

HANDBOOK ADMINISTRATION INSTRUMENT (NO 1) 2013**Powers exercised by the Board of the Prudential Regulation Authority (PRA)**

- A. The Prudential Regulation Authority makes this instrument in the exercise of the following powers and related provisions in Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules); and
 - (2) section 137T (General supplementary powers).
- B. The rule-making power referred to above is specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 23 July 2013 except for Part II of Annex J which shall come into force on 22 July 2014.

Amendments

- D. The modules of the PRA’s Handbook listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Changes to several modules	Annex A
Glossary of definitions	Annex B
Principles for Businesses (PRIN)	Annex C
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex D
Fees manual (FEES)	Annex E
General Prudential sourcebook (GENPRU)	Annex F
Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)	Annex G
Interim Prudential sourcebook for Friendly Societies (IPRU(FSOC))	Annex H
Interim Prudential sourcebook for Investment Businesses (IPRU(INV))	Annex I
Supervision manual (SUP)	Annex J
Compensation sourcebook (COMP)	Annex K
Building Societies Regulatory Guide (BSOG)	Annex L

Citation

- E. This instrument may be cited as the Handbook Administration Instrument (No 1) 2013.

By order of the Board of the PRA
22 July 2013

Annex A

Amendments to the Handbook and the Regulatory guides

In this Annex:

(a) in Table 1 (Deletions and replacements table), the word or phrase in column (1) is replaced by the word or phrase in column (2) where indicated in columns (3) and (4). Column (5) identifies further explanation to the amendment where this is needed; and

(b) in Table 2 (Additions table), the word or phrase in column (1) is added where indicated in column (2), (3) and (4). Column (5) identifies further explanation to the amendment where this is needed.

Table 1: ‘Deletions and replacements table’

(1)	(2)	(3)	(4)	(5) Note:
or section 248 (Scheme particular rules)	, section 248 (Scheme particular rules), section 261I (Contractual scheme rules) or section 261J (Contractual scheme particulars rules)	PRIN, SYSC, TC, GEN, FEES, COBS, ICOBS, MCOB, BCOBS, CASS, MAR, SUP, DISP, COMP, PROF, LR, PR, and DTR	Schedule 6.1 or 6.1A (as appropriate)	

Table 2: ‘Additions table’

(1)	(2)	(3)	(4)	(5) Note:
, ACS	Glossary	definition of “ <i>authorised fund</i> ”	insert after “ <i>ICVC</i> ”	
		definition of “ <i>unitholder</i> ”	insert after “ <i>ICVC</i> ”	

	GEN	1.2.2R(2)(c)	insert after “AUT”	
or ACS	Glossary	in paragraph (b) of the definition of “ <i>scheme property</i> ”	insert after “AUT”	

Annex B

Amendments to the Glossary of definitions

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

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>ACS</i>	an <i>authorised contractual scheme</i> .
<i>acting as trustee or depositary of an AIF</i>	<p>the <i>regulated activity</i>, specified in article 51ZD of the <i>Regulated Activities Order</i>, of acting as:</p> <ul style="list-style-type: none"> (a) a depositary of an <i>AIF</i> falling within article 51ZD(2) of the <i>Regulated Activities Order</i>; (b) the <i>trustee</i> of an <i>authorised unit trust</i> which is an <i>AIF</i> that does not fall within article 51ZD(2) of the <i>Regulated Activities Order</i>; (c) the depositary of an <i>open-ended investment company</i> or <i>authorised contractual scheme</i> which is an <i>AIF</i> that does not fall within article 51ZD(2) of the <i>Regulated Activities Order</i>.
<i>acting as trustee or depositary of a UCITS</i>	<p>the <i>regulated activity</i>, specified in article 51ZB of the <i>Regulated Activities Order</i>, of acting as:</p> <ul style="list-style-type: none"> (a) a trustee of an <i>authorised unit trust scheme</i>, (b) a depositary of an <i>open-ended investment company</i> or (c) an <i>authorised contractual scheme</i> <p>where that company or scheme is a <i>UCITS</i>.</p>
<i>AIF</i>	<i>alternative investment fund</i> .
<i>AIFM</i>	<i>alternative investment fund manager</i> .
<i>AIFM investment firm</i>	<p>a <i>firm</i> which:</p> <ul style="list-style-type: none"> (a) is: <ul style="list-style-type: none"> (i) a <i>full-scope UK AIFM</i>; or (ii) a <i>small authorised UK AIFM</i> of an <i>authorised AIF</i>; or (iii) an <i>incoming EEA AIFM branch</i>; and (b) has a <i>Part 4A permission</i> (or an equivalent permission from

its *Home State regulator*) for *managing investments* where:

- (i) the *investments* managed include one or more *financial instruments*; and
- (ii) the *permission* is limited to the activities permitted by article 6(2) and (4) of *AIFMD*.

<i>AIFM management functions</i>	the management functions of an <i>AIFM</i> listed in Annex I to <i>AIFMD</i> .
<i>AIFM qualifier</i>	an <i>EEA AIFM</i> which is <i>marketing</i> , or has <i>marketed</i> , an <i>AIF</i> in the <i>United Kingdom</i> by: <ul style="list-style-type: none"> (a) exercising its <i>EEA</i> right to <i>market</i> under Schedule 3 of the <i>Act</i> (<i>EEA Passport Rights</i>); and (b) not exercising a right to manage a <i>UK AIF</i> under Schedule 3 of the <i>Act</i>.
<i>AIFMD</i>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.
<i>AIFMD host state requirements</i>	<i>Handbook rules</i> transposing articles 12 and 14 of <i>AIFMD</i> and fall under the responsibility of the <i>Host State</i> to supervise where an <i>AIFM</i> manages or <i>markets</i> an <i>AIF</i> through a <i>branch</i> in that <i>EEA State</i> , namely: <ul style="list-style-type: none"> (a) <i>FUND</i> 3.8; (b) <i>SYSC</i> 4.1.2CR; (c) <i>SYSC</i> 10.1.22R to <i>SYSC</i> 10.1.26R; (d) <i>COBS</i> 2.1.1R; and (e) <i>COBS</i> 2.1.4R.
<i>AIFMD level 2 regulation</i>	Commission delegated regulation (EU) No 231/2013 supplementing Directive 2011/16/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.
<i>AIFMD UK regulation</i>	the Alternative Investment Fund Managers Regulations 2013 (SI 2013/....)
<i>alternative investment fund</i>	(under article 4(1)(a) of <i>AIFMD</i>) a collective investment undertaking, including investment compartments, which: <ul style="list-style-type: none"> (a) raises capital from a number of investors, with a view to

investing it under a defined investment policy for the benefit of those investors; and

- (b) does not require authorisation pursuant to article 5 of the *UCITS Directive*.

<i>alternative investment fund manager</i>	(under article 4(1)(b) of <i>AIFMD</i>) a legal person whose regular business is performing <i>AIFM investment management functions</i> for one or more <i>AIF</i> .
<i>authorised AIF</i>	an <i>AIF</i> which is an <i>authorised fund</i> .
<i>authorised contractual scheme</i>	a <i>co-ownership scheme</i> or a <i>limited partnership scheme</i> .
<i>collective portfolio management investment firm</i>	a <i>firm</i> which has a <i>Part 4A permission</i> for <i>managing investments</i> and which is: <ul style="list-style-type: none"> (a) an <i>AIFM investment firm</i>; or (b) a <i>UCITS investment firm</i>.
<i>collective portfolio management firm</i>	a <i>firm</i> which: <ul style="list-style-type: none"> (a) <ul style="list-style-type: none"> (i) is a <i>full-scope UK AIFM</i> ; and (ii) does not have a <i>Part 4A permission</i> to carry on any <i>regulated activities</i> other than those in connection with, or for the purpose of, the <i>AIFS</i> or <i>UCITS</i> it manages; or (b) is a <i>UCITS firm</i> that has a <i>Part 4A permission</i> for <i>managing a UCITS</i>.
<i>co-ownership scheme</i>	(as defined in section 235A(2) of the <i>Act</i> (Contractual schemes)) a <i>collective investment scheme</i> which satisfies the conditions in section 235A(3) and which is authorised for the purposes of the <i>Act</i> by an <i>authorisation order</i> .
<i>EEA AIF</i>	an <i>AIF</i> , other than a <i>UK AIF</i> , which: <ul style="list-style-type: none"> (a) is authorised or registered in an <i>EEA State</i> under the applicable national law; or (b) is not authorised or registered in an <i>EEA State</i> but has its registered office or head office in an <i>EEA State</i>.
<i>EEA AIFM</i>	an <i>AIFM</i> which has its registered office in an <i>EEA State</i> other than the <i>United Kingdom</i> .

	(a) for <i>AIFMs</i> , ‘having its registered office in’;
	(b) for <i>AIFs</i> , ‘being authorised or registered in’ or, if the <i>AIF</i> is not authorised or registered, ‘having its registered office in’; or
	(c) for <i>depositories</i> , ‘having its registered office or branch in’.
<i>established</i>	(under article 4(1)(j) <i>AIFMD</i>):
	(a) for <i>AIFMs</i> , ‘having its registered office in’;
	(b) for <i>AIFs</i> , ‘being authorised or registered in’ or, if the <i>AIF</i> is not authorised or registered, ‘having its registered office in’; or
	(c) for <i>depositories</i> , ‘having its registered office or branch in’.
<i>full-scope UK AIFM</i>	a <i>UK AIFM</i> which:
	(a) is not a <i>small AIFM</i> ; or
	(b) is a <i>small AIFM</i> but has opted in to <i>AIFMD</i> under article 3(4) of <i>AIFMD</i> .
<i>fund</i>	an <i>AIF</i> or a <i>collective investment scheme</i> .
<i>incoming EEA AIFM</i>	an <i>incoming EEA firm</i> which is an <i>AIFM</i> and exercising its rights under <i>AIFMD</i> .
<i>incoming EEA AIFM branch</i>	an <i>incoming EEA firm</i> which is an <i>AIFM</i> and exercising its right to establish a <i>branch</i> under <i>AIFMD</i> .
<i>leverage</i>	(under article 4(1)(v) of <i>AIFMD</i>) any method by which an <i>AIFM</i> increases the exposure of an <i>AIF</i> it manages whether through borrowing of cash or <i>securities</i> , or leverage embedded in <i>derivative</i> positions or by any other means.
<i>limited partnership scheme</i>	(as defined in section 235A(5) of the <i>Act</i> (Contractual schemes)) a <i>collective investment scheme</i> which satisfies the conditions in section 235A(6) and which is authorised for the purposes of the <i>Act</i> by an <i>authorisation order</i> .
<i>managing an AIF</i>	the <i>regulated activity</i> , specified in article 51ZC of the <i>Regulated Activities Order</i> of performing risk management or portfolio management for an <i>AIF</i> .
<i>managing a UCITS</i>	the <i>regulated activity</i> , specified in article 51ZA of the <i>Regulated Activities Order</i> of carrying on collective portfolio management within the meaning of the <i>UCITS Directive</i> , in relation to a <i>UCITS</i> .

<i>non-EEA AIF</i>	an <i>AIF</i> which is not a <i>UK AIF</i> or an <i>EEA AIF</i> .
<i>small AIFM</i>	an <i>AIFM</i> which meets the conditions in regulation 9 (meaning of small <i>AIFM</i>) of the <i>AIFMD UK regulation</i> .
<i>small authorised UK AIFM</i>	a <i>UK AIFM</i> which: <ul style="list-style-type: none"> (a) is a <i>small AIFM</i>; and (b) has not opted in to <i>AIFMD</i> under article 3(4) of <i>AIFMD</i> to become a <i>full-scope UK AIFM</i>.
<i>UK AIFM</i>	an <i>AIFM</i> established in the <i>United Kingdom</i> and with a <i>Part 4A permission</i> to carry on the <i>regulated activity</i> of <i>managing an AIF</i> .
<i>unauthorised AIF</i>	an <i>AIF</i> which is not an <i>authorised fund</i> .
<i>unauthorised fund</i>	a <i>fund</i> which is not an <i>authorised fund</i> .

Amend the following existing definitions as shown.

<i>affected person</i>	... <ul style="list-style-type: none"> (b) (in relation to an <i>AUT</i>): <ul style="list-style-type: none"> ... (v) the auditor of the scheme; (c) <u>(in relation to an ACS):</u> <ul style="list-style-type: none"> (i) <u>the authorised fund manager;</u> (ii) <u>the depositary;</u> (iii) <u>any investment adviser of the authorised fund manager;</u> (iv) <u>any associate of any person in (c)(i), (ii) or (iii);</u> (v) <u>the auditor of the scheme;</u> (vi) <u>the nominated partner.</u>
...	
<i>advising on investments</i>	(1) <u>(except in SUP 10A (Approved Persons) and APER) the regulated activity, specified in article 53 of the Regulated Activities Order (Advising on investments), which is in summary: advising a person if the advice is:</u>

...

- (2) (in SUP 10A (Approved Persons) and APER) the regulated activity specified in article 53 (Advising on investments) of the Regulated Activities Order. For these purposes, advising on investments includes any activities that would be included but for the exclusion in article 72AA (Managers of UCITS and AIFs) of the Regulated Activities Order.

...

agreeing to carry on a regulated activity **(A) in the PRA Handbook**

the regulated activity, specified in article 64 of the *Regulated Activities Order* (Agreeing to carry on specified kinds of activity), of agreeing to carry on an activity specified in Part II of that Order other than:

...

(B) in the FCA Handbook

as in (A) with addition of:

the regulated activity, specified in article 64 of the *Regulated Activities Order* (Agreeing to carry on specified kinds of activity), of agreeing to carry on an activity specified in Part II of that Order other than:

...

(f) ...

(ff) acting as the depositary of an authorised contractual scheme;

...

...

authorised corporate director

the director of an ICVC who is the *authorised corporate director* of the ICVC ~~in accordance with~~ under COLL 6.5.3R (Appointment of an ACD) including, if relevant, an EEA UCITS management company or incoming EEA AIFM.

authorised fund manager

an ACD, an *authorised contractual scheme manager* or an *authorised unit trust manager*.

...

