
STATUTORY INSTRUMENTS

2004 No. 1862

**The Financial Conglomerates and Other
Financial Groups Regulations 2004**

PART 2

Exercise of supplementary supervision of regulated entities in a financial conglomerate

Notification of identification as a financial conglomerate and choice of co-ordinator

2.—(1) Where [^{F1}a regulator] has become the co-ordinator for a financial conglomerate, it must notify—

- (a) the relevant member of that financial conglomerate;
- [^{F2}(aa) the other regulator;]
- ^{F3}(b)
- ^{F4}(c)
- ^{F5}(d)

that the group has been identified as a financial conglomerate ^{F6}... of the conglomerates directive and that [^{F7}the regulator] is the co-ordinator for that financial conglomerate.

(2) Paragraph (3) applies if—

- (a) [^{F8}a regulator] is a relevant competent authority in relation to a financial conglomerate, and
- (b) [^{F9}that regulator], in conjunction with the other relevant competent authorities, proposes to waive the criteria specified in [^{F10}paragraph (2A)] and appoint a different competent authority as co-ordinator.

[^{F11}(2A) The criteria are—

- (a) where the financial conglomerate is headed by a regulated entity, the task of the co-ordinator must be exercised by the competent authority which has authorised that regulated entity;
- (b) where a financial conglomerate is not headed by a regulated entity, the task of coordinator must be exercised by the competent authority identified in accordance with the following principles—
 - (i) where the parent of a regulated entity is a mixed financial holding company, the task of coordinator must be exercised by the competent authority which has authorised that regulated entity;
 - (ii) where the financial conglomerate is a group without a parent undertaking at the top, or in any other case, the task of coordinator must be exercised by the competent authority which authorised the regulated entity with the largest balance sheet total in the most important financial sector.]

Status: Point in time view as at 31/12/2020.

Changes to legislation: The Financial Conglomerates and Other Financial Groups Regulations 2004, PART 2 is up to date with all changes known to be in force on or before 30 July 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)

(3) Before [^{F12}the regulator], in conjunction with the other relevant competent authorities, waives the criteria specified in [^{F13}paragraph (2A)] and appoints a different competent authority as co-ordinator, [^{F12}the regulator] must^{F14}... give the financial conglomerate an opportunity to make representations.

[^{F15}(3A) The relevant competent authorities may by common agreement waive the criteria referred to in paragraph (2A) if the authorities consider that their application would be inappropriate, taking into account the structure of the conglomerate and the relative importance of its activities.

(3B) Before the authorities waive the criteria in accordance with paragraph (3A), the authorities must give the financial conglomerate an opportunity to make representations.]

(4) In this regulation, “the relevant member” of a financial conglomerate is—

- (a) the parent undertaking at the head of the financial conglomerate; or
- (b) where there is no parent undertaking at the head of the financial conglomerate, the regulated entity which—
 - (i) is in the most important financial sector^{F16}...; and
 - (ii) has the largest balance-sheet total in that sector.

Textual Amendments

- F1** Words in reg. 2(1) substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013 \(S.I. 2013/472\)](#), **Sch. 2 para. 95(3)(a)(i)** (with Sch. 2 para. 96)
- F2** Reg. 2(1)(aa) inserted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013 \(S.I. 2013/472\)](#), **Sch. 2 para. 95(3)(a)(ii)** (with Sch. 2 para. 96)
- F3** Reg. 2(1)(b) omitted (31.12.2020) by virtue of [The Financial Conglomerates and Other Financial Groups \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/264\)](#), regs. 1, **2(3)(a)(i)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F4** Reg. 2(1)(c) omitted (31.12.2020) by virtue of [The Financial Conglomerates and Other Financial Groups \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/264\)](#), regs. 1, **2(3)(a)(i)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F5** Reg. 2(1)(d) omitted (31.12.2020) by virtue of [The Financial Conglomerates and Other Financial Groups \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/264\)](#), regs. 1, **2(3)(a)(i)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F6** Words in reg. 2(1) omitted (31.12.2020) by virtue of [The Financial Conglomerates and Other Financial Groups \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/264\)](#), regs. 1, **2(3)(a)(ii)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in reg. 2(1) substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013 \(S.I. 2013/472\)](#), **Sch. 2 para. 95(3)(a)(iii)** (with Sch. 2 para. 96)
- F8** Words in reg. 2(2)(a) substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013 \(S.I. 2013/472\)](#), **Sch. 2 para. 95(3)(b)** (with Sch. 2 para. 96)
- F9** Words in reg. 2(2)(b) substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013 \(S.I. 2013/472\)](#), **Sch. 2 para. 95(3)(c)** (with Sch. 2 para. 96)

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- F10** Words in reg. 2(2)(b) substituted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(3)(b)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F11** Reg. 2(2A) inserted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(3)(c)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F12** Words in reg. 2(3) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(3)(d)** (with Sch. 2 para. 96)
- F13** Words in reg. 2(3) substituted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(3)(d)(i)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F14** Words in reg. 2(3) omitted (31.12.2020) by virtue of The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(3)(d)(ii)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F15** Reg. 2(3A)(3B) inserted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(3)(e)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F16** Words in reg. 2(4)(b)(i) omitted (31.12.2020) by virtue of The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(3)(f)** (with regs. 6, 9) (as amended by S.I. 2019/1010, regs. 1(3), 8 and S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Exercise of functions under Part IV of the Act for the purposes of carrying on supplementary supervision

3.—(1) This regulation applies if [^{F17}a regulator] is considering varying the Part IV permission of any person (“A”) where—

- (a) A is a member of a financial conglomerate; and
- (b) [^{F18}that regulator] is acting in the course of carrying on supplementary supervision ^{F19}....

