

Prudential Regulation Authority

DIRECTION

To: Schroder Pension Management Ltd (FRN 442769)
Sand Aire Limited (FRN 177030)
Bright Square Pensions Limited (FRN 788317)
Fusion Wealth Limited (FRN 541404)
Best Practice IFA Group Limited (FRN 223112)
Evolution Wealth Network Ltd (FRN 591218)
Nippon Life Schroders Asset Management Europe Limited (FRN 188997)
Schroder Investment Management North America Limited (FRN 144543)
Schroder Wealth Management (US) Limited (FRN 781869)
Schroder Unit Trusts Limited (FRN 197288)
Schroder Real Estate Investment Management Limited (FRN 190064)
Schroder Investment Management Limited (FRN 119348)
Schroder & Co Ltd (FRN 144206)
Schroders Investment Solutions Limited (FRN 195028)
(each a "Firm")

Of: 1 London Wall Place, London, EC2Y 5AU

Ref: 00004950, 00004356, 00004451, 00004357, 00004358, 00004359, 00004360,
00004361, 00004362, 00004363, 00004364, 00004365, 00004959, 00004439

Date: 23 June 2022

PRA Rulebook Version as in force at the date of this Direction

Power

1. (1) The *PRA* as *co-ordinator* in respect of the consolidation group of which the *firm* is a member under the *Financial Conglomerates Regulations* in common agreement with the Financial Conduct Authority, in exercise of its powers of decision under regulation 16 or regulation 17 of those regulations, has determined that the consolidation group shall not be treated as a *financial conglomerate*.



(2) This direction is given under section 138A of the Financial Services and Markets Act 2000 (the Act) as follows:

- (a) by the PRA to each Firm that is a *PRA-authorised person*; and
- (b) by the FCA to each Firm that is a *FCA-authorised person*.

Duration

2. (1) This direction takes effect on 22 June 2022.

(2) This direction ends on 22 June 2027.

Rule Modified

3. The PRA directs that the following rules are modified in respect of the Firm:

Rule	Modification
Financial Conglomerate 2.7	The calculations referred to in Annex 1 regarding the balance sheet must be made on the basis of the aggregated balance sheet total of the members of the <i>consolidation group</i> and the calculations referred to in the Annex 1 tree regarding the income structure must be made on the basis of the aggregated income structure values of the members of the <i>consolidation group</i> , both according to their annual accounts. For the purposes of this calculation, <i>undertakings</i> in which a <i>participation</i> is held must be taken into account as regards the amount of their balance sheet total or their income structure values corresponding to the aggregated proportional share held by the <i>consolidation group</i> . However, where consolidated accounts are available, they must be used instead of aggregated accounts.
Financial Conglomerates 2.1 Annex 1	THRESHOLD TEST 1 Does the ratio of the balance sheet total <u>income structure values</u> of the members of the <i>consolidation group</i> in the <i>overall financial sector</i> to the balance sheet total <u>income structure values</u> of the <i>consolidation group</i> as a whole exceed 40%? Article 2(14)(b)(i)
Financial Conglomerates 2.1 Annex 1	THRESHOLD TEST 2 Does, for each <i>financial sector</i> , the average of (1) The ratio of the balance sheet total <u>income structure values</u> of that <i>financial sector</i> to the balance sheet total <u>income structure values</u> of the <i>overall financial sector</i> ; and

	(2) The ratio of the solvency and capital adequacy requirements of the same <i>financial sector</i> to the total solvency and capital adequacy requirements of members in the <i>overall financial sector</i>; exceed 10%? Article 2(14)(a)(iii) and Article 2(14) (b)(iii)
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Rules Waived

4. The PRA directs that the following rule is waived in respect of the *Firm*.

Rule
Financial Conglomerates 2.1

5. The FCA directs that the following rules are modified in respect of the *Firm*:

Rule	Modification
GENPRU 3.1.11R	The calculations referred to in the <i>financial conglomerate definition decision tree</i> regarding the balance sheet must be made on the basis of the aggregated balance sheet of the members of the <i>consolidation group</i> and the calculations referred to in <u>the financial conglomerate definition decision tree regarding the income structure must be made on the basis of the aggregated income structure values of the members of the consolidation group, both</u> according to their annual accounts. For the purposes of this calculation, <i>undertakings</i> in which a <i>participation</i> is held must be taken into account as regards the amount of their balance sheet <u>or their income structure values</u> corresponding to the aggregated proportional share held by the <i>consolidation group</i> . However, where consolidated accounts are available, they must be used instead of aggregated accounts.
GENPRU 3.1.11AR	<u>A firm must notify the PRA and the FCA in writing within 7 days of becoming aware of a plan to materially restructure the consolidation group of which it forms a part.</u>
GENPRU 3 Annex 4R	THRESHOLD TEST 1 Does <u>Has</u> the ratio of the balance sheet total <u>income structure values</u> of the members of the <i>consolidation</i>

	<i>group</i> in the <i>overall financial sector</i> to the balance sheet—total <u>income structure values</u> of the <i>consolidation group</i> as a whole exceed <u>exceeded</u> 40%? Article 2(14)(c), Article 3(1)
GENPRU 3 Annex 4R	THRESHOLD TEST 2 Does Has, for each <i>financial sector</i>, the average of (1)The ratio of the balance sheet—total <u>income structure values</u> of that <i>financial sector</i> to the balance sheet—total <u>income structure values</u> of the <i>overall financial sector</i>; and (2)The ratio of the solvency and capital adequacy requirements of the same <i>financial sector</i> to the total solvency and capital adequacy requirements of members in the <i>overall financial sector</i>; exceed <u>exceeded</u> 10%? Article 2(14)(a)(iii) and Article 2(14) (b)(iii)

Guidance

6. The grant of this direction is based upon, among other factors, the PRA's expectation that, whilst this direction has effect, the Firm will, in accordance with 5.2 Permissions and Waivers of the *PRA Rulebook*, promptly notify the PRA of any change to the circumstances of its group which may be relevant to the exercise by the PRA of its powers of decision under regulation 16 or regulation 17 of the *Financial Conglomerates Regulations*. The obligation on each Firm to notify set out in the preceding sentence will be treated as discharged where such notification has been made by another Firm.

7. Where the conditions for the grant of this waiver cease to be met, the PRA may revoke this direction, in whole or in part.

Interpretation

8. Interpretative provisions (including definitions) of the *PRA Rulebook* apply to this direction in the same way they apply to the *PRA Rulebook*.

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