- authorisation order* an order made by the *FCA*:
- ...
- (c) in relation to an ACS under section 261D of the Act (Authorisation orders);
- as a result of which the *AUT* or *ACS* becomes authorised or the body becomes incorporated as an *ICVC* under regulation 3 of the *OEIC Regulations* (Open-ended investment company).
- ...
- base capital resources requirement* (1) (except in *IPRU (INV)*) an amount of capital resources that an insurer must hold as set out in *GENPRU* 2.1.30R (Table: Base capital resources requirement for an insurer) or a *BIPRU firm* must hold under *GENPRU* 2.1.41R (Base capital resources requirement for a *BIPRU firm*) and *GENPRU* 2.1.48R (Table: Base capital resources requirement for a *BIPRU firm*) or, as the case may be, *GENPRU* 2.1.60R (Calculation of the base capital resources requirement for banks authorised before 1993).
- (2) (in *IPRU(INV)*) an amount of own funds that a collective portfolio management firm must hold under *IPRU(INV)* 11.3.1R (Base capital resources requirement).
- base currency* (1) (in *COLL*) the currency specified:
- ...
- (b) in the *trust deed* of an *AUT* as the base currency of the *AUT*; or
- (c) in the contractual scheme deed of an ACS as the base currency of the ACS.
- ...
- BIPRU 125k firm* has the meaning in *BIPRU* 1.1.19R (Types of investment firm: *BIPRU* 125K firm) which ~~in summary~~ is a *BIPRU investment firm* that satisfies the following conditions:
- ...
- (4) it is not a ~~*UCITS investment firm*~~ *collective portfolio management investment firm*; and
- ...
- BIPRU 50k firm* has the meaning in *BIPRU* 1.1.20R (Types of investment firm: *BIPRU* 50K firm) which ~~in summary~~ is a *BIPRU investment firm* that

satisfies the following conditions:

...

- (c) it is not a ~~UCITS investment firm~~ collective portfolio management investment firm; and

...

BIPRU 730k firm

has the meaning in *BIPRU* 1.1.21R (Types of investment firm: BIPRU 730K firm) which ~~in summary~~ is a *BIPRU investment firm* that is not a ~~UCITS investment firm~~ collective portfolio management investment firm, a *BIPRU 50K firm* or a *BIPRU 125K firm*.

BIPRU investment firm

has the meaning set out *BIPRU* 1.1.8R (Definition of a BIPRU investment firm), which is ~~in summary~~ one of the following types of *BIPRU firm*:

...

including a ~~UCITS investment firm~~ collective portfolio management investment firm that is not excluded under *BIPRU* 1.1.7R (Exclusion of certain types of *firm* from the definition of *BIPRU firm*).

branch

...

- (j) (in relation to an AIFM)
- (i) a place of business which is a part of an AIFM that has no legal personality and provides the services for which the AIFM has been authorised;
- (ii) under (i) all places of business established in the same EEA State by an AIFM with its registered office in another EEA State shall be regarded as a single branch.

[Note: article 4(1)(c) of AIFMD]

...

class

- (A) In the ~~FCA Handbook~~ FCA Handbook:

...

- (5) (in *FEES*) one of the ~~broad~~ classes to which *FSCS* allocates levies as described in *FEES* 6.4.7AR, *FEES* 6.5.6AR and *FEES* 6 Annex 3AR.

- (B) In the ~~PRA Handbook~~ PRA Handbook:

...

<i>client money</i>	<p>...</p> <p>(2A) (in <i>CASS 6, CASS 7, CASS 7A and CASS 10</i> and, in so far as it relates to matters covered by <i>CASS 6, CASS 7, or COBS, GENPRU or IPRU(INV) 11</i>) subject to the <i>client money rules, money</i> of any currency:</p> <p>...</p>
<i>close links</i>	<p>(1) (in relation to <i>MiFID business or in FUND</i>) a situation in which two or more persons are linked by:</p> <p>...</p> <p>[Note: article 4(1)(31) of MiFID]</p> <p>A situation in which two or more persons are permanently linked to one and the same person by a control relationship is also to be regarded as constituting a close link between such persons.</p> <p><u>[Note: article 4(1)(31) of MIFID and article 4(1)(e) of AIFMD]</u></p> <p>...</p> <p>...</p>
<i>collateral</i>	<p>(1) (in <i>COLL and FUND</i>) any form of security, guarantee or indemnity provided by way of security for the discharge of any liability arising from a transaction.</p> <p>...</p>
<i>competent authority</i>	<p>...</p> <p>(8) <u>(in relation to an AIF for the purposes of FUND) the national authorities of an EEA State which are empowered by law or regulation to supervise AIFs.</u></p> <p>(9) <u>(in relation to an AIFM) a national authority in an EEA State which is empowered by law or regulation to supervise AIFMs.</u></p> <p>...</p>
<i>control</i>	<p>...</p> <p>(2A) (in relation to a <i>management company</i> carrying on <i>collective portfolio management or an AIFM</i>) control as defined in articles 1 and 2 of the Seventh Council Directive 83/349/EEC (The Seventh Company Law Directive).</p>

- ...
- ...
- depository*
- (1) (except in *LR*):
- (c) (in relation to any other *unit trust scheme* other than an *AIF* specified in (e)) the *person* holding the property of the *scheme* on trust for the *participants*;
- ...
- (cb) (in relation to an *ACS* which is a *co-ownership scheme*) the *person* who holds the property subject to the *scheme* or to whose order that property is held, as required by section 235A(3)(d) of the *Act* (Contractual schemes);
- (cc) (in relation to an *ACS* which is a *limited partnership scheme*) the *person* who holds the property subject to the *scheme* or to whose order that property is held, and who has been appointed to be the *person* to whom the *property* subject to the *scheme* is entrusted for safekeeping, as required by section 235A(6)(e)(i) of the *Act* (Contractual schemes);
- (d) (in relation to any other *collective investment scheme fund* other than an *AIF* specified in (e)) any *person* to whom the *fund* property subject to the *scheme* is entrusted for safekeeping;
- (e) (for an *AIF* managed by a *full-scope UK AIFM* (other than an *AIF* which is an *ICVC* or an *AUT*) the *person* fulfilling the function of a depository under article 21(1) of *AIFMD* or, for a *non-EEA AIF*, under *FUND 3.11.32R(1)(a)* (*AIFM* of a non-EEA *AIF*).
- (2) (in *LR*) a *person* that issues *certificates representing certain securities* that have been *admitted to listing* or are the subject of an application for *admission to listing*.
- ...
- designated investment business*
- any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business:
- ...
- (k) ...

(ka) acting as the depositary of an authorised contractual scheme (article 51(1)(bb));

...

(n) *agreeing to carry on a regulated activity in (a) to (h) and (m) (article 64);*

(o) [deleted]

(p) managing a UCITS;

(q) acting as trustee or depositary of a UCITS;

(r) managing an AIF;

(s) acting as trustee or depositary of an AIF;

(t) establishing, operating or winding up a collective investment scheme.

...

EEA firm

(in accordance with paragraph 5 of Schedule 3 to the Act (EEA Passport Rights)) any of the following, if it does not have its relevant office in the *United Kingdom*:

...

(hh) an AIFM which is authorised (under article 8 of AIFMD) by its Home State regulator;

in this definition, relevant office means

...

...

establishing, operating or winding up a collective investment scheme

the *regulated activity*, specified in article 51(1)(a) or 51ZE of the *Regulated Activities Order* (Establishing etc. a collective investment scheme), of establishing, operating or winding up a *collective investment scheme*.

...

Financial Services Register

the public record, as required by section 347 of the *Act* (The public record), regulation 4 of the *Payment Services Regulations* (The register of certain payment service providers) and regulation 4 of the *Electronic Money Regulations*, of every:

...

	(c)	
	(ca)	<u>ACS</u> ;
	...	
...		
<i>fixed overheads requirement</i>	(1)	<u>(except in IPRU (INV)) the part of the capital resources requirement calculated in accordance with GENPRU 2.1.53R (Calculation of the fixed overheads requirement).</u>
	(2)	<u>(in IPRU(INV) 11) the part of the own funds requirement calculated in accordance with IPRU(INV) 11.3.3R (Fixed overheads requirement).</u>
...		
<i>funds under management</i>	(1)	<u>(in UPRU and GENPRU)</u>
	(1)	<u>collective investment schemes other than OEICs managed by the firm including schemes where it has delegated the management function but excluding schemes that it is managing as delegate; and</u>
	(2)	<u>OEICs for which the firm is the designated management company.</u>
	(2)	<u>(in IPRU(INV) and GENPRU) funds managed by the firm, calculated as the sum of the absolute value of all assets of all funds managed by the firm, including assets acquired through leverage. Derivative instruments shall be converted into their equivalent positions in the underlying assets using the conversion methodologies in article 10 of the AIFMD level 2 regulation and valued on that equivalent position. This includes funds where the firm has delegated the management function but excludes funds that it is managing as a delegate.</u>
...		
<i>Home State</i>	...	
	(13)	<u>(in relation to an AIF) the EEA State in which:</u>
	(a)	<u>the AIF is authorised or registered under applicable national law; or</u>
	(b)	<u>if the AIF is neither authorised nor registered in an EEA State, the EEA State in which the AIF has its registered office and/or head office.</u>

[Note: article 4(1)(p) of AIFMD]

(14) (in relation to an AIFM) the EEA State in which the AIFM has its registered office.

[Note: article 4(1)(q) of AIFMD]

...

Host State

...

(5) (in relation to an AIFM) means:

(a) an EEA state, other than the Home State, in which an EEA AIFM or UK AIFM manages EEA AIFs or UK AIFs; or

(b) an EEA state, other than the Home State, in which an EEA AIFM or UK AIFM markets units or shares of an EEA AIF or UK AIF;

[Note: article 4(1)(r) of AIFMD]

...

initial capital

...

(3A) (in IPRU(INV) 11) capital calculated under IPRU(INV) Table 11.4 (Method of calculating initial capital and own funds) composed of the specified items set out in that Table.

...

...

instrument constituting the scheme

...

(ba) ...

(bb) (in relation to an ACS) the contractual scheme deed;

...

...

investment management firm

(subject to BIPRU TP 1.3R (Revised definition of investment management firm for certain transitional purposes)), a *firm* whose *permitted activities* include *designated investment business*, which is not an *authorised professional firm*, *bank*, *BIPRU investment firm*, *building society*, *collective portfolio management firm*, *credit union*,

energy market participant, friendly society, ICVC, insurer, media firm, oil market participant, service company, ~~incoming EEA firm~~ incoming EEA firm (without a top-up permission), incoming Treaty firm (without a top-up permission), ~~UCITS management company~~ or UCITS qualifier (without a top-up permission), whose permission does not include a requirement that it comply with IPRU-INV 3 or IPRU-INV 13 (Personal investment firms) and which is within (a), (b) or (c):

...

(c) a firm:

...

(ii) for which the most substantial part of its gross income ... is derived from one or more of the following activities...:

...

(Ca) managing an AIF;

...

(D) ...

(Da) acting as the authorised contractual scheme manager or depositary of an ACS;

(Db) acting as trustee or depositary of an AIF;

(Dc) acting as trustee or depositary of a UCITS;

(E) establishing, operating or winding up a collective investment scheme (other than an AUT, ~~or~~ ICVC or ACS);

...

...

issue

(in relation to *units*):

(1) (except in EG 14) the issue of new *units* by the trustee of an AUT, the depositary of an ACS or by an ICVC;

...

...

issuer

(1) (except in LR, PR and DTR):

- ...
- (c) (in relation to an interest in a limited *partnership* except for a limited partnership scheme) the *partnership*;
- ...
- ...
- liquidity risk*
- (1) (~~in COLL and in accordance with~~ for a UCITS and under article 3(8) of the *UCITS implementing Directive*) the risk that a position in a *UCITS*' portfolio cannot be sold, liquidated or closed out at limited cost in an adequately short timeframe and that the ability of the *scheme* to comply at any time with *COLL* 6.2.16R (Sale and redemption) or, in the case of an *EEA UCITS scheme*, article 84(1) of the *UCITS Directive* is thereby compromised.
- (2) (except ~~in COLL~~ for a UCITS) the risk that a *firm*, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.
- ...
- manager*
- (1) (in relation to an *AUT*) the *firm*, including, if relevant an *EEA UCITS management company* or incoming EEA AIFM, which is the manager of the *AUT* in accordance with the *trust deed*.
- (1A) (in relation to an *OEIC* which is an undertaking for collective investment in transferable securities ~~within the meaning of~~ under the UCITS Directive or an AIF, and which has appointed a *person* to manage the scheme) the *person* appointed to manage the scheme.
- ...
- ...
- management company*
- (in accordance with article 2(1)(b) of the *UCITS Directive*) a company, the regular business of which is the management of *UCITS* in the form of unit trusts, common funds (including authorised contractual schemes) or investment companies (*collective portfolio management*), including, where permitted by its *Home State regulator*, the additional services referred to in article 6(3) of that directive.
- ...
- market risk*
- (1) (in *COLL* ~~and in accordance with article 3(9) of the UCITS implementing Directive~~ and FUND) the risk of loss of a

UCITS or AIF resulting from fluctuation in the market value of positions in the *scheme's fund's* portfolio attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's credit worthiness.

- (2) (except in *COLL and FUND*) (in relation to a *firm*) the risks that arise from fluctuations in values of, or income from, assets or in interest or exchange rates.

...

MiFID investment firm

(in summary) a *firm* to which *MiFID* applies including, for some purposes only, a *credit institution* and *UCITS investment firm collective portfolio management investment firm*.

(in full) a *firm* which is:

...

operational risk

- (1) (in *COLL and in accordance with article 3(10) of the UCITS implementing Directive and FUND*) the risk of loss for a *UCITS or AIF* resulting from inadequate internal processes and failures in relation to the people and systems of the *management company or AIFM* or from external events, and it includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the *scheme fund*.

- (2) (except in *COLL and FUND*) (in accordance with Article 4(22) of the *Banking Consolidation Directive*) the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

...

operator

- (1) (except in *EG*):

(a) ...

(aa) (in relation to an *ACS*) the *authorised contractual scheme manager*;

...

(c) ...

(ca) (in relation to any other *collective investment scheme that is a contractual scheme*) any *person who, under the constituent instrument, is responsible for the management of the property held for or within the scheme*.

