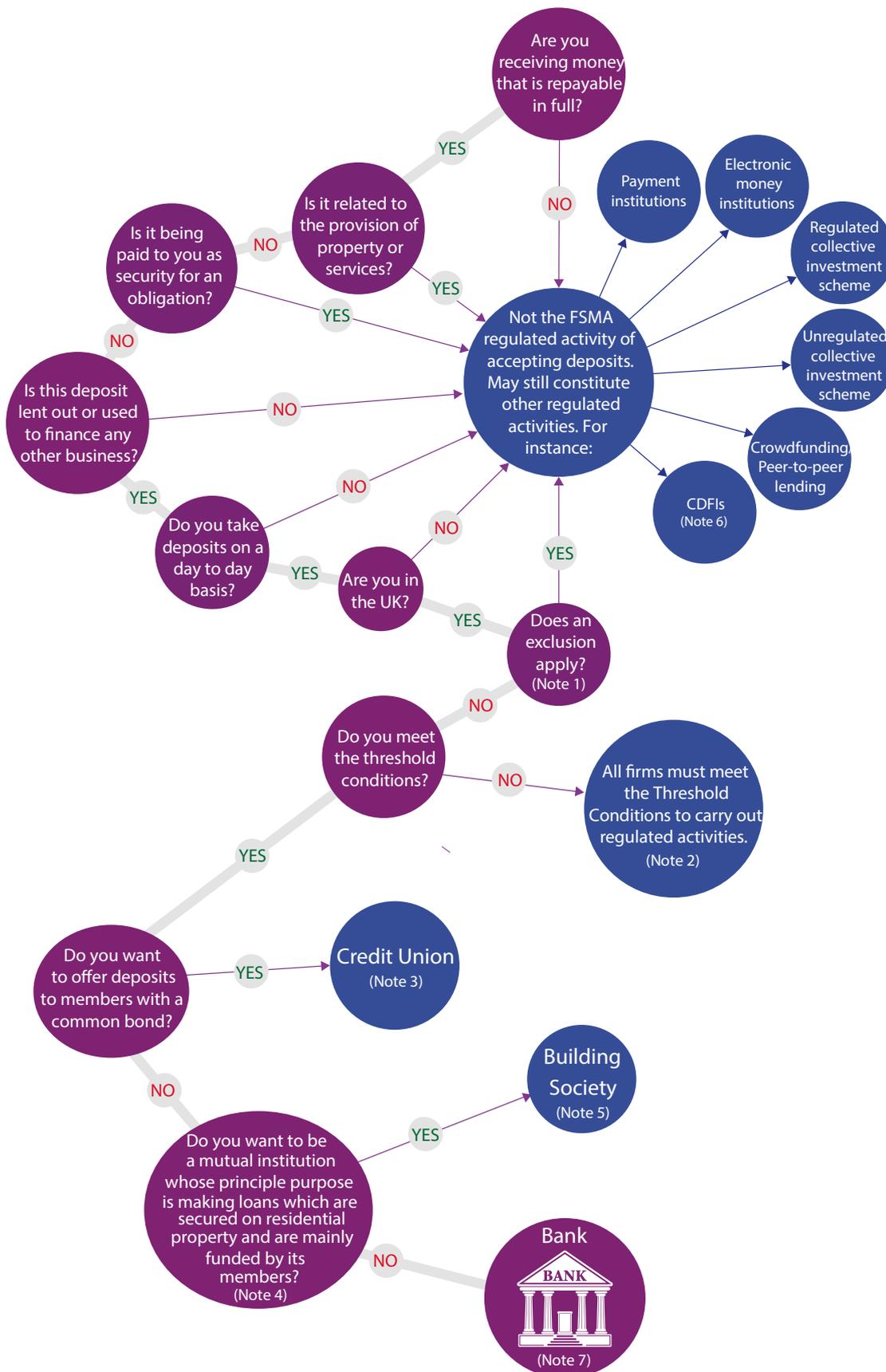


Should I become a bank?

The following flow chart is intended only as a simplified guide and the underlying rules should always be considered. This is more useful if you are considering becoming a UK entity.



Note 1: Exclusions – Several specific exclusions to the regulated activity of accepting deposits are listed in articles 6 to 9AB of the Regulated Activities Order.

Note 2: Threshold Conditions – All firms must meet and continue to meet the PRA's and the FCA's Threshold Conditions to be authorised to carry out regulated activities.

Note 3: Credit Union – These may only lend to members and have limits on the amount and term of loans they can make.

Note 4: Minimum capital requirements for a bank under CRD are €5 million, or, if the firm can demonstrate it is a Small Specialist Bank, €1 million or £1 million (whichever is higher).

Note 5: Building Society – A building society is more restricted in the business it can conduct than a bank, and has more limited options to raise capital. It must hold a minimum of the higher of €1m or £1m in capital.

Note 6: Depending on the nature of the activities carried on by the CDFI, they may either be authorised by FSMA or may only need to be registered.

Note 7: Bank - A bank is currently defined as a firm which:

- (a) has a Part 4A permission which includes accepting deposits, and is a credit institution, but is not a building society, a friendly society or a credit union; or
- (b) an EEA bank ie a credit institution which is authorised in another EEA member state.