

Chapter 11

Collective Portfolio Management Firms and Collective Portfolio Management Investment Firms

11.1 INTRODUCTION

Application

11.1.1

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This chapter applies to:

- (1) a collective portfolio management firm; and
- (2) a collective portfolio management investment firm.

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A *collective portfolio management firm* that manages an *AIF* is an *internally managed AIF* or an *external AIFM*. If the *firm* is a *full-scope UK AIFM* this affects the *firm's base own funds requirement* (see ■ IPRU-INV 11.3.1R). An *internally managed AIF* that is a *full-scope UK AIFM* is not permitted to engage in activities other than the management of that *AIF*, whereas an *external AIFM* that is a *full-scope UK AIFM* may manage *AIFs* and/or *UCITS*, provided it has *permission* to do so. A *full-scope UK AIFM* that is an *external AIFM* and/or a *UCITS management company* may undertake any of the additional investment activities permitted by article 6(4) of *AIFMD* or article 6(3) of the *UCITS Directive* (as applicable), provided it has *permission* to do so, but if so it is classified as a *collective portfolio management investment firm*, as opposed to a *collective portfolio management firm*.

A *collective portfolio management investment firm* is a *MIFIDPRU investment firm*, and so is subject to the requirements of *MIFIDPRU* in addition to the requirements of ■ IPRU-INV 11, as explained in ■ IPRU-INV 11.6.3G.

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A *small authorised UK AIFM* that is not also a *UCITS management company* is not a *collective portfolio management firm* or a *collective portfolio management investment firm* and is therefore not subject to ■ IPRU-INV 11. This type of *firm* is subject to ■ IPRU-INV 5 if it is an *investment management firm* or *MIFIDPRU* if it is a *MIFIDPRU investment firm*.

Relevant accounting principles

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- (1) Except where a *rule* makes a different provision, terms in this chapter must have the meaning given to them in the *Companies Act 2006* or the *firm's* accounting framework (usually *UK* generally accepted accounting principles or *IFRS*) where defined in that Act or framework.
- (2) Accounting policies must be the same as those adopted in the *firm's annual report and accounts* and must be consistently applied.

Purpose

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- (1) This chapter amplifies *threshold condition 2D* (Appropriate resources) by providing that a *firm* must meet, on a continuing basis, a minimum capital resources requirement. This chapter also amplifies *Principles 3* and *4* which require a *firm* to take reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems, and to maintain adequate financial resources by setting out a capital resources requirement for a *firm* according to the *regulated activity* or activities it carries on.
- (2) [deleted]