...	...
...	
<i>overseas person</i>	(in accordance with article 3(1) of the <i>Regulated Activities Order (Interpretation)</i>) a <i>person</i> who: <ul style="list-style-type: none"> (a) carries on any of the following <i>regulated activities</i>: <ul style="list-style-type: none"> ... (xiii) ... <u>(xiiia) acting as the depositary of an authorised contractual scheme;</u> ...
<i>own funds</i>	... <ul style="list-style-type: none"> <u>(2A) (in IPRU(INV) 11) the own funds of a firm calculated under IPRU(INV) Table 11.4 (Method of calculating initial capital and own funds).</u>
...	
<i>participant firm</i>	(1) (except in <i>FEES</i> 1 and <i>FEES</i> 6) a <i>firm</i> or a <i>member</i> other than: <ul style="list-style-type: none"> (a) ... <ul style="list-style-type: none"> <u>(vi) an AIFM managing an unauthorised AIF or providing the services in article 6(4) of AIFMD;</u> ... <u>(k) an AIFM qualifier.</u> ...
...	
<i>personal investment firm</i>	(subject to <i>BIPRU</i> TP 1 (Revised definition of personal investment firm for certain transitional purposes)) a <i>firm</i> whose <i>permitted activities</i> include <i>designated investment business</i> , which is not an <i>authorised professional firm</i> , <i>bank</i> , <i>BIPRU investment firm</i> , building society <u>building society</u> , <u>collective portfolio management firm</u> , credit union <u>credit union</u> , energy market participant <u>energy market participant</u> , friendly society <u>friendly society</u> , ICVC <u>ICVC</u> , insurer <u>insurer</u> , media firm <u>media firm</u> , oil market participant <u>oil market participant</u> , service company <u>service company</u> , incoming EEA firm <u>incoming EEA firm</u> (without a <i>top-up permission</i>), <i>incoming Treaty</i>

firm (without a *top-up permission*), ~~UCITS management company~~ or *UCITS qualifier* (without a *top-up permission*), whose *permission* does not include a *requirement* that it comply with *IPRU(INV) 3* (Securities and futures firms) or 5 (Investment management firms), and which is within (a), (b) or (c):

...

proprietary trading (in *SUP 10A* (Approved Persons) and *APER*) *dealing in investments as principal* as part of a business of trading in *specified investments*. For these purposes *dealing in investments as principal* includes any activities that would be included but for the exclusion in Article 15 (Absence of holding out), ~~or~~ Article 16 (Dealing in contractually based investments) or, for a UK AIFM or UK UCITS management company, Article 72AA (Managers of UCITS and AIFs) of the Regulated Activities Order.

...

prospectus (1) (in *LR, PR₂* ~~and~~ *FEES* and *FUND 3* (Requirements for managers of alternative investment funds)) a prospectus required under the *prospectus directive*.

...

...

redemption (1) ...

(2) (in *EG 14* (Collective investment schemes)) redemption as in (1) but including their cancellation by:

(a) the *trustee* of an *AUT*;

(b) the depositary of an ACS; or ~~by~~

(c) an *ICVC*.

...

regulated collective investment scheme ...

(b) ...

(ba) an ACS; or

...

...

securities and futures (subject to *BIPRU TP 1* (Revised definition of securities and futures

<i>firm</i>	<p>firm for certain transitional purposes)) a <i>firm</i> whose <i>permitted activities</i> include <i>designated investment business</i> or <i>bidding in emissions auctions</i>, which is not an <i>authorised professional firm</i>, <i>bank</i>, <i>BIPRU investment firm</i> (unless it is an <i>exempt BIPRU commodities firm</i>), <i>building society</i>, <u><i>collective portfolio management firm</i></u>, <i>credit union</i>, <i>friendly society</i>, <i>ICVC</i>, <i>insurer</i>, <i>media firm</i>, <i>service company</i>, <i>incoming EEA firm</i> (without a <i>top-up permission</i>), <i>incoming Treaty firm</i> (without a <i>top-up permission</i>), <i>UCITS management company</i> or <i>UCITS qualifier</i> (without a <i>top-up permission</i>), whose <i>permission</i> does not include a <i>requirement</i> that it comply with <i>IPRU(INV) 5</i> (Investment management firms) or 13 (Personal investment firms), and which is within (a), (b), (c), (d), (e), (f), (g) or (h):</p>
...	
<i>Single Market Directives</i>	<p>...</p> <p>(d) the <i>Insurance Mediation Directive</i>; and</p> <p>(e) the <i>UCITS Directive</i>; <u>and</u></p> <p>(f) <u><i>AIFMD</i></u>.</p>
...	
<i>sub-fund</i>	<p>...</p> <p>(b) (in relation to a <i>collective investment scheme fund</i> that is not an <i>authorised fund</i> or an <i>EEA UCITS scheme</i>) any part of that scheme that is equivalent to (a).</p>
...	
<i>top-up cover</i>	<p>cover provided by the <i>compensation scheme</i> for <i>claims</i> against an <i>incoming EEA firm</i> (which is a <i>credit institution</i>, an <i>IMD insurance intermediary</i>, an <i>IMD reinsurance intermediary</i> or, a <i>MiFID investment firm</i>, or a <u><i>UCITS management company</i></u> or an <u><i>AIFM</i></u>) in relation to the <i>firm's passported activities</i> and in addition to, or due to the absence of, the cover provided by the <i>firm's Home State compensation scheme</i> (see <i>COMP 14</i> (Participation by EEA firms)).</p>
...	
<i>trading book</i>	<p>...</p> <p>(2) (in <i>BIPRU</i>, <i>GENPRU</i> and, <u><i>BSOCS</i></u> <u>and</u> <u><i>IPRU(INV) 11</i></u> and in relation to a <i>BIPRU firm</i>) has the meaning in <i>BIPRU 1.2</i> (Definition of the trading book) which is in summary, all that <i>firm's positions</i> in <i>CRD financial instruments</i> and <i>commodities</i> held either with trading intent or in order to</p>

hedge other elements of the *trading book*, and which are either free of any restrictive covenants on their tradability or able to be hedged.

...

...

UCITS firm

a *firm* which:

- (a) is a *management company*, including where in addition the *firm* is also ~~the operator of a collective investment scheme which is not a UCITS scheme~~ an AIFM; and
- (b) does not have a *Part 4A permission* (or an equivalent permission from its *Home State regulator*) to carry on any *regulated activities* other than those which are in connection with, or for the purpose of, ~~such schemes~~ managing AIFs or UCITS.

...

unit

(1) (for collective investment schemes) the investment, specified in article 81 of the Regulated Activities Order (Units in a collective investment scheme) and defined in section 237(2) of the Act (Other definitions)), which is the right or interest (however described) of the participants in a collective investment scheme; this includes:

(a) ...

(aa) (in relation to an ACS) a unit representing the rights or interests of the unitholders in the ACS; and

(b) (in relation to an ICVC) a share in the ICVC; and

(2) (for an alternative investment fund) the right or interest (however described) of an investor in an alternative investment fund.

...

unit trust scheme

(as defined in section 237(1) of the Act (Other definitions)) a *collective investment scheme* under which the property in question is held on trust for the *participants*, except that it does not include an authorised contractual scheme.

...

waiver

a direction waiving or modifying a *rule*, given by the *appropriate regulator* under section 138A of the Act (Modification or waiver of rules) or by the FCA under sections 250, 261L or 294 of the Act

(Modification or waiver of rules) or regulation 7 of the *OEIC Regulations* (see *SUP 8* and *REC 3.3*).

...

Annex C

Amendments to the Principles for Businesses (PRIN)

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

1.1 Application and purpose

Application

- 1.1.1 G The *Principles* (see *PRIN 2*) apply in whole or in part to every *firm*. The application of the *Principles* is modified for *firms* conducting *MiFID business, incoming EEA firms, incoming Treaty firms, ~~and UCITS qualifiers~~ and AIFM qualifiers*. *PRIN 3* (Rules about application) specifies to whom, to what and where the *Principles* apply.

...

3 Rules about application

3.1 Who?

- 3.1.1 R *PRIN* applies to every *firm*, except that:

...

- (4) for a *UCITS qualifier* and *AIFM qualifier*, only *Principles 1, 2, 3, 7, and 9* apply, and only with respect to the activities in *PRIN 3.2.2R* (Communication and approval of financial promotions);

...

Annex D

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

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

1 Annex 1 Detailed application of SYSC

...

Part 3	Tables summarising the application of the common platform requirements to different types of firm		
3.1	G	The <i>common platform requirements</i> apply in the following three <u>four</u> ways (subject to the provisions in Part 2 of this Annex).	
	...		
<u>3.2B</u>	R	For a <u>full-scope UK AIFM of an authorised AIF</u> , they apply under Column <u>A++</u> in the table below.	
3.3	G	For all other <i>firms</i> apart from <i>insurers, managing agents</i> , and the <i>Society and full-scope UK AIFMs of unauthorised AIFs</i> , they apply in accordance with Column B in the table below. For these firms, where a <i>rule</i> is shown modified in Column B as ‘Guidance’, it should be read as <i>guidance</i> (as it “should” appeared in that rule instead if “must”) and should be applied in a proportionate manner, taking into account the nature, scale and complexity of the firm’s business.	
...			

Provision SYSC 4	COLUMN A Application to a common platform firm other than to a UCITS investment firm	COLUMN A+ Application to a UCITS management company	<u>COLUMN A++</u> <u>Application to</u> <u>a full-scope UK</u> <u>AIFM of an</u> <u>authorised AIF</u>	COLUMN B Application to all other firms apart from insurers, managing agents and the Society, and <u>full-scope UK</u> <u>AIFMs of</u> <u>unauthorised</u> <u>AIFs</u>
SYSC 4.1.1R	Rule but SYSC 4.1.1R(2) applies only to a <i>BIPRU firm</i> and SYSC 4.1.1R(3) applies only to a <u>full-scope UK AIFM</u>	Rule but SYSC 4.1.1R(2) applies only to a <i>BIPRU firm</i> and SYSC 4.1.1R(3) applies only to a <u>full-scope UK AIFM</u>	<u>Rule but SYSC 4.1.1R(2) applies only to a BIPRU firm and SYSC 4.1.1R(3) applies only to a full-scope UK AIFM</u>	Rule but SYSC 4.1.1R(2) applies only to a <i>third country BIPRU firm</i> and SYSC 4.1.1R(3) <u>applies only to a full-scope</u>

				<u>UK AIFM</u>
<u>SYSC 4.1.1AR</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Not applicable</u>
SYSC 4.1.2R	...	...	<u>Rule</u>	...
SYSC 4.1.2AG	...	...	<u>Not applicable</u>	...
SYSC 4.1.2BR	...	...	<u>Rule</u>	...
SYSC 4.1.2CR	...	...	<u>Rule</u>	...
<u>SYSC 4.1.2DR</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Not applicable</u>
SYSC 4.1.3R	...	...	<u>Not applicable</u>	...
SYSC 4.1.4R	...	...	<u>Not applicable</u>	...
SYSC 4.1.4AG	...	...	<u>Not applicable</u>	...
SYSC 4.1.5R	...	...	<u>Not applicable</u>	...
SYSC 4.1.6R	...	...	<u>Not applicable</u>	...
SYSC 4.1.7R	...	...	<u>Not applicable</u>	...
SYSC 4.1.7AG	...	...	<u>Not applicable</u>	...
SYSC 4.1.8G	...	...	<u>Guidance</u>	...
SYSC 4.1.9R	...	...	<u>Not applicable</u>	...
SYSC 4.1.10R	...	...	<u>Not applicable</u>	...
SYSC 4.1.10AG	...	...	<u>Not applicable</u>	...
SYSC 4.1.11G	...	...	<u>Guidance</u>	...
SYSC 4.1.13G	...	...	<u>Guidance</u>	...
SYSC 4.1.14G	...	...	<u>Guidance</u>	...
SYSC 4.2.1R	...	...	<u>Rule</u>	...
SYSC 4.2.1AG	...	...	<u>Not applicable</u>	...
SYSC 4.2.2R	...	...	<u>Rule</u>	...
SYSC 4.2.3G - SYSC 4.2.5G	...	...	<u>Guidance</u>	...

<i>SYSC 4.2.6R</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.2.7R</i>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Not applicable</u>
<i>SYSC 4.2.8R</i>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Not applicable</u>
<i>SYSC 4.2.9G</i>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Guidance</u>	<u>Not applicable</u>
<i>SYSC 4.3.1R</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.3.2R</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.3.2AG</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.3.3G</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.4.1R</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.4.2G</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.4.3R</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.4.4G</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.4.5R</i>	...	...	<u>Not applicable</u>	...
<i>SYSC 4.4.6G</i>	...	...	<u>Not applicable</u>	...

Provision	COLUMN A	COLUMN A+	<u>COLUMN A++</u>	COLUMN B
SYSC 5	Application to a common platform firm other than to a UCITS investment firm	Application to a UCITS management company	<u>Application to a full-scope UK AIFM of an authorised AIF</u>	Application to all other firms apart from insurers, managing agents and the Society, and <u>full-scope UK AIFMs of unauthorised AIFs</u>
<i>SYSC 5.1.1R</i>	<u>Not applicable</u>	..
<i>SYSC 5.1.2G</i>	<u>Guidance</u>	...
<i>SYSC 5.1.3G</i>	<u>Not applicable</u>	...
<i>SYSC 5.1.4G</i>	<u>Guidance</u>	...

SYSC 5.1.4AG	...	...	<u>Guidance</u>	...
SYSC 5.1.5G	...	...	<u>Guidance</u>	...
SYSC 5.1.5AG	...	...	<u>Guidance</u>	...
SYSC 5.1.6R	...	...	<u>Guidance</u>	...
SYSC 5.1.7R	...	...	<u>Guidance</u>	...
SYSC 5.1.7AG	...	...	<u>Guidance</u>	...
SYSC 5.1.8G	...	...	<u>Guidance</u>	...
SYSC 5.1.9G	...	...	<u>Guidance</u>	...
SYSC 5.1.10G	...	...	<u>Guidance, but not applicable for the segregation of risk management functions</u>	...
SYSC 5.1.11G	...	...	<u>Guidance</u>	...
SYSC 5.1.12R	...	...	<u>Not applicable</u>	...
SYSC 5.1.12AG	...	...	<u>Not applicable</u>	...
SYSC 5.1.13R	...	...	<u>Not applicable</u>	...
SYSC 5.1.14R	...	...	<u>Not applicable</u>	...
SYSC 5.1.15G	...	...	<u>Not applicable</u>	...

