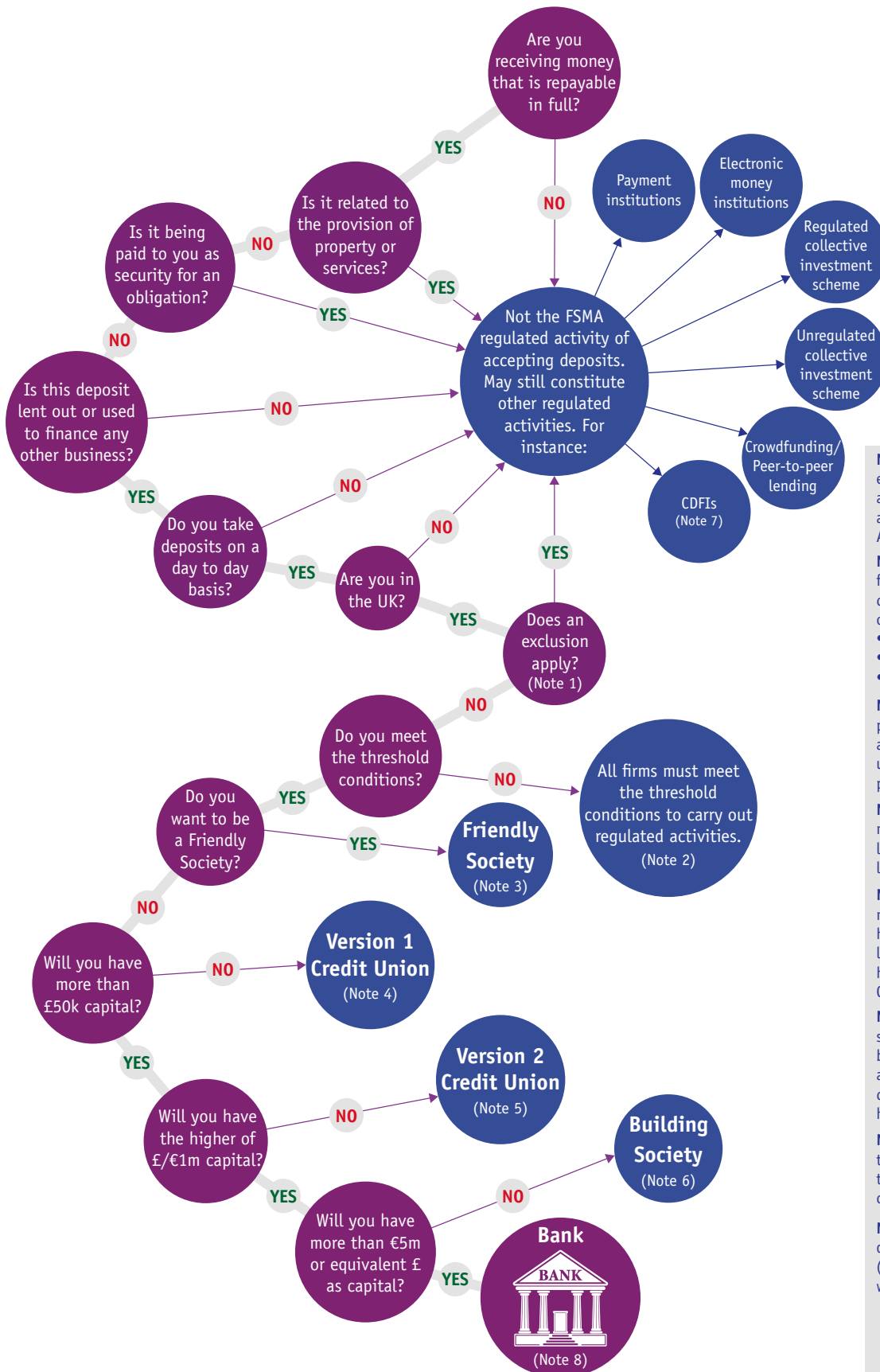


Should I become a bank?

The following flow chart is intended only as a simplified guide and the underlying rules should always be considered. It also assumes the applicant intends to be 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 the threshold conditions to be authorised to carry out regulated activities. These include:

- being a corporate or a partnership;
- having adequate resources; and
- being a fit and proper person.

Note 3: Friendly Society – Main purpose of a friendly society is to assist members during sickness, unemployment or retirement and to provide life insurance.

Note 4: Version 1 Credit Union – These may only lend to members and have limits on the amount and term of loans they can make.

Note 5: Version 2 Credit Union – These may also only lend to members and have limits on the amount and term of loans they can make but these are higher and longer than for Version 1 Credit Unions.

Note 6: 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 7: 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 8: Bank – A bank is currently defined as:

- a firm with a Part IV permission which includes accepting deposits, and:
 - which is a credit institution; or
 - whose Part IV permission includes a requirement that it comply with the rules in GENPRU and BIPRU relating to banks; but which is not a building society, a friendly society or a credit union;
- an EEA bank which is a full credit institution.