Is Customer part of a group?

A Customer is deemed part of a group if it meets the Companies Act definition of a group (see sections 474(1), 1161 and 1162 of, and Schedule 7 to, the Companies Act 2006). Under the Companies Act 2006 a 'group' is defined as a parent undertaking and its subsidiary undertakings. An undertaking is a 'parent undertaking' in relation to a 'subsidiary undertaking' if it falls within one of the following categories:

- it holds a majority of the voting rights in it;
- it is a member of it and has the right to appoint or remove a majority of its board;
- it has the right to exercise dominant influence over it by virtue of provisions contained in the subsidiary undertaking's articles or in a control contract;
- it is a member of it and controls alone, under an agreement with other shareholders or members, a majority of its voting rights; or
- it has the power to exercise, or actually exercises, dominant influence or control over it, or both of them are managed on a unified basis.

Yes

Does group meet the Companies Act test for a small group?

Companies Act test for small groups:
A group is deemed small (i.e. non-sophisticated) if it does NOT meet two of the following:
i. Aggregate turnover of more than £6.5 million net (or £7.8 million gross); or
ii. Aggregate balance sheet total of more than £3.26 million net (or £3.9 million gross); or
iii. More than 50 employees.

Calculated in accordance with section 383 Companies Act 2006 (as amended).

Group meets:
1. **All three thresholds; or**
2. **Turnover & balance sheet thresholds; or**
3. **Turnover & employees thresholds**

Sophisticated

Group meets:
1. **None of the thresholds; or**
2. **One of the thresholds; or**
3. **Balance sheet & employees thresholds only**

OR:
Insufficient information to determine whether or not group meets the test

No

Does Customer meet the Companies Act test for a small company?

Companies Act test for small companies:
A Customer is deemed small (i.e. non-sophisticated) if it does NOT meet two of the following:
i. Turnover of more than £6.5 million; or
ii. Balance sheet total of more than £3.26 million; or
iii. More than 50 employees.

Calculated in accordance with section 382 Companies Act 2006 (as ammended).

Customer meets:
1. **None of the thresholds; or**
2. **One of the thresholds; or**
3. **Balance sheet & employees thresholds only**

OR:
Insufficient information to determine whether or not Customer meets the test

Customer meets:
1. **All three thresholds; or**
2. **Turnover & balance sheet thresholds; or**
3. **Turnover & employees thresholds**

Sophisticated

Is Customer part of a group of connected clients?

A Customer is part of a group of connected clients if it meets the following (taken from the BIPRU definition of groups of connected clients):

1. Two or more persons who, unless it is shown otherwise constitute a single risk because one of them, directly or indirectly, has control over the other or others; or
2. Two or more persons between who there is no relationship of control as set out in 1) but who are regarded as constituting a single risk because they are so interconnected that, if one of them were to experience financial problems, the other or all of the others would be likely to encounter funding or repayment difficulties.

For the purpose of our sophistication test, 'control' means control as defined in Article 1 of the Seventh Council Directive 83/349/EEC (the Seventh Company Law Directive) or a similar relationship between any person and an undertaking.

Yes

Aggregate the notional value of all live (i.e. not matured) IRHPs across the group of connected clients immediately after the particular sale being assessed was entered into

No

Aggregate the notional value of all live (i.e. not matured) IRHPs held by the Customer immediately after the particular sale being assessed was entered into

Does Customer/Group have aggregate notional hedge value of greater than £10 million?

Yes

Sophisticated

No

Non-sophisticated

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