Provision	COLUMN A	COLUMN A+	COLUMN A++	COLUMN B
SYSC 6	Application to a common platform firm other than to a UCITS investment firm	Application to a UCITS management company	<u>Application to a full-scope UK AIFM of an authorised AIF</u>	Application to all other firms apart from insurers, managing agents, and the Society and full-scope UK AIFMs of <u>unauthorised</u>

				<u>AIFs</u>
SYSC 6.1.1R	...	...	<u>Rule but only regarding the obligation to establish, implement and maintain adequate policies and procedures for countering the risk that the <i>firm</i> (including its managers and employees) might be used to further <i>financial crime</i></u>	...
<u>SYSC 6.1.1AG</u>	<u>Guidance</u>	<u>Guidance</u>	<u>Guidance</u>	<u>Guidance</u>
SYSC 6.1.2R	...	...	<u>Not applicable</u>	...
SYSC 6.1.2AG	...	...	<u>Not applicable</u>	...
SYSC 6.1.3R	...	...	<u>Not applicable</u>	...
SYSC 6.1.3AG	...	...	<u>Not applicable</u>	...
SYSC 6.1.4R	...	...	<u>Not applicable</u>	...
SYSC 6.1.4AG	...	...	<u>Rule</u>	...
SYSC 6.1.4AR	...	...	<u>Not applicable</u>	...
SYSC 6.1.5R	...	...	<u>Not applicable</u>	...
SYSC 6.1.6G	...	...	<u>Not applicable</u>	...
SYSC 6.2.1R	...	...	<u>Not applicable</u>	...
SYSC 6.2.1AG	...	...	<u>Not applicable</u>	...
SYSC 6.2.2G	...	...	<u>Not applicable</u>	...
SYSC 6.3.1R	...	...	<u>Rule</u>	...
SYSC 6.3.2G	...	...	<u>Guidance</u>	...
SYSC 6.3.3R	...	...	<u>Rule</u>	...

<i>SYSC 6.3.4G</i>	...	...	<u>Guidance</u>	...
<i>SYSC 6.3.5G</i>	...	...	<u>Guidance</u>	...
<i>SYSC 6.3.6G</i>	...	...	<u>Guidance</u>	...
<i>SYSC 6.3.7G</i>	...	...	<u>Guidance</u>	...
<i>SYSC 6.3.8R</i>	...	...	<u>Rule</u>	...
<i>SYSC 6.3.9R</i>	...	...	<u>Rule</u>	...
<i>SYSC 6.3.10G</i>	...	...	<u>Guidance</u>	...
<u><i>SYSC 6.3.11G</i></u>	<u>Guidance</u>	<u>Guidance</u>	<u>Guidance</u>	<u>Guidance</u>

Provision	COLUMN A	COLUMN A+	<u>COLUMN A++</u>	COLUMN B
SYSC 7	Application to a common platform firm other than to a UCITS investment firm	Application to a UCITS management company	<u>Application to a full-scope UK AIFM of an authorised AIF</u>	Application to all other firms apart from insurers, managing agents, and the Society, and full-scope UK AIFMs of unauthorised AIFs
<i>SYSC 7.1.1G</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.2R</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.2AG</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.2BG</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.3R</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.4R</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.4AG</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.4BG</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.5R</i>	<u>Not applicable</u>	...
<i>SYSC 7.1.6R</i>	<u>Not applicable</u>	...

SYSC 7.1.7R	...	...	<u>Not applicable</u>	...
SYSC 7.1.7AG	...	...	<u>Not applicable</u>	...
SYSC 7.1.7BG	...	...	<u>Guidance.</u>	...
SYSC 7.1.7CG	...	...	<u>Guidance</u>	...
SYSC 7.1.8G(1), (2)	...	...	<u>Not applicable</u>	...
SYSC 7.1.9R	...	...	<u>Not applicable</u>	...
SYSC 7.1.10R	...	...	<u>Not applicable</u>	...
SYSC 7.1.11R	...	...	<u>Not applicable</u>	...
SYSC 7.1.12G	...	...	<u>Not applicable</u>	...
SYSC 7.1.13R - 7.1.16R	...	...	<u>Not applicable</u>	...

Provision	COLUMN A	COLUMN A+	COLUMN A++	COLUMN B
SYSC 8	Application to a common platform firm other than to a UCITS investment firm	Application to a UCITS management company	<u>Application to a full-scope UK AIFM of an authorised AIF</u>	Application to all other firms apart from insurers, managing agents, and the Society, and full-scope <u>UK AIFMs of unauthorised AIFs</u>
SYSC 8.1.1R	<u>Not applicable</u>	...
SYSC 8.1.1AG	<u>Not applicable</u>	...
SYSC 8.1.2G	<u>Not applicable</u>	...
SYSC 8.1.3G	<u>Not applicable</u>	...
SYSC 8.1.4R	<u>Not applicable</u>	...
SYSC 8.1.5R	<u>Not applicable</u>	...
SYSC 8.1.5AG	<u>Not applicable</u>	...

SYSC 8.1.6R	...	...	<u>Not applicable</u>	...
SYSC 8.1.7R	...	...	<u>Not applicable</u>	...
SYSC 8.1.8R	...	...	<u>Not applicable</u>	...
SYSC 8.1.9R	...	...	<u>Not applicable</u>	...
SYSC 8.1.10R	...	...	<u>Not applicable</u>	...
SYSC 8.1.11R	...	...	<u>Not applicable</u>	...
SYSC 8.1.11AG	...	...	<u>Not applicable</u>	...
SYSC 8.1.12G	...	...	<u>Not applicable</u>	...
SYSC 8.1.13R	...	...	<u>Not applicable</u>	...
SYSC 8.1.14G	...	...	<u>Not applicable</u>	...
SYSC 8.2	...	...	<u>Not applicable</u>	...
SYSC 8.3	...	...	<u>Not applicable</u>	...

Provision	COLUMN A	COLUMN A+	COLUMN A++	COLUMN B
SYSC 9	Application to a common platform firm other than to a UCITS investment firm	Application to a UCITS management company	<u>Application to a full-scope UK AIFM of an authorised AIF</u>	Application to all other firms apart from insurers, managing agents, and the Society, <u>and full-scope UK AIFMs of unauthorised AIFs</u>
SYSC 9.1.1R	...	...	<u>Rule but only for the requirement for orderly records of its business and internal organisation which do not relate to portfolio</u>	...

			<u>transactions and subscription and redemptions orders</u>	
SYSC 9.1.2R	...	...	<u>Rule but only for records specified by the modified application of SYSC 9.1.1R</u>	...
SYSC 9.1.3R	...	...	<u>Not applicable</u>	...
SYSC 9.1.4G	...	...	<u>Guidance</u>	...
SYSC 9.1.5G	...	...	<u>Not applicable</u>	...
SYSC 9.1.6G	...	...	<u>Not applicable</u>	...
SYSC 9.1.7G	...	...	<u>Not applicable</u>	...

Provision	Column A	COLUMN A+	<u>COLUMN A++</u>	Column B
SYSC 10	Application to a common platform firm other than to a UCITS investment firm	Application to a UCITS management company	<u>Application to a full-scope UK AIFM of an authorised AIF</u>	Application to all other firms apart from insurers, managing agents, and the Society, and full-scope <u>UK AIFMs of unauthorised AIFs</u>
SYSC 10.1.1R	<u>Rule</u>	...
SYSC 10.1.2G	<u>Not applicable</u>	...
SYSC 10.1.3R	<u>Not applicable</u>	...
SYSC 10.1.4R	<u>Not applicable</u>	...
SYSC 10.1.4AG	<u>Not applicable</u>	...
SYSC 10.1.5G	<u>Not applicable</u>	...

SYSC 10.1.6R	...	...	<u>Not applicable</u>	...
SYSC 10.1.6AG	...	...	<u>Not applicable</u>	...
SYSC 10.1.7R	...	...	<u>Not applicable</u>	...
SYSC 10.1.8R	...	...	<u>Not applicable</u>	...
SYSC 10.1.8AR	...	...	<u>Not applicable</u>	...
SYSC 10.1.9G	...	...	<u>Not applicable</u>	...
SYSC 10.1.10R	...	...	<u>Not applicable</u>	...
SYSC 10.1.11R	...	...	<u>Not applicable</u>	...
SYSC 10.1.11AG	...	...	<u>Not applicable</u>	...
SYSC 10.1.12G - SYSC 10.1.15G	...	...	<u>Guidance for SYSC 10.1.12G; not applicable for SYSC 10.1.13G – SYSC 10.1.15G</u>	...
SYSC 10.1.16R	...	...	<u>Not applicable</u>	...
SYSC 10.1.17R	...	...	<u>Not applicable</u>	...
SYSC 10.1.18G	...	...	<u>Not applicable</u>	...
SYSC 10.1.19R	...	...	<u>Not applicable</u>	...
SYSC 10.1.20R	...	...	<u>Not applicable</u>	...
SYSC 10.1.21R	...	...	<u>Not applicable</u>	...
<u>SYSC 10.1.22R</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Rule</u>	<u>Not applicable</u>
<u>SYSC 10.1.23R</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Not applicable</u>
<u>SYSC 10.1.24R</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Not applicable</u>
<u>SYSC 10.1.25R</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Not applicable</u>
<u>SYSC 10.1.26R</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule</u>	<u>Not applicable</u>

SYSC 10.2.1R	...	...	<u>Rule</u>	...
SYSC 10.2.2R	...	...	<u>Rule</u>	...
SYSC 10.2.3G	...	...	<u>Guidance</u>	...
SYSC 10.2.4R	...	...	<u>Rule</u>	...
SYSC 10.2.5G	...	...	<u>Guidance</u>	...

...

- 4.1.2 R For a *common platform firm*, the arrangements, processes and mechanisms referred to in SYSC 4.1.1R must be comprehensive and proportionate to the nature, scale and complexity of the *common platform firm's* activities and must take into account the specific technical criteria described in SYSC 4.1.7R, SYSC 5.1.7R, SYSC 7 and (for a *BIPRU firm* and a *third country BIPRU firm*) SYSC 19A, or (for a *full-scope UK AIFM*) SYSC 19B.

...

- 4.2.1 R The *senior personnel* of a *common platform firm*, a *management company*, a *full-scope UK AIFM*, or of the *UK branch* of a *non-EEA bank* must be of sufficiently good repute and sufficiently experienced as to ensure the sound and prudent management of the *firm*.

[**Note:** article 9(1) of *MiFID*, article 7(1)(b) of the *UCITS Directive*, article 8(1)(c) of *AIFMD* and article 11(1) second paragraph of the *Banking Consolidation Directive*]

...

- 4.2.2 R A *common platform firm*, a *management company*, a *full-scope UK AIFM* and the *UK branch* of a *non-EEA bank* must ensure that its management is undertaken by at least two persons meeting the requirements laid down in SYSC 4.2.1R and, for a *full-scope UK AIFM*, SYSC 4.2.7R.

[**Note:** article 9(4) first paragraph of *MiFID*, article 7(1)(b) of the *UCITS Directive*, article 8(1)(c) of *AIFMD* and article 11(1) first paragraph of the *Banking Consolidation Directive*]

...

- 4.2.4 G At least two independent minds should be applied to ~~both~~ the formulation and implementation of the policies of a *common platform firm*, a *management company*, a *full-scope UK AIFM* and the *UK branch* of a *non-EEA bank*. Where ~~such~~ a *firm* nominates just two individuals to direct its business, the *appropriate regulator* will not regard them as both effectively directing the business where one of them makes some, albeit significant, decisions relating to only a few aspects of the business. Each should play a part in the decision-making process on all significant decisions. Both should demonstrate the

qualities and application to influence strategy, day-to-day policy and its implementation. This does not require their day-to-day involvement in the execution and implementation of policy. It does, however, require involvement in strategy and general direction, as well as knowledge of, and influence on, the way in which strategy is being implemented through day-to-day policy.

- 4.2.5 G Where there are more than two individuals directing the business of a *common platform firm*, a *management company*, a full-scope UK AIFM or the UK branch of a *non-EEA bank*, the *appropriate regulator* does not regard it as necessary for all of these individuals to be involved in all decisions relating to the determination of strategy and general direction. However, at least two individuals should be involved in all such decisions. Both individuals' judgement should be engaged so that major errors leading to difficulties for the *firm* are less likely to occur. Similarly, each individual should have sufficient experience and knowledge of the business and the necessary personal qualities and skills to detect and resist any imprudence, dishonesty or other irregularities by the other individual. Where a single individual, whether a chief executive, managing *director* or otherwise, is particularly dominant in such a *firm* this will raise doubts about whether SYSC 4.2.2R is met.

...

- 4.2.6 R If a *common platform firm*, (other than a credit institution or AIFM investment firm) or the UK branch of a *non-EEA bank*, is:

- (1) a natural person; or
- (2) a legal person managed by a single natural person

it must have alternative arrangements in place which ensure sound and prudent management of the firm.

...

21.1 Risk control: guidance on governance arrangements

Additional guidance on governance arrangements

- 21.1.1 G
- (1) This chapter provides additional guidance on risk-centric governance arrangements for effective risk management. It expands upon the general organisational requirements in SYSC 2, SYSC 3, SYSC 4, ~~and SYSC 7~~ and FUND 3.7, and so applies to the same extent as SYSC 3.1.1R (for *insurers, managing agents* and the *Society*), ~~and SYSC 4.1.1R~~ (for every other *firm*) and FUND 3.7 (for a full-scope UK AIFM of an authorised AIF).
 - (2) *Firms* should, taking account of their size, nature and complexity, consider whether in order to fulfil the general organisational requirements in SYSC 2, SYSC 3, SYSC 4, ~~and~~

SYSC 7 and (for a full-scope UK AIFM of an authorised AIF)
FUND 3.7 their risk control arrangements should include:

...

Annex E

Amendments to the Fees manual (FEES)

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

1.1 Application and Purpose

...

Application

1.1.2 R The manual applies in the following way:

- (1) ...
- (2) *FEES* 1, 2 and 4 apply to:
 - (a) every firm (except an AIFM qualifier, *ICVC* or *UCITS qualifier*);
 - (b) every ~~manager~~ authorised fund manager of an authorised unit trust ~~unit trust~~ unit trust or authorised contractual scheme;
 - ...
 - (k) every *fee-paying electronic money issuer*; ~~and~~
 - (l) every *issuer of a regulated covered bond*; and
 - (m) every person making a notification to the FCA under regulation 57, 58 and 59 of the AIFMD UK regulation.

...

3.2.5 G (1) The appropriate authorisation or registration fee is an integral part of an application for, or an application for a variation of, a *Part 4A permission*, ~~or~~ authorisation, registration or variation under the *Payment Services Regulations* or the *Electronic Money Regulations*, or notification or registration under the AIFMD UK regulation. Any application or notification received by the *appropriate regulator* without the accompanying appropriate fee, in full and without deduction (see *FEES* 3.2.1R), will not be treated as an application or notification made, incomplete or otherwise, in accordance with section 55U(4), or section 55H or 55I (as the case may be), of the *Act* or regulation 5(3) or 12(3) of the *Payment Services Regulations* or regulation 5 or 12 of the *Electronic Money Regulations* or

regulation 11(1) and 60 (a) of the AIFMD UK regulation.

