

**SENIOR MANAGEMENT ARRANGEMENTS, SYSTEMS AND CONTROLS
(REVERSE STRESS TESTING) (AMENDMENT) INSTRUMENT 2010**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138 (General rule-making power);
 - (b) section 150(2) (Actions for damages); and
 - (c) section 156 (General supplementary powers); and
 - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 28 March 2011.

Amendments to the Handbook

- D. The Senior Management Arrangements, Systems and Controls sourcebook (SYSC) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Senior Management Arrangements, Systems and Controls (Reverse Stress Testing) (Amendment) Instrument 2010.

By order of the Board
16 December 2010

Annex

**Amendments to the Senior Management Arrangements,
Systems and Controls sourcebook (SYSC)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

20 Reverse stress testing

20.1 Application and purpose

Application

- 20.1.1 R (1) SYSC 20 applies to:
- (a) a *BIPRU firm*, ~~unless it is a *BIPRU investment firm* excluded in accordance with (2)~~ which is:
 - (i) a bank; or
 - (ii) a building society; or
 - (iii) a *BIPRU investment firm* which meets any of the criteria set out in (2) on an individual basis, or in (3) on a consolidated basis; and
- ...
- (2) Subject to ~~(3)~~ and (4), SYSC 20 applies to a *BIPRU investment firm* is excluded from the scope of SYSC 20 if:
 - (a) ~~where it carries out the *regulated activity of managing investments or safeguarding and administering investments*, it has assets under management or administration of no more than at least £10 billion (or the equivalent amount in foreign currency); or~~
 - (b) the total annual *fee and commission* income arising from its *regulated activities* is ~~no more than~~ at least £250 million (or the equivalent amount in foreign currency); or
 - (c) it has assets ~~and or~~ liabilities of ~~no more than~~ at least £2 billion (or the equivalent amount in foreign currency).
 - (3) ~~In order to determine whether a *BIPRU investment firm* is excluded from the scope of SYSC 20, the exclusion criteria in (2) will apply on a consolidated basis to~~ Subject to (4), where all of the *BIPRU investment firms* within the same *UK consolidation group* or *non-EEA sub-group*, taken together as if they were one *firm*, meet any of the criteria in (2) as if they were one *firm*, SYSC 20 applies to each of

those BIPRU investment firms as if it individually met the inclusion criteria in (2).

- (4) Any *BIPRU investment firm* which is ~~not excluded~~ included within the scope of SYSC 20 in accordance with (2) ~~and~~ or (3) in any given year will continue to be subject to SYSC 20 for the following two years irrespective of whether or not it ~~satisfies the criteria to be excluded~~ continues to meet the inclusion criteria in any of those subsequent years.