

**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, NON-AUTHORISED PERSONS: DEPOSITOR PROTECTION (IDENTITY VERIFICATION) INSTRUMENT 2021**

**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, Non-Authorised Persons: Depositor Protection (Identity Verification) Instrument 2021**

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

**Commencement**

- E. This instrument comes into force on 29 March 2021.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Non-Authorised Persons: Depositor Protection (Identity Verification) Instrument 2021.

**By order of the Prudential Regulation Committee**

16 March 2021

## Annex

## Amendments to the Depositor Protection Part

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

## 1 APPLICATION AND DEFINITIONS

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

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MLR means the Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

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## 2 ELIGIBILITY

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2.2 The provisions in this rule determine whether a *deposit* is an *eligible deposit*:

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(4) The following are not *eligible deposits*:

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(f) a *deposit* the holder and any beneficial owner (as defined in regulation 3 of the ~~Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017~~ MLR) of which have not, ~~at the compensation date~~ had their identity verified in accordance with:

- (i) at any time in the manner set out in regulation 30~~28~~ of the Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 MLR by the DGS member or by a third party who falls within regulation 39(3) of the MLR;
- (ii) if their identity was verified prior to 26 June 2017, in accordance with regulation 9 of the Money Laundering Regulations 2007 (in which case, the term beneficial owner in (f) above shall have the meaning given in regulation 6 of the Money Laundering Regulations 2007); or
- (iii) in each case, equivalent:
  - (1) Gibraltar requirements, provided that, if their identity is so verified after *IP completion day*, the *deposit* referred to in (f) is held by a branch of a *DGS member* established in Gibraltar pursuant to *Gibraltar market access rights*; or
  - (2) *European Economic Area* requirements, provided that their identity was so verified prior to *IP completion day*.

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**6 PAYING COMPENSATION**

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

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- (5) where the account holder is not absolutely entitled to the *eligible deposit*:
- (a) if another *person* (A) is absolutely entitled to the *eligible deposit*, 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), provided that A has been identified or is identifiable ~~before the compensation date~~; and
  - (b) if no *person* is absolutely entitled to the *eligible deposit*, the FSCS must pay any compensation in accordance with such of 6.3, 6.4, 6.5 and 6.6 as applies.

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