Where this is the case, the *appropriate regulator* will contact the applicant to point out that the application cannot be progressed until the appropriate fee has been received. In the event that the appropriate authorisation fee, in full and without deduction, is not forthcoming, the application will be returned to the applicant and no application will have been made.

...

3 Annex 1R Authorisation fees payable

...

Moderately complex cases	
Activity grouping	Description
...	
A.7	Fund managers <u>Portfolio managers</u>
A.9	Operators, trustees and depositories of collective investment schemes, operators of personal pensions schemes and operators of stakeholder pension schemes <u>Managers and depositories of investment funds, and operators of collective investment schemes or pension schemes</u>
...	

...

4.2 Obligation to pay periodic fees

...

Modifications for persons becoming subject to periodic fees during the course of a fee year

- 4.2.6 R (1) ...
- (a) *firms* (other than AIFM qualifiers, ICVCs and UCITS qualifiers) in accordance with *FEES* 4.2.7R and *FEES* 4.2.8R;
- ...
- 4.2.7 R A *firm* (other than an AIFM qualifier, ICVC or UCITS qualifier) which becomes authorised or registered, or whose *permission* and/or *payment*

service activities are extended, during the course of the *fee year* must pay a fee which is calculated by:

...

4.3 Periodic fee payable by firms (other than AIFM qualifiers, ICVCs and UCITS qualifiers)

4.3.1 R The periodic fee payable by a *firm* (except an AIFM qualifier, ICVC or a *UCITS qualifier*) is:

...

...

Annex F

Amendments to the General Prudential sourcebook (GENPRU)

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

1.2 Adequacy of financial resources

...

- 1.2.11 G The adequacy of a *firm's* financial resources needs to be assessed in relation to all the activities of the *firm* and the risks to which they give rise and so this section applies to a *firm* in relation to the whole of its business. In ~~the case of a UCITS investment firm~~ collective portfolio management investment firm this means that this section is ~~not limited to designated investment business excluding scheme management activity~~. It also applies to ~~scheme management activity~~ and to activities that are ~~not designated investment business~~ its activities in relation to the management of AIFs and/or UCITS.

...

2.1 Calculation of capital resources requirement

...

- 2.1.8 G ...
- (3) ~~In the case of a UCITS investment firm~~ a collective portfolio management investment firm this section implements article 9 of AIFMD and (in part) Article 7 of the *UCITS Directive*.

...

Calculation of the variable capital requirement for a BIPRU firm

- 2.1.45 R Table: Calculation of the variable capital requirement for a BIPRU firm
This table belongs to *GENPRU 2.1.40R*

<i>Firm category</i>	<i>Capital requirement</i>	
...	...	
<i>BIPRU limited licence firm (including UCITS investment firm collective portfolio management)</i>	the higher of (1) and (2):	
	(1)	The sum of:
	(a)	the <i>credit risk capital requirement</i> ; and
	(b)	the <i>market risk capital requirement</i> ; and

<i>investment firm</i>)	(2)	the <i>fixed overheads requirement</i> .
--------------------------	-----	------------------------------------------

...

Table: Base capital resources requirement for a BIPRU firm

2.1.48 R This table belongs to *GENPRU* 2.1.47R

<i>Firm category</i>	Amount: Currency equivalent of
...	...
<i>UCITS investment firm</i> <i>Collective portfolio</i> <i>management investment</i> <i>firm</i>	€125,000 plus, if the <i>funds under management</i> exceed €250,000,000, 0.02% of the excess, subject to a maximum of €10,000,000.

...

Annex G

Amendments to Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)

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

1.1 Application

...

- 1.1.3 G In the main *BIPRU* only applies to a *UCITS investment firm* collective portfolio management investment firm in respect of *designated investment business* (excluding ~~*scheme management activity*~~ *managing an AIF* and *managing a UCITS*). However *BIPRU* 2.2 (Internal capital adequacy standards), *BIPRU* 2.3 (Interest rate risk in the non-trading book), *BIPRU* 8 (Group risk - consolidation) and *BIPRU* 11 (Disclosure) apply to the whole of its business.

...

- 1.1.8 R A *firm* falling within *BIPRU* 1.1.6R(3) to *BIPRU* 1.1.6R(5) is a *BIPRU investment firm*. A *BIPRU investment firm* includes a *UCITS investment firm* collective portfolio management investment firm that is not excluded under *BIPRU* 1.1.7R.

...

Alternative classification of BIPRU investment firms

- 1.1.18 R *BIPRU investment firm* are divided into the following classes for the purposes of the calculation of the *base capital resources requirement* and for the purpose of any other provision of the *Handbook* that applies this classification:

- (1) a ~~*UCITS investment firm*~~ collective portfolio management investment firm;

...

Types of investment firm: BIPRU 125K firm

- 1.1.19 R A *BIPRU 125K firm* means a *BIPRU investment firm* that satisfies the following conditions:

...

- (4) it is not a ~~*UCITS investment firm*~~ collective portfolio management investment firm; and;

...

Types of investment firm: BIPRU 50K firm

- 1.1.20 R A *BIPRU 50K firm* means a *BIPRU investment firm* that satisfies the following conditions:

...

- (3) it is not a *UCITS investment firm* collective portfolio management investment firm; and

...

Types of investment firm: 730K firm

- 1.1.21 R A *BIPRU investment firm* that is not a *UCITS investment firm* collective portfolio management investment firm, a *BIPRU 50K firm* or a *BIPRU 125K firm* is a *BIPRU 730K firm*. A *BIPRU investment firm* that operates a *multilateral trading facility* is a *BIPRU 730k firm*.

...

8.5 Basis of consolidation

...

Basis of inclusion of UCITS investment firms collective portfolio management investment firms in consolidation

- 8.5.7 R *GENPRU 2.1.46R* (Adjustment of the variable capital requirement calculation for ~~UCITS investment firms~~ collective portfolio management investment firms) does not apply for the purpose of this chapter.
- 8.5.8 G In general a *UCITS investment firm* collective portfolio management investment firm only calculates its capital and concentration risk requirements in relation to its *designated investment business* and does not calculate them with respect to ~~scheme management activity~~ *managing an AIF* or *managing a UCITS*. The effect of *BIPRU 8.5.7R* is that this does not apply on a consolidated basis. For the purpose of this chapter the calculations are carried out with respect to the whole of the activities of a *UCITS investment firm* collective portfolio management investment firm.

...

Annex H**Amendments to the Interim Prudential sourcebook for Friendly Societies (IPRU (FSOC))**

In this Annex, underlining indicates new text.

7 Chapter 7: Definitions**Part 1 DEFINITIONS**

7.1 In this Part of the *IPRU(FSOC)*, unless the contrary intention appears, the following definitions apply -

...
<i>issuer</i> in respect of a <i>collective investment scheme</i> means the manager or operator of the scheme and in respect of an interest in a limited partnership (<u>other than a <i>limited partnership scheme</i></u>) means the partnership;
...

Annex I

Amendments to the Interim Prudential sourcebook for Investment Business (IPRU(INV))

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

Chapter 1: Application and General Provisions

...

1.2.1 R The *Glossary* applies to the transitional provisions, this chapter (*IPRU(INV)* 1), *IPRU(INV)* 2, *IPRU(INV)* 4, *IPRU(INV)* 6, *IPRU(INV)* 11 and *IPRU(INV)* 13.

1.2.2 R (1) *IPRU(INV)* applies to:

...

(i) a *credit union* which is a *CFT provider*; ~~and~~

(j) an exempt CAD firm; and

(k) a *collective portfolio management firm*.

...

1.2.3 G For the avoidance of doubt, *IPRU(INV)* does not apply to any of the following:

...

(g) a UCITS qualifier; ~~or~~

(h) ~~a UCITS management company.~~

...

1.2.5 R Table

This table belongs to *IPRU(INV)* 1.2.4R

...

Service company Chapters 1 and 6

Collective portfolio management firm Chapters 1 and 11

Personal investment firm Chapters 1 and 13

...

Annex J

Amendments to the Supervision manual (SUP)

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

6.1 Application, interpretation and purpose

Application

- 6.1.2 G If appropriate, a *firm* which is an *authorised fund manager* should also refer to *COLL 7* for *guidance* on the termination of *ICVCs*, *ACSs* and *AUTs* and on winding up *authorised funds* that are not commercially viable.

...

13.3 Establishing a branch in another EEA State

...

The conditions for establishing a branch

- 13.3.2 G A *UK firm* other than a *UK pure reinsurer* cannot establish a *branch* in another *EEA State* for the first time under an *EEA right* unless the relevant conditions in ~~paragraphs~~ paragraph 19(2), (4) and (5) of Part III of Schedule 3 to the *Act* are satisfied. It is an offence for a *UK firm* which is not an *authorised person* to contravene this prohibition (paragraph 21 of Part III of Schedule 3 to the *Act*). These conditions are that:

...

- (2A) If the *UK firm's EEA right* relates to providing *collective portfolio management services under the UCITS Directive*, the *FCA* has provided to the *Host State regulator*:

...

- (3) ...

- (b) in any other case (except for a *firm* passporting under *AIFMD*):

...

...

Issue of a consent notice to the Host State regulator

- 13.3.5 G ...

- (1B) Where the *UK firm's EEA right* derives from *AIFMD*, the *FCA* will give the *Host State regulator* a consent notice within two months of

having received the notice of intention and immediately inform the UK firm pursuant to SUP 13.3.6G if the FCA is satisfied that the firm complies, and continues to comply with:

- (a) the provisions implementing the AIFMD, and
- (b) any directly applicable EU regulation made under that directive.

...

13.3.6 G ...

- (4) Where a consent notice is given under the AIFMD it must include confirmation that the UK firm has been authorised by the FCA under AIFMD.

...

13.3.7 G ...

- (2) If the appropriate UK regulator decides to refuse to give a consent notice, then paragraph 19(12) of Part III of Schedule 3 to the Act requires the appropriate UK regulator to give the UK firm a decision notice within three months of the date on which it received the UK firm's notice of intention (two months in the case of a UK firm which is a UCITS management company or an AIFM). The UK firm may refer the matter to the Tribunal.

...

13.4 Providing cross-border services into another EEA State

...

13.4.2 G A UK firm, other than a UK pure reinsurer or an AIFM exercising an EEA right to market an AIF under AIFMD, cannot start providing cross-border services into another EEA State under an EEA right unless it satisfies the conditions in paragraphs 20(1) of Part III of Schedule 3 to the Act and, if it derives its EEA right from the Insurance Directives, AIFMD, MiFID or the UCITS Directive, paragraph 20(4B) of Part III of Schedule 3 to the Act. It is an offence for a UK firm which is not an authorised person to breach this prohibition (paragraph 21 of Part III of Schedule 3 to the Act). The conditions are that:

...

- (3) if the UK firm is passporting under the Insurance Mediation Directive and the EEA State in which the UK firm is seeking to provide services has notified the European Commission of its wish to be informed of the intention of persons to provide cross border services in its territory in accordance with article 6(2) of that directive, one month has elapsed beginning with the date on which the

UK firm received written notice from the *appropriate UK regulator* as described in SUP 13.4.5G (paragraph 20 (3B)(c) of Schedule 3 to the ~~Act~~ Act; or

- (4) if the *UK firm* is passporting under AIFMD, the *firm* has received written notice from the *FCA* as described in SUP 13.4.4-AG(1)(c).

...

- 13.4.5 G When the *appropriate UK regulator* sends a copy of a *notice of intention* or if it gives a *consent notice* to the *Host State regulator*, it must inform the *UK firm* in writing that it has done so (paragraphs 20(3B)(b), 3D(a)(iii) and (4) and 20C(9) of Schedule 3 to the *Act*).

...

13.5 Notices of intention

...

Specified contents: notice of intention to provide cross-border services

- 13.5.2 R A *UK firm* wishing to provide *cross-border services* into a particular *EEA State* for the first time under an *EEA right* other than under the *auction regulation* must submit a notice in the form set out in:

...

- (5) SUP 13 Annex 8AR, if the *UK firm* is providing *cross-border services* under AIFMD to manage an AIF in another *EEA State*.

- (6) SUP 13 Annex 8BR, if the *UK firm* is providing *cross-border services* under AIFMD to market an AIF in another *EEA State*.

...

13.6 Changes to branches

...

Changes arising from circumstances beyond the control of a UK firm

- 13.6.10 G ...

- (3) ~~Neither this~~ This guidance ~~nor that set out at SUP 13.6.4G or 13.6.5G~~ is not applicable to *MiFID investment firms* or AIFMs.

The process

- 13.6.11 G When the *appropriate UK regulator* receives a notice from a *UK firm* other than a *MiFID investment firm* (see SUP 13.6.5G(1) and SUP 13.6.7G(1)), ~~or a pure reinsurer~~ (see SUP 13.6.9BR) or an AIFM (see SUP 13.6.9CG) it is required by regulations 11(4) and 13(4) to either refuse, or consent to the

change within a period of one *month* from the day on which it received the notice.

...

13.7 Changes to cross-border services

- 13.7.1 G Where a *UK firm* is exercising an *EEA right* under the *UCITS Directive*, *MiFID* ~~or~~, the *Insurance Directives* or *AIFMD* and is providing *cross-border services* into another *EEA State*, any changes to the details of the services are governed by the *EEA Passport Rights Regulations*...

...

13.8 Changes of details: provision of notices to the appropriate UK regulator

- 13.8.1 R (1) Where a *firm* is required to submit a notice of a change to a *branch* referred to in *SUP 13.6.5G(1)*, *SUP 13.6.5BG(1)*, *SUP 13.6.7G(1)*, *SUP 13.6.8G*, *SUP 13.6.9BR* and *SUP 13.6.10G(1)*; and *SUP 13.6.9CG* or a notice of a change to *cross-border services* referred to in *SUP 13.7.3G(1)*, *SUP 13.7.3AG(1)*, *SUP 13.7.5G(1)*, and *SUP 13.7.6G* and *SUP 13.7.13G* it must complete and submit that notice in accordance with the procedures set out in *SUP 13.5* for notifying the establishing of a *branch* or the provision of *cross-border services*.

...

13A Qualifying for authorisation under the Act

13A.1 Application

- 13A.1.3 G (1) Under the *Gibraltar Order* made under section 409 of the *Act*, a *Gibraltar firm* is treated as an *EEA firm* under Schedule 3 to the *Act* if it is:

...

- (d) authorised in Gibraltar under the *MiFID*;
- (e) authorised in Gibraltar under the *UCITS Directive*.

...

13A.4 EEA firms establishing a branch in the United Kingdom

...

