

Chapter 1

Introduction



1.2 Purpose

1.2.1 **G** COND gives guidance on the *threshold conditions*. The FCA *threshold conditions* represent the minimum conditions for which the FCA is responsible, which a *firm* is required to satisfy, and continue to satisfy, in order to be given and to retain *Part 4A permission*. A *PRA-authorised person* or, as appropriate, a *firm* seeking to become a *PRA-authorised person* must also satisfy, and continue to satisfy, the *threshold conditions* for which the PRA is responsible in order to be given and to retain *Part 4A permission* (these *threshold conditions* are not the subject of the guidance in COND).

Applications for Part 4A permission or variation of Part 4A permission

1.2.2 **G** (1) Under section 55B(3) of the Act, in giving or varying a *Part 4A permission*, imposing or varying any *requirement* or giving consent, the FCA must ensure that the *firm* concerned will satisfy, and continue to satisfy, the *FCA threshold conditions* in relation to all of the *regulated activities* for which it has or will have *permission*.

(2) [deleted]

Exercise of the FCA's own-initiative powers

1.2.3 **G** (1) If, among other things, a *firm* is failing to satisfy any of the *FCA threshold conditions*, or is likely to fail to do so, the FCA may exercise its *own-initiative powers* under either section 55J (Variation or cancellation on initiative of regulator) or section 55L (Imposition of requirements by FCA) of the Act. Use of the *FCA's own-initiative powers* is explained in ■ SUP 7 (Individual requirements), and ■ EG 8 (Variation and cancellation of permission on the FCA's own initiative and intervention against incoming firms).

(2) If, when exercising its *own-initiative powers* under section 55J or section 55L of the Act, the FCA varies a *firm's permission*, or imposes or varies a *requirement*, then, under section 55B(3) of the Act, the FCA must ensure that the *firm* concerned will satisfy, and continue to satisfy, the *FCA threshold conditions* in relation to all of the relevant *regulated activities* for which it has or will have *permission*. However, section 55B(4) of the Act states that the duty imposed by section 55B(3) of the Act does not prevent the FCA taking such steps as it considers necessary in relation to a particular *firm* in order to advance any of its operational objectives.

(3) [deleted]

1.2.4 G

- (1) [deleted]
- (2) [deleted]

Approval of acquisitions or increases of control.....

1.2.5 G

- (1) Under section 185 of the *Act* (Assessment: general) the *FCA* may, subject to consultation with the *PRA* where the conditions in section 187B of the *Act* are satisfied, object to an acquisition of an *FCA- authorised person* if there are reasonable grounds to do so on the basis of the matters set out in section 186 of the *Act* (Assessment: criteria) or if the information provided by the section 178 notice giver is incomplete. Section 186(d) of the *Act* (Assessment: criteria) specifies one such criteria as whether an *FCA- 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*.)
- (2) Under section 191A of the *Act* (Objection to control), subject to consultation with the *PRA* in the circumstances specified in that provision, the *FCA* may object to a *person's* existing control of an *FCA- authorised person* on the grounds specified under section 186 of the *Act*.