(2) [^{F20}Section 55R(2)] of the Act (obligation to consult home state regulators of connected persons) does not apply.

(3) Before varying the Part IV permission of A, [^{F18}that regulator] must ^{F21}...—

- (a) consult the relevant competent authorities in relation to the financial conglomerate of which A is a member; [^{F22}and]

^{F23}(b)

- (c) consult the financial conglomerate of which A is a member.

Textual Amendments

- F17** Words in reg. 3 substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(4)(a)** (with Sch. 2 para. 96)

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- F18** Words in reg. 3 substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(4)(b)** (with Sch. 2 para. 96)
- F19** Words in reg. 3(1)(b) omitted (31.12.2020) by virtue of The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(4)(a)** (with reg. 6) (as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F20** Words in reg. 3(2) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(4)(c)** (with Sch. 2 para. 96)
- F21** Words in reg. 3(3) omitted (31.12.2020) by virtue of The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(4)(b)(i)** (with reg. 6) (as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F22** Word in reg. 3(3)(a) inserted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(4)(b)(ii)** (with reg. 6) (as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F23** Reg. 3(3)(b) omitted (31.12.2020) by virtue of The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(4)(b)(iii)** (with reg. 6) (as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Exercise of functions under [F24section 138A] of the Act for the purposes of carrying on supplementary supervision

4.—(1) Paragraph (2) applies if [F25a regulator] is considering exercising any of the powers conferred on it by [F26section 138A] of the Act (modification or waiver of rules) in the course of carrying on supplementary supervision of a financial conglomerate ^{F27}....

(2) Before [F28a regulator] exercises such a power in relation to an authorised person who is a member of a financial conglomerate, [F29the regulator] must ^{F30}...—

(a) consult the relevant competent authorities in relation to the financial conglomerate of which that person is a member; [F31and]

^{F32}(b)

(c) consult the financial conglomerate of which that person is a member.

Textual Amendments

- F24** Words in reg. 4 heading substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(5)(c)** (with Sch. 2 para. 96)
- F25** Words in reg. 4(1) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(5)(a)(i)** (with Sch. 2 para. 96)
- F26** Words in reg. 4(1) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(5)(a)(ii)** (with Sch. 2 para. 96)
- F27** Words in reg. 4(1) omitted (31.12.2020) by virtue of The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(5)(a)** (with reg. 6)

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(as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

- F28** Words in reg. 4(2) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(5)(b)(i)** (with Sch. 2 para. 96)
- F29** Words in reg. 4(2) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(5)(b)(ii)** (with Sch. 2 para. 96)
- F30** Words in reg. 4(2) omitted (31.12.2020) by virtue of The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(5)(b)(i)** (with reg. 6) (as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F31** Word in reg. 4(2)(a) inserted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(5)(b)(ii)** (with reg. 6) (as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F32** Reg. 4(2)(b) omitted (31.12.2020) by virtue of The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(5)(b)(iii)** (with reg. 6) (as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Consultation in the case of major sanctions or exceptional measures

5.—(1) Before [^{F33}a regulator]—

- (a) varies the Part IV permission of a member of a financial conglomerate (“D”);
- (b) publishes a statement under section 205 of the Act (public censure) that it considers that D has contravened a requirement imposed on him by or under the Act;
- (c) imposes a penalty on D in respect of such a contravention under section 206 of the Act (financial penalties); or
- (d) exercises any of its powers (other than its powers under section 381, 383 or 384(2)) under Part XXV of the Act (injunctions and restitution) in relation to D,

it must, if it considers that the action constitutes a major sanction or an exceptional measure and is of importance for the supervisory tasks of the competent authority of any regulated entity which is a member of the same financial conglomerate as D, consult that competent authority.

(2) But paragraph (1) does not apply—

- (a) where the [^{F34}relevant regulator] considers that there is an urgent need to act;
- (b) where [^{F34}relevant regulator] considers that such consultation may jeopardise the effectiveness of the action mentioned in paragraph (1); or
- (c) where regulation 3, 8(3) or (4), 9 or 10 applies.

(3) Where paragraph (1) does not apply by virtue of paragraph (2)(a) or (b), the [^{F35}relevant regulator] must, as soon as is reasonably practicable, inform the competent authority referred to in paragraph (1) of the action that it has taken.

Textual Amendments

- F33** Words in reg. 5(1) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(6)(a)** (with Sch. 2 para. 96)

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- F34** Words in reg. 5(2) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(6)(b)** (with Sch. 2 para. 96)
- F35** Words in reg. 5(3) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(6)(c)** (with Sch. 2 para. 96)

[^{F36}Regulator] functions and service of notifications

6.—(1) Any function carried out by [^{F37}a regulator] (whether in the capacity of a co-ordinator, a relevant competent authority or otherwise) for the purposes of [^{F38}these Regulations] is to be treated as a function conferred on the [^{F39}regulator] by a provision of the Act.

(2) The Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001 ^{M1} apply to any notifications given under regulation 2(1)(a) as they apply to any notice, direction or document of any kind given under the Act.

Textual Amendments

- F36** Word in reg. 6 heading substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(7)(b)** (with Sch. 2 para. 96)
- F37** Words in reg. 6(1) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(7)(a)(i)** (with Sch. 2 para. 96)
- F38** Words in reg. 6(1) substituted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **2(6)** (with reg. 6) (as amended by S.I. 2020/1031, reg. 3, Sch. para. 15 and with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F39** Words in reg. 6(1) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 95(7)(a)(ii)** (with Sch. 2 para. 96)

Marginal Citations

- M1** S.I. 2001/1420.

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