The notification procedure

- 13A.4.4 G ...
- (2) Although the *appropriate UK regulator* is not required to notify the *applicable provisions* to an *EEA firm* passporting under the *Insurance*

Mediation Directive, ~~or MiFID~~ or AIFMD, these provisions are set out in SUP 13A Annex 1G (Application of the Handbook to Incoming EEA Firms).

...

13A.5 EEA firms providing cross-border services into the United Kingdom

...

The notification procedure

13A.5.4 G ...

- (2) Although the *appropriate UK regulator* is not required to notify the *applicable provisions* to an *EEA Firm* passporting under the *Insurance Mediation Directive*, ~~or MiFID~~ or AIFMD these provisions are set out in SUP 13A Annex 1G (Application of the Handbook to Incoming EEA Firms).

...

13A Annex 1G Application of the Handbook to Incoming EEA Firms

...		
(1) Module of Handbook	(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment of the firm (or its appointed representative) in the United Kingdom	(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment of the firm (or its appointed representative) in the United Kingdom
...		
SYSC	<p>...</p> <p>The <i>common platform requirements</i> in SYSC 4 - 10 apply as set out in Part 2 of SYSC 1 Annex 1 (Application of the common platform requirement).</p> <p><u>SYSC 1 Annex 1 row 2.6F provides that the <i>common platform requirements</i> do not apply to an <i>incoming EEA AIFM branch</i>, except the <i>AIFMD Host State requirements</i> and certain requirements regarding <i>financial crime</i>.</u></p> <p>...</p>	...

	SYSC 19A and 19B does do not apply.	
...		
<i>SUP</i>	<p>...</p> <p><i>SUP</i> 16 (Reporting requirements)</p> <p>Parts of this chapter may apply if the <i>firm</i> has a <i>top-up permission</i> or if the <i>firm</i> is:</p> <p>...</p> <p>(d)...</p> <p><u>(da) a depositary of an ACS; or</u></p> <p>...</p>	<p>...</p> <p><i>SUP</i> 16 (Reporting requirements)</p> <p>Parts of this chapter may apply if the <i>firm</i> has a <i>top-up permission</i> or if the <i>firm</i> is:</p> <p>...</p> <p>(c)...</p> <p><u>(ca) a depositary of an ACS; or</u></p> <p>...</p>

...		
<i>DISP</i>	<p>Applies <u>Generally applies</u> (<i>DISP</i> 1.1.1G) and applies but in a limited way in relation to <i>MiFID business</i>.</p> <p><u>For an incoming EEA AIFM branch <i>DISP</i> applies (subject to some limitations, see <i>DISP</i> 1.1.3R), except for an incoming EEA AIFM branch of a closed-ended corporate AIF, in which case <i>DISP</i> does not apply.</u></p>	<p>Does <u>Generally does not</u> apply (<i>DISP</i> 1.1.1G).</p> <p><u>However, for an incoming EEA firm which is a UCITS management company managing a UCITS scheme or an AIFM managing an authorised AIF, <i>DISP</i> applies (subject to some limitations, see <i>DISP</i> 1.1.3R).</u></p>
<i>COMP</i>	<p>Applies, except in relation to the passported activities of an <i>MiFID investment firm</i>, a <i>BCD credit institution</i> (other than an electronic money institution within the meaning of article 1(3)(a) of the <i>E-Money Directive</i> that has the right to benefit from the mutual recognition arrangements under the <i>Banking Consolidation Directive</i>), an <i>IMD insurance intermediary</i> or a <i>UCITS management company acting in that capacity other than in relation to a UCITS scheme carrying on non-core</i></p>	<p>Does not apply in relation to the passported activities of an <i>MiFID investment firm</i>, or a <i>BCD credit institution</i>, an <i>IMD insurance intermediary</i> or a <i>UCITS management company acting in that capacity other than in relation to a UCITS scheme</i> (see the definition of "<i>participation firm</i>") <u>carrying on non-core services under article 6.3</u></p>

	<p>services under article 6.3 of the <u>UCITS Directive</u> and an <u>incoming AIFM branch</u> carrying on either <u>AIFM management functions</u> for an <u>unauthorised AIF</u> or non-core services under article 6.4 of <u>AIFMD</u> (see the definition of “<u>participant firm</u>”). However, a <u>MiFID investment firm</u>, <u>BCD credit institution</u>, an <u>IMD insurance intermediary</u> or a <u>UCITS management company</u> (when carrying on permitted <u>MiFID business</u>) a <u>firm</u> specified above may be able to apply for <u>top-up cover</u> in relation to its <u>passport activities</u> (see <u>COMP 14</u> (Participation by EEA firms)).</p>	<p>of the <u>UCITS Directive</u> or an <u>incoming EEA AIFM</u> regarding <u>AIFM management functions</u> carried on for an <u>unauthorised AIF</u> or non-core services under article 6.4. Otherwise, <u>COMP</u> may apply, but the coverage of the <u>compensation scheme</u> is limited for non-UK activities (see <u>COMP 5</u>).</p>
<u>COLL</u>	<p><u>A.</u> The following provisions of ...</p> <p>...</p> <p>An <u>EEA UCITS management company</u> providing <u>collective portfolio management services</u> for a <u>UCITS scheme</u> should be aware that it will be expected to comply with the above <u>rules</u> in relation to all aspects of the functioning of the relevant <u>UCITS scheme</u> where, for example, the <u>firm</u>:</p> <p>...</p> <p>(b) wishes to apply for an <u>authorisation order</u> to establish an <u>AUT</u>, <u>ACS</u> or <u>ICVC</u> as a <u>UCITS scheme</u>; or</p> <p>...</p> <p><u>B.</u> Subject to <u>FUND 1.1.2R</u>, <u>COLL</u> applies to an <u>incoming EEA AIFM</u> as relevant.</p>	<p>For an <u>EEA UCITS management company</u> providing <u>collective portfolio management services</u> for a <u>UCITS scheme</u>, As as column (2) <u>A.</u>(d), (e), (f) and (g) and the other parts of <u>COLL</u> specify.</p> <p>For an <u>incoming EEA AIFM</u>, as column (2) <u>B.</u></p>
<u>FUND</u>	<p><u>FUND 3.8</u> (Prime brokerage firms) applies to an <u>incoming EEA AIFM branch</u>.</p> <p><u>FUND 10</u> (Operating on a cross-border basis), provides guidance for an <u>incoming EEA AIFM branch</u>.</p>	<p>Does not apply, except <u>FUND 10</u> (Operating on a cross border basis) which provides guidance for an <u>EEA AIFM</u> managing an <u>AIF</u> on a services basis or <u>marketing an AIF</u> using the <u>marketing passport</u> under <u>AIFMD</u>.</p>

13A **Matters reserved to a Home State regulator**
Annex
2G

...	
Requirements in the interest of the general good	
2.	...
(1)	the <i>Single Market Directives</i> expressly reserve responsibility for the prudential supervision of a <i>MiFID investment firm</i> , <i>BCD credit institution</i> , <i>UCITS management company</i> , <i>AIFM</i> or <i>passporting insurance undertaking</i> to the <i>Firm's Home State regulator</i> . The <i>Insurance Mediation Directive</i> reaches the same position without expressly referring to the concept of prudential supervision. Accordingly, the <i>FCA</i> , as <i>Host State regulator</i> , is entitled to regulate only the conduct of the firm's business within the <i>United Kingdom</i> ;
(2)	there is no <u>explicit</u> "general good" provision in <i>MiFID</i> or <i>AIFMD</i> . Rather, <i>MiFID</i> states exactly what the <i>Host State regulator</i> regulates (see paragraphs 8 – 10) the responsibilities for a <i>Host State regulator</i> under <i>MiFID</i> are contained in paragraphs 8 to 10 and under <i>AIFMD</i> are contained in paragraphs 11G to 11J;
...	

...

14.3 **Changes to cross-border services**

14.3.1 Where an *incoming EEA firm* passporting under the *MiFID*, *UCITS Directive* or *Insurance Directives* or *AIFMD* is exercising an *EEA right* and is providing *cross-border services* into the *United Kingdom*, the *EEA Passport Rights Regulations* govern any changes to the details of those services. Where an *incoming EEA firm* has complied with the relevant requirements in the *EEA Passport Rights Regulations*, then the *firm's permission* given under Schedule 3 to the *Act* is to be treated as varied accordingly.

...

15.3 **General notification requirements**

...

Breaches of rules and other requirements in or under the *Act*

15.3.11 R (1) A *firm* must notify the *appropriate regulator* of:

...

(f) it exceeding (or becoming aware that it will exceed) the limit in *BIPRU 10.5.6R*; or

(g) a breach of the *AIFMD UK regulation*; or

(h) a breach of any directly applicable EU regulation made under *AIFMD*;

...

16.1 Application

...

Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.15, SUP 16.16 and SUP 16.17)

16.1.3

R

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...		
<i>SUP 16.6</i>	...	
	<i>Trustee of an AUT</i>	<i>SUP 16.6.6R to SUP 16.6.9G</i>
	<i>Depository of an ACS</i>	<i>SUP 16.6.6R to SUP 16.6.9G</i>
...		
<i>SUP 16.14</i>	A <i>CASS large firm</i> and a <i>CASS medium firm</i>	Entire section
<i>SUP 16.18</i>	<u>A full-scope UK AIFM and a small authorised UK AIFM</u>	<i>SUP 16.18.3R</i>
...		
<u>Note 3 = The application of SUP 16.18 for the types of AIFMs specified in SUP 16.1.1CD is set out in SUP 16.18.2G.</u>		
...		

...

16.3 General provisions on reporting

...

Structure of the chapter

16.3.2 G This chapter has been split into the following sections, covering:

...

(11) client money and asset return (*SUP* 16.14); ~~and~~

...

(14) remuneration reporting (*SUP* 16.17); and

(15) AIFMD reporting (*SUP* 16.18).

...

16.6 Compliance reports

...

Applicable provisions of this section (see *SUP* 16.6.1G)

16.6.2	G	Category of firm	Applicable provisions
		...	
		<i>Trustee of an AUT</i> <i>Depository of an ICVC</i> <i><u>Depository of an ACS</u></i>	<i>SUP</i> 16.6.6R - <i>SUP</i> 16.6.9G
		...	

...

16.12 Integrated Regulatory Reporting

...

Table of applicable rules containing *data items*, frequency and submission periods

16.12.4	R	(1)	(2)	(3)	(4)
		<i>RAG</i> number	<i>Regulated Activities</i>		
			Provisions containing:		
			<i>applicable</i> <i>data items</i>	reporting frequency/ period	due date
		...			
		<i>RAG</i> 4	• managing investments	<i>SUP</i> 16.12.14R	<i>SUP</i> 16.12.14R
				<i>SUP</i> 16.12.14R	<i>SUP</i> 16.12.14R

	<ul style="list-style-type: none"> • establishing, operating or winding up a regulated collective investment scheme • establishing, operating or winding up an unregulated collective investment scheme • establishing, operating or winding up a stakeholder pension scheme • establishing, operating or winding up a personal pension scheme • <u>managing an AIF</u> • <u>managing a UCITS</u> 	<i>SUP</i> 16.12.1R	<i>SUP</i> 16.12.16R	<i>SUP</i> 16.12.17R
...				
<i>RAG 6</i>	<ul style="list-style-type: none"> • acting as a trustee of an authorised unit trust • <u>acting as the depositary of an authorised contractual scheme</u> • safeguarding and administration of assets (without arranging) • arranging safeguarding and administration of assets • acting as depository or sole director of an OEIC • <u>acting as trustee or</u> 	<i>SUP</i> 16.12.19R	<i>SUP</i> 16.12.20R	<i>SUP</i> 16.12.21 R

	<u>depository of an AIF</u> <ul style="list-style-type: none"> <u>acting as trustee or depository of a UCITS</u> 			
...				

...

Regulated Activity Group 3

...

16.12.11 R The applicable *data items* referred to in SUP 16.12.4R are set out according to *firm* type in the table below:

Description of <i>data item</i>	<i>Firms prudential category and applicable data items (note 1)</i>							
	<i>BIPRU firms (note 17)</i>			<i>Firms other than BIPRU firms</i>				
	730 K	125K and <u>UCITS investment firms collective portfolio management investment firms</u>	50 K	<u>IPRU (INV) Chapter 3</u>	<u>IPRU (INV) Chapter 5</u>	<u>IPRU (INV) Chapter 9</u>	<u>IPRU (INV) Chapter 13</u>	<u>UPRU</u>
...								
Capital adequacy	...	...	...	...	...	...	...	...
<u>Supplementary capital data for collective portfolio management investment firms</u>		<u>FIN067 (note 35)</u>						
...								
<u>Note 35</u>	<u>Only applicable to firms that are collective portfolio management investment firms.</u>							

...

- 16.12.12 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.4R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>BIPRU 730K firm</i>	<i>BIPRU 125K firm and UCITS investment firm collective portfolio management investment firm</i>	<i>BIPRU 50K firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firm other than BIPRU firms</i>
...					
FSA058	
<u>FIN067</u>		<u>Quarterly</u>			
...					

- 16.12.13 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.12R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
...						
FSA058						
<u>FIN067</u>				<u>20 business days</u>		
...						

...

Regulated Activity Group 4

...

- 16.12.15 R The applicable *data items* referred to in SUP 16.12.4R according to type of *firm* are set out in the table below:

Description of data item	Firms' prudential category and applicable data items (note 1)								
	BIPRU firms			Firms other than BIPRU firms					
	730 K	125K and UCITS investment firms collective portfolio management investment firms	50 K	IPRU (INV) Chapter 3	IPRU (INV) Chapter 5	IPRU (INV) Chapter 9	IPRU (INV) Chapter 11	IPRU (INV) Chapter 13	UPRU
Annual report and accounts	No standard format	...	...
...									
Solvency statement (note 11)	No standard format	...	...
Balance sheet	FSA029	...	...
Income statement	FSA030	...	...
Capital adequacy	FIN066	...	...
Supplementary capital data for collective portfolio management investment firms		FIN067 (note 32)							
...									

Volumes and types of business (note 21)	...	...	...	...	...	...	<u>FSA038</u>	...	...
Client money and client assets	...	...	...	...	...	...	<u>FSA039</u>	...	...
Asset managers that use hedge fund techniques (note 21)	FS A041	FSA041	FS A041	FSA041	FSA041	FSA041		FSA041	FSA041
UCITS (note 22)	FS A042	FSA042	FS A042	FSA042	FSA042	FSA042	<u>FSA042</u>	FSA042	FSA042
...									
Note 21	Only applicable to firms that have a managing investments permission [deleted]								
Note 22	Only applicable to <i>firms</i> that have <i>permission</i> for <i>establishing, operating or winding up a regulated collective investment scheme</i> <u><i>managing a UCITS.</i></u>								
...									
Note 32	<u>Only applicable to <i>firms</i> that are <i>collective portfolio management investment firms.</i></u>								

...

