# Chapter 3

# Requirements for alternative investment fund managers

## **FUND 3**: Requirements for alternative investment fund managers



#### 3.8 Prime brokerage firms

## **Application**

- 3.8.1 This section applies to:
  - (1) a full-scope UK AIFM of:
    - (a) a UK AIF; and
    - (b) [deleted]
    - (c) a non-UK AIF.
  - (2) [deleted]

# Selection of a prime brokerage firm

3.8.2 An AIFM must exercise due skill, care and diligence in the selection and appointment of a prime brokerage firm.

[Note: article 14(3) second paragraph of the AIFMD]

# Prime brokerage firm contract

3.8.3 Where the AIFM, on behalf of an AIF, uses the services of a prime brokerage firm, the terms must be in a written contract. In particular, any possibility of transfer and reuse of AIF assets must be provided for in that contract and must comply with the AIF's instrument constituting the fund. The contract must provide for the depositary to be informed of the contract.

[Note: article 14(3) first paragraph of the AIFMD]

**FUND 3/2**