.2001; s. 192 not in force at Royal Assent see s. 431(2); s. 192(a) in force at 25.2.2001 by [S.I. 2001/516, art. 2\(a\), Sch. Pt. 1](#); s. 192 in force in so far as not already in force at 1.12.2001 by [S.I. 2001/3538, art. 2\(1\)](#)

Status:

Point in time view as at 19/06/2015.

Changes to legislation:

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