- 16.12.16 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.15R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>Firms' prudential category</i>				
	<i>BIPRU 730K firm</i>	<i>BIPRU 125K firm and UCITS investment firm collective portfolio management investment firm</i>	<i>BIPRU 50K firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firm other than BIPRU firms</i>
...					

FSA041	Annually	Annually	Annually		Annually
FSA042	Quarterly	Quarterly	Quarterly		Quarterly
...					
FSA058	...	...	...	...
<u>FIN066</u>					<u>Quarterly</u>
<u>FIN067</u>		<u>Quarterly</u>			
...					

16.12.17 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.16R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
...						
FSA041						<i>30 business days</i>
...						
FSA058				...		
<u>FIN066</u>				<u>20 business days</u>		
<u>FIN067</u>				<u>20 business days</u>		
...						

...

Regulated Activity Group 7

...

16.12.22A R The applicable *data items* referred to in *SUP* 16.12.4R are set out according to type of *firm* in the table below:

Description of <i>Data item</i>	<i>Firms' prudential category and applicable data item (note 1)</i>
---------------------------------	---------------------------------------------------------------------

	<i>BIPRU 730k firm</i>	<i>BIPRU 125k firm and UCITS investment firm collective portfolio management investment firm</i>	<i>BIPRU 50k firm</i>	<i>Exempt CAD firms subject to IPRU(INV) Chapter 13</i>	<i>Firms (other than exempt CAD firms) subject to IPRU(INV) Chapter 13</i>	<i>Firms that are also in one or more of RAGs 1 to 6 and not subject to IPRU(INV) Chapter 13</i>
...						
Securitisation: trading book	...	...	...
<u>Supplementary capital data for collective portfolio management investment firms</u>		<u>FIN067 (note 28)</u>				
...						
<u>Note 28</u>	<u>Only applicable to firms that are collective portfolio management investment firms.</u>					

...

16.12.23 R The applicable reporting frequencies for *data items* referred to in *SUP* 16.12.22AR are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>Frequency</i>				
	<i>Unconsolidated BIPRU investment firm</i>	<i>Solo consolidated BIPRU investment firm</i>	<i>UK Consolidation Group or defined liquidity group</i>	<i>Annual regulated business revenue up to and including £5 million</i>	<i>Annual regulated business revenue over £5 million</i>
...					
FSA058	...	...	...
<u>FIN067</u>	<u>Quarterly</u>				

...					
-----	--	--	--	--	--

16.12.24 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.23R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly
...					
FSA058				...	
<u>FIN067</u>	<u>20 business days</u>				
...					

SUP 16 Annex 24R Data items for SUP 16.12

Form FSA041 is deleted.

FIN066 and FIN067 are added - see following pages

SUP 16 Annex 25G Guidance notes for data items in SUP 16 Annex 24R

Guidance notes on Form FSA041 are deleted.

Guidance notes on Forms FIN066 and FIN067 are added - see following pages.

FIN066 – Capital Adequacy (for *collective portfolio management firms*)

Introduction

FIN066 provides a framework for the collection of prudential information required by the *FCA* for its supervision activities. The data item is intended to reflect the underlying prudential requirements in *IPRU(INV)* 11 and allows monitoring against those requirements.

Defined terms

Terms in these notes are defined by the Companies Act 2006, as appropriate, or the provisions of the *firm's* accounting framework (usually UK GAAP or *IFRS*). The descriptions in these notes are designed to repeat, summarise or amplify the relevant statutory or other definitions and terminology without departing from their full meaning or effect.

- The data item should comply with the principles and requirements of the *firm's* accounting framework, which will generally be UK GAAP (including relevant provisions of the Companies Act 2006) or *IFRS*.
- The data item should be completed on an unconsolidated basis.
- The data item should be in agreement with the underlying accounting records.
- Accounting policies should be consistent with those adopted in the *firm's annual report and accounts* and consistently applied.
- Information required should be prepared in line with accepted accounting standards.
- The data item should not give a misleading impression of the *firm*. For example, if a *firm* wrongly omits or includes a material item or presents a material item in the wrong way.

Currency

You should report in the currency of your annual audited accounts, ie in Sterling, Euro, US dollars, Canadian dollars, Swedish Kroner, Swiss Francs or Yen. Figures should be reported in 000s.

Data elements

These are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

Regulatory capital		
	1 to 19	The figures in this section should be consistent with those entered in FSA029 for the same reporting period.
Regulatory capital test		
<i>Own funds test for collective portfolio management firms</i>		
Own funds	20B	The amount of <i>own funds</i> calculated in under <i>IPRU(INV)</i> 11.4. This is the figure entered at 19B.
Funds under management requirement	21B	Up to a maximum of €10,000,000, this is the <i>base capital resources requirement</i> plus 0.02% of the amount by which the <i>firm's funds under management</i> exceeds €250,000,000. If the data item is not submitted with figures in Euros, then the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date. The appropriate definition of <i>funds under management</i> to be used in this calculation is that set out in the <i>FCA Handbook Glossary of definitions</i> .
Fixed overheads requirement	22B	This is one quarter of the annualised fixed expenditure calculated under <i>IPRU(INV)</i> 11.3.3R. The amount to be entered is calculated using elements 30 to 42 in the fourth quarter of the preceding financial year. Each of the four quarters in any financial year should use the figure calculated in the fourth quarter of the preceding year.

		Where there was no preceding year, the figure entered is that determined under <i>IPRU(INV)</i> 11.3.6R.
Professional negligence capital requirement	23B	<p>The amount of additional <i>own funds</i> used to cover potential liability risks arising from professional negligence for <i>AIFM</i> activities in lieu of professional indemnity insurance, see <i>IPRU(INV)</i> 11.3.11R(1)(a).</p> <p>When calculating this amount, <i>firms</i> should include the amount of any assets under management that are delegated to the firm by mandate, see <i>IPRU(INV)</i> 11.3.14 EU. Note that this treatment is different from that prescribed for the <i>funds under management requirement</i> (see the guidance in line 21B).</p> <p>If a firm makes an entry in 23B it should not make an entry in 24B.</p>
PII capital requirement	24B	<p>The amount of any additional <i>own funds</i> required to cover any defined excess and exclusions in the insurance policy, see <i>IPRU(INV)</i> 11.3.11R(1)(b).</p> <p>If a firm makes an entry in 24B it should not make an entry in 23B.</p>
Total capital requirement	25B	This is the higher of 21B and 22B, plus either 23B or 24B.
Surplus / deficit of own funds	26B	This is 20B less 25B.
<i>Liquid assets test</i>		
Liquid assets requirement	27B	For a <i>collective portfolio management firm</i> , this is the amount required by <i>IPRU(INV)</i> 11.2.1R(3).
Liquid assets held	28B	The amount of liquid assets held by the <i>firm</i> at the reporting date. Assets are regarded as liquid if they are readily convertible to cash within one month. This figure must not include speculative positions.
Surplus / deficit of liquid assets	29B	This is 28B less 27B.
Calculation of relevant annual expenditure for forthcoming year		
	30 to 42	<p>This section of the data item must be completed when the reporting period end date is equal to the <i>firm's</i> accounting reference date, ie the fourth quarter. This does not need to be completed during the other three quarters. Where appropriate, figures entered should match those on FSA030 for the same reporting period.</p> <p>When the <i>firm</i> is using projected figures (<i>IPRU(INV)</i> 11.3.6R(2)), these should be entered in this section.</p>
Total expenditure (per income statement)	30B	This should be the amount entered in element 22A of FSA030 for the same reporting period. FSA030 must be completed on a cumulative basis, so the amounts

		entered in the fourth quarter represent the entire financial year up to the accounting reference date.
Deductions from expenditure	31A to 40A	Deductions from expenditure should be made in line with <i>IPRU(INV)</i> 11.3.4R
Relevant fixed expenditure	41B	This is 30B less the sum of 31A to 40A
Relevant annualised fixed expenditure	42B	<p>If the figures submitted in FSA030 for the period ending on the <i>firm's</i> accounting reference date do not include twelve month's trading, then the amount calculated in 41B must be prorated to an equivalent annual amount. This situation may occur if the <i>firm</i> has changed its accounting reference date.</p> <p>Where a <i>firm</i> has not completed a full year since the commencement of its permitted business, an amount based on forecast expenditure included in its budget for the first twelve months' trading, as submitted with its application for membership, should be entered.</p>
Professional Indemnity Insurance		
Specify whether your firm holds additional own funds or PII under <i>IPRU(INV)</i> 7.3.12R	43B	The <i>firm</i> should report either "Own funds" or "PII". Where a <i>firm</i> has PII but also holds <i>own funds</i> to cover any excesses and/or exclusions on the policy, the <i>firm</i> should report "PII".
<i>PII Basic information</i>		
	44	<p><i>Firms</i> should enter details on all relevant PII policies, using a separate line for each policy.</p> <p>A <i>firm</i> may satisfy its requirements for professional indemnity insurance with a policy that provides cover to one or more entities other than the <i>firm</i>, provided the policy satisfies the conditions of the <i>AIFMD level 2 regulation</i> in respect of the <i>firm</i>, exclusive of the cover provided to other entities by the policy. If such a policy is held, each <i>firm</i> covered by the policy should include the policy information on their return.</p>
Annualised premium	44A	This should state the premium payable (in descending order of size, where relevant), net of tax and any other add-ons. If the premium covers a period other than 12 months, it should be annualised before ranking.
Insurer (from list)	44B	Select the PII insurer from the list provided. If you have more than one policy with the same insurer, they should be combined. If the insurer is not listed, select 'Other'. If a policy is underwritten by more than one insurance undertaking or Lloyd's syndicate, you should select 'multiple'.
Start date	44C	Enter the start date of the policy.
Renewal date	44D	Enter the renewal date of the policy.
Currency of indemnity limits	44E	Using the appropriate International Organization for Standardization ISO 4217 three digit code (eg, GBP),

		enter the currency in which the indemnity limits in fields 44F to 44J are reported.
Limit of indemnity required: single	44F	<p>You should record the required indemnity limits on the <i>firm's</i> PII policy or policies, in relation to single claims. A <i>firm</i> should calculate this amount in line with <i>IPRU(INV)</i> 11.3.15 EU and include the amount of any assets under management that are delegated to the firm by mandate.</p> <p>Where these are denominated in a currency other than the currency of the report, the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date.</p>
Limit of indemnity required: aggregate	44G	<p>You should record the required indemnity limits on the <i>firm's</i> PII policy or policies, in aggregate. A <i>firm</i> should calculate this amount in line with <i>IPRU(INV)</i> 11.3.15 EU and include the amount of any assets under management that are delegated to the firm by mandate.</p> <p>Where these are denominated in a currency other than the currency of the report, the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date.</p>
Limit of indemnity received: single	44H	<p>You should record the indemnity limits on the <i>firm's</i> PII policy or policies, received in relation to single claims.</p> <p>Where these are denominated in a currency other than the currency of the report, the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date.</p>
Limit of indemnity received: aggregate	44J	<p>You should record the indemnity limits on the <i>firm's</i> PII policy or policies, received in aggregate.</p> <p>Where these are denominated in a currency other than the currency of the report, the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date.</p>
<i>PII detailed information</i>		
Business line (from list)	44K	<p>For policies that cover all business lines, <i>firms</i> should select 'All' from the list provided.</p> <p>Where the policy contains different excesses for different business lines, <i>firms</i> should identify these business lines from the list (or the closest equivalent) and report the (highest) excess for that business line in</p>

		data element 44L. Once these ‘non-standard’ excesses have been identified, the remaining business lines should be reported under ‘All other’.
Policy excess	44L	For policies that cover all business lines with no difference in excesses, this should be the excess applicable. Otherwise, it should contain the highest excess for each business line that differs. Under <i>IPRU(INV)</i> 11.3.11R(1)(b) a firm should include additional own funds sufficient to cover the highest excess in the amount reported in 24B.
Policy exclusions	44M	If there are exclusions in the <i>firm</i> ’s PII policy, the business type(s) to which they relate should be selected here from the list provided. Under <i>IPRU(INV)</i> 11.3.11R(1)(b) a firm should include additional own funds sufficient to cover any liabilities arising in the amount reported in 24B.

FIN066 – Capital Adequacy (for *collective portfolio management firms*) validations

Internal validations

Data elements are referenced by row, then column.

Validation number	Data element		
1	6B	=	$\Sigma(1B:5B)$
2	12B	=	$\Sigma(7A:11A)$
3	13B	=	$6B - 12B$
4	19B	=	$\Sigma(13B:18B)$
5	20B	=	19B
6	25B	=	(higher of 21B and 22B) + 23B + 24B
7	26B	=	$20B - 25B$
10	41B	=	$30B - \Sigma(31A:40A)$

External validations

Validation number	Data element		
1	30B	=	FSA030.22A

FIN067 – Capital adequacy – supplemental (for *collective portfolio management investment firms*)

Introduction

FIN067 provides a framework for the collection of prudential information required by the FCA for its supervision activities. The data item is intended to reflect the underlying prudential requirements in *GENPRU* 2.1.63R to 2.1.74R and allows monitoring against those requirements.

Defined terms

Terms in these notes are defined by the Companies Acts 2006, as appropriate, or the provisions of the *firm's* accounting framework (usually UK GAAP or *IFRS*). The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology without departing from their full meaning or effect.

- The data item should comply with the principles and requirements of the firm's accounting framework, which will generally be UK GAAP (including relevant provisions of the Companies Acts 2006 as appropriate) or *IFRS*.
- The data item should be completed on an unconsolidated basis.
- The data item should be in agreement with the underlying accounting records.
- Accounting policies should be consistent with those adopted in *annual report and accounts* and should be consistently applied.
- Information required should be prepared in line with accepted accounting standards.
- The data item should not give a misleading impression of the *firm*. For example, if a *firm* wrongly omits or includes a material item or presents a material item in the wrong way.

Currency

You should report in the currency of your annual audited accounts, ie in Sterling, Euro, US dollars, Canadian dollars, Swedish Kroner, Swiss Francs or Yen. Figures should be reported in 000s.

