Powers exercised

A. The Prudential Regulation Authority ("PRA") 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 137G (The PRA's general rules); 
(2) section 137T (General supplementary powers); 
(3) section 213 (The compensation scheme); and 
(4) section 214 (General).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms, Non CRR Firms and Non Authorised Persons: Depositor Protection (Amendment No. 5) Instrument 2015

D. The PRA makes the rules in Annex A to this instrument.

Commencement

E. This instrument comes into force on 3 July 2015.

Citation

F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms and Non Authorised Persons: Depositor Protection (Amendment No.5) Instrument 2015

By order of the Board of the Prudential Regulation Authority
3 July 2015
Annex A
Amendments to the Depositor Protection Part

In this Annex, new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

... 1.4 Unless otherwise stated, in this Part, the following definitions shall apply:

... investment

has the meaning given in section 22(4) of FSMA.

nominee company

means a body corporate whose business consists solely of acting as a nominee holder of investments or other property.

...

6 PAYING COMPENSATION

...

6.2 The FSCS must pay any compensation to the depositor, with the following exceptions:

...

(5) where the depositor account holder is not absolutely entitled to the eligible deposit:

(a) if another person (A) is absolutely entitled to the eligible deposit, that person A is the person entitled to compensation in respect of the deposit, and accordingly the FSCS must pay any compensation to A (or, where A (or a person who has authority to act on behalf of A) directs that any compensation be paid to another person, the FSCS may pay the compensation as directed by A (or a person who has authority to act on behalf of A) the person who is absolutely entitled to the eligible deposit, provided that the person A has been identified or is identifiable before the compensation date;

...

6.10 For the purposes of this Part, the cases in which A is absolutely entitled to the eligible deposit include where:

(a) A is a beneficiary under a bare trust;

(b) the account holder is a nominee company which is holding money in the account for A;
(c) A is a client in respect of money which the account holder is treating as client
money of A in accordance with FCA rules, the SRA Accounts Rules 2011 or
an equivalent regime; or

(d) the FSCS is otherwise satisfied that A is absolutely entitled to the eligible
deposit taking into account any information that the FSCS considers relevant.