Data Elements

These are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

Own funds	1A	This amount should be equal to the figure entered in element 57A of FSA003 for the same reporting period.
Funds under management requirement	2A	This is the <i>base capital resources requirement</i> plus the amount which is 0.02% of <i>funds under management</i> that exceeds €250,000,000, up to a maximum of €10,000,000. If the data item is not submitted with figures in Euros, then the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date. The appropriate definition of <i>funds under management</i> to be used in this calculation is that set out in the <i>FCA Handbook Glossary of definitions</i> .
Fixed overheads	3A	This is the amount calculated under <i>GENPRU</i> 2.1.53R.

requirement		The amount should equal element 104A on FSA003 for the same reporting period.
Professional negligence capital requirement	4A	<p>The amount of additional <i>own funds</i> used to cover potential liability risks arising from professional negligence for <i>AIFM</i> activities in lieu of professional indemnity insurance, see <i>GENPRU 2.1.67R(1)(a)</i>.</p> <p>When calculating this amount, <i>firms</i> should include the amount of any assets under management that are delegated to the firm by mandate, see <i>GENPRU 2.1.70 EU</i>. Note that this treatment is different from that prescribed for the <i>funds under management requirement</i> (see the guidance in line 2A)</p> <p>If a <i>firm</i> makes an entry in 4A it should not make an entry in 5A.</p>
PII capital requirement	5A	<p>The amount of any additional <i>own funds</i> required to cover any defined excess and exclusions in the insurance policy under <i>GENPRU 2.1.67R(1)(b)</i>.</p> <p>If a <i>firm</i> makes an entry in 5A it should not make an entry in 4A.</p>
Variable capital requirement	6A	The amount calculated under <i>GENPRU 2.1.45R</i> . The amount should equal element 70A on FSA003 for the same reporting period.
Total requirement	7A	This is the higher of 2A and 3A plus 4A or 5A, and 6A.
Surplus / deficit of own funds	8A	This is 1A less 7A.
Liquid assets test		
Liquid assets requirement	9A	The amount of <i>own funds</i> required by <i>GENPRU 2.1.64R</i> .
Liquid assets held	10A	The amount of liquid assets held by the <i>firm</i> at the reporting date. Assets are regarded as liquid if they are readily convertible to cash within one month. This figure must not include speculative positions.
Surplus / deficit of liquid assets	11A	This is 10A less 9A.
Professional Indemnity Insurance		
Does your firm hold additional own funds or PII under <i>GENPRU 2.1.67R</i>	12A	The <i>firm</i> should report either “Own funds” or “PII”. Where a <i>firm</i> has PII but also holds <i>own funds</i> to cover any excesses and/or exclusions on the policy, the <i>firm</i> should report “PII”.
<i>PII Basic information</i>		
	13	<p><i>Firms</i> should enter details on all relevant PII policies, using a separate line for each policy.</p> <p>A <i>firm</i> may satisfy its requirements for professional indemnity insurance with a policy that provides cover to one or more entities other than the <i>firm</i>, provided</p>

		the policy satisfies the conditions of the <i>AIFMD level 2 regulation</i> in respect of the <i>firm</i> , exclusive of the cover provided to other entities by the policy. If such a policy is held, each <i>firm</i> covered by the policy should include the policy information on their return.
Annualised premium	13A	This should state the premium payable (in descending order of size, where relevant), net of tax and any other add-ons. If the premium covers a period other than 12 months, it should be annualised before ranking.
Insurer (from list)	13B	Select the PII insurer from the list provided. If you have more than one policy with the same insurer, they should be combined. If the insurer is not listed, select 'Other'. If a policy is underwritten by more than one insurance undertaking or Lloyd's syndicate, you should select 'multiple'.
Start date	13C	Enter the start date of the policy.
Renewal date	13D	Enter the renewal date of the policy.
Currency of indemnity limits	13E	Using the appropriate International Organization for Standardization ISO 4217 three digit code (eg, GBP), enter the currency in which the indemnity limits, in fields 13F to 13J are reported.
Limit of indemnity required: single	13F	<p>You should record the required indemnity limits on the <i>firm's</i> PII policy or policies for single claims. A <i>firm</i> should calculate this amount in line with <i>GENPRU 2.1.71EU</i> and include the amount of any assets under management that are delegated to the firm by mandate.</p> <p>Where these are denominated in a currency other than the currency of the report, the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date.</p>
Limit of indemnity required: aggregate	13G	<p>You should record the required indemnity limits on the <i>firm's</i> PII policy or policies, in aggregate. A <i>firm</i> should calculate this amount in line with <i>GENPRU 2.1.71EU</i> and include the amount of any assets under management that are delegated to the firm by mandate.</p> <p>Where these are denominated in a currency other than the currency of the report, the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date.</p>
Limit of indemnity received: single	13H	<p>You should record the indemnity limits on the <i>firm's</i> PII policy or policies received for single claims.</p> <p>Where these are denominated in a currency other than the currency of the report, the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting</p>

		period end date.
Limit of indemnity received: aggregate	13J	You should record the indemnity limits on the <i>firm's</i> PII policy or policies, received in aggregate. Where these are denominated in a currency other than the currency of the report, the figure should be converted to the currency of the submission using the closing mid-market rate of exchange on the reporting period end date.
<i>PII detailed information</i>		
Business line (from list)	13K	For policies that cover all business lines, <i>firms</i> should select 'All' from the list provided. Where the policy contains different excess for different business lines, <i>firms</i> should identify these business lines from the list (or the closest equivalent) and report the (highest) excess for that business line in data element 13L. Once these 'non-standard' excesses have been identified, the remaining business lines should be reported under 'All other'.
Policy excess	13L	For policies that cover all business lines with no difference in excesses, this should be the excess applicable. Otherwise, it should contain the highest excess for each business line that differs. Under <i>GENPRU 2.1.67R(1)(b)</i> , a firm should include additional own funds sufficient to cover the highest excess in the amount reported in 5A.
Policy exclusions	13M	If there are exclusions in the <i>firm's</i> PII policy, the business type(s) to which they relate should be selected from the list provided. Under <i>GENPRU 2.1.67R(1)(b)</i> , a firm should include additional own funds sufficient to cover any liabilities arising in the amount reported in 5A.

FIN067 – Capital adequacy – supplemental (for *collective portfolio management investment firms*) validations

Internal validations

Data elements are referenced by row, then column.

Validation number	Data element	
1	7A	= Higher of ((Higher of 2A and 3A) + 4A + 5A) and 6A
2	8A	= 1A – 7A
3	11A	= 10A – 9A

External validations

Validation number	Data element
1	1A = FSA003.57A
2	3A = FSA003.104A
3	6A = FSA003.70A
...	

Part II: Comes into force on 22 July 2014**16 Reporting requirements**

...

16.12 Integrated Regulatory Reporting

...

Regulated Activity Group 3

...

16.12.11 R The applicable *data items* referred to in SUP 16.12.4R are set out according to *firm type* in the table below:

Description of <i>data item</i>	<i>Firms prudential category and applicable data items (note 1)</i>							
	<i>BIPRU firms (note 17)</i>			<i>Firms other than BIPRU firms</i>				
	730 K	125K and collective portfolio management investment firms	50K	<i>IPRU (INV) Chapter 3</i>	<i>IPRU (INV) Chapter 5</i>	<i>IPRU (INV) Chapter 9</i>	<i>IPRU (INV) Chapter 13</i>	<i>UPRU</i>
<i>Annual report and accounts</i>	No standard format
...								
Solvency statement	No standard format (note 11)

Balance sheet	...	...	...	...	...	...	...	FSA029
Income statement	...	...	...	...	...	...	...	FSA030
Capital adequacy	...	...	...	...	...	...	...	FSA036
...								
Client money and client assets	...	...	...	...	...	...	...	FSA039
CFTC	...	...	...	...	...	...	...	FSA040 (note 24)
...								

...

- 16.12.12 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.4R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>BIPRU 730K firm</i>	<i>BIPRU 125K firm and collective portfolio management investment firm</i>	<i>BIPRU 50K firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firm other than BIPRU firms</i>
...					
FSA036		Quarterly
...					

- 16.12.13 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.12R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual

...						
FSA036				20 business days		
...						

Regulated Activity Group 4

...

16.12.15 R The applicable *data items* referred to in SUP 16.12.4R according to type of *firm* are set out in the table below:

Description of data item	Firms' prudential category and applicable data items (note 1)								
	BIPRU firms			Firms other than BIPRU firms					
	730 K	125K and collective portfolio management investment firms	50 K	IPRU (INV) Chapter 3	IPRU (INV) Chapter 5	IPRU (INV) Chapter 9	IPRU (INV) Chapter 11	IPRU (INV) Chapter 13	UPRU
...									
Solvency statement (note 11)	No standard format
Balance sheet	FSA029
Income statement	FSA030
Capital adequacy	FSA036
...									
Volumes and types of business (note 21)	FSA038
Client money and client assets	FSA039
UCITS (note 22)	FSA042
...									

...

- 16.12.16 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.15R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>Firms' prudential category</i>				
	<i>BIPRU 730K firm</i>	<i>BIPRU 125K firm and collective portfolio management investment firm</i>	<i>BIPRU 50K firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firm other than BIPRU firms</i>
...					
FSA036					Quarterly
...					

- 16.12.17 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.16R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
...						
FSA036				<i>20 business days</i>		
...						

...

Regulated Activity Group 8

...

- 16.12.25 R The applicable *data items* referred to in SUP 16.12.4R are set out according to type of *firm* in the table below:

Description of <i>data item</i>	<i>Firms' prudential category and applicable data item (note 1)</i>

	<i>BIPRU</i>			<i>Firms other than BIPRU firms</i>				
	730K	125K	50K	<i>IPRU (INV) Chapter 3</i>	<i>IPRU (INV) Chapter 5</i>	<i>IPRU (INV) Chapter 9</i>	<i>IPRU (INV) Chapter 13</i>	<i>UPRU</i>
...								
Solvency statement (note 11)	No standard format
...								
Income statement	FSA030
Capital adequacy	FSA036
...								
Client money and client assets	FSA039
...								

...

- 16.12.26 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.25AR are set out according to the type of *firm* in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>BIPRU 730K firm</i>	<i>BIPRU 125K firm</i>	<i>BIPRU 50K firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firms other than BIPRU firms</i>
...					
FSA036					Quarterly
...					

- 16.12.27 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods

given in the table below following the relevant reporting frequency period set out in *SUP 16.12.26R*, unless indicated otherwise .

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
...						
FSA036				<i>20 business days</i>		
...						

SUP 16 Annex 24R Data items for SUP 16.12

Form FSA036 is deleted.

SUP 16 Annex 25G Guidance notes for data items in SUP 16 Annex 24R

Guidance notes on Form FSA036 are deleted

Annex K

Amendments to the Compensation sourcebook (COMP)

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

1.4 EEA firms

- 1.4.1 G *Incoming EEA firms* which are conducting *regulated activities* in the United Kingdom under a *BCD, IMD, or MiFID ~~or UCITS Directive~~* passport are not required to participate in the *compensation scheme* in relation to those *passport activities*. They may apply to obtain the cover of, or ‘top-up’ into, the *compensation scheme* if there is no cover provided by the *incoming EEA firm’s Home State* compensation scheme or if the level or scope of the cover is less than provided by the *compensation scheme*. This is covered by *COMP 14*.

...

4.2 Who is eligible to benefit from the protection provided by the FSCS?

...

- 4.2.2 R Table COMP 4.2.2R Persons not eligible to claim unless COMP 4.3 applies (see COMP 4.2.1R)

This table belongs to COMP 4.2.1R

...	
(18)	<u><i>Alternative investment funds, and anyone who is the AIFM or depositary of an alternative investment fund.</i></u>

...

6.2 Who is a relevant person?

...

- 6.2.2 G ...
- (4) *An incoming EEA AIFM managing an authorised AIF from a branch in the UK or under the freedom to provide cross-border services, is a relevant person for that activity.*
- (5) *An incoming EEA AIFM managing an unauthorised AIF is not a relevant person for that activity unless it has top-up cover.*
- (6) *An incoming EEA AIFM providing the services in article 6(4) of AIFMD is not a relevant person for those activities, unless it has top-up cover.*

...

14.1 Application and Purpose

Application

...

- 14.1.2 R This chapter also applies to an *incoming EEA firm* which is a *credit institution*, or an *MIFID investment firm* (or both), an *IMD insurance intermediary*, ~~or a UCITS management company~~ or an AIFM.

Purpose

- 14.1.3 G This chapter provides supplementary *rules and guidance* for an *incoming EEA firm* which is a *credit institution*, an *IMD insurance intermediary*, an *MiFID investment firm*, ~~or UCITS management company~~ or AIFM. It reflects in part the implementation of the *Deposit Guarantee Directive*, *Investors Compensation Directive*, and *UCITS Directive*. This sourcebook applies in the usual way to an *incoming EEA firm* which is exercising *EEA rights* under the *Insurance Directives*. Such a *firm* is not affected by the *Deposit Guarantee Directive*, the *Investors Compensation Directive* or the *UCITS Directive*.

...

- 14.1.5 G In relation to an *incoming EEA firm's* *passporting activities*, its *Home State* compensation scheme must provide compensation cover in respect of business within the scope of the *Deposit Guarantee Directive*, *Investors Compensation Directive*, ~~and~~ article 6(3) of the *UCITS Directive* and article 6(4) of AIFMD, whether that business is carried on from a *UK branch* or on a *cross-border services* basis. ~~(For an EEA UCITS management company this is only for certain passported activities, namely managing investments (other than collective portfolio management, advising on investments or safeguarding and administering investments. Insurance mediation activity relating to non-investment insurance contracts is not within the scope of the Deposit Guarantee Directive and the Investor Compensation Directive.~~

...

14.2 Obtaining top-up cover

...

- 14.2.3 G A notice under *COMP 14.2.1R* should include details confirming that the *incoming EEA firm* falls within a prescribed category. In summary:

- (1) the *firm* must be:

...

- (d) a *UCITS management company* that carries on the activities of *managing investments* (other than *collective portfolio management*), *advising on investments* or *safeguarding and administering investments*; ~~and~~ or
- (e) an AIFM that carries on AIFM management functions for an unauthorised AIF; or
- (f) an AIFM that provides the services in article 6(4) of AIFMD;

...

...

Annex L

Amendments to the Building Societies Regulatory Guide (BSOG)

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

2.8 Timetable

...

2.8.4 G Notes:

(1) ...

...

(4) Where the Prudential Regulator is the PRA it is under a statutory obligation to consult the FCA (~~see section 95(6A) of the 1986 Act~~) in respect of approval of the Transfer Statement and Confirmation. This consultation will take place within the above timetable.

...