

## Chapter 11

# Collective Portfolio Management Firms and Collective Portfolio Management Investment Firms

## 11.2 MAIN REQUIREMENTS

### Collective portfolio management firm

#### 11.2.1

**R**

A firm must:

- (1) when it first becomes a *collective portfolio management firm* or a *collective portfolio management investment firm*, hold *initial capital* of not less than the applicable *base own funds requirement* (in line with ■ IPRU-INV 11.3.1R);
- (2) at all times, maintain *own funds* which equal or exceed:
  - (a) the higher of:
    - (i) the *funds under management requirement* (in line with ■ IPRU-INV 11.3.2R); and
    - (ii) the amount specified in ■ IPRU-INV 11.3.3AR; plus
  - (b) whichever is applicable of:
    - (i) the *professional negligence capital requirement* (in line with ■ IPRU-INV 11.3.11G(1)(a)); or
    - (ii) the *PII capital requirement* (in line with ■ IPRU-INV 11.3.11G(1)(b)); and
- (3) at all times, hold liquid assets (in line with ■ IPRU-INV 11.3.17R) which equal or exceed:
  - (a) the higher of:
    - (i) the *funds under management requirement* (in line with ■ IPRU-INV 11.3.2R) less the *base own funds requirement* (in line with ■ IPRU-INV 11.3.1R); and
    - (ii) the amount specified in ■ IPRU-INV 11.3.3AR; plus
  - (b) whichever is applicable of:
    - (i) the *professional negligence capital requirement* (in line with ■ IPRU-INV 11.3.11G(1)(a)); or
    - (ii) the *PII capital requirement* (in line with ■ IPRU-INV 11.3.11G(1)(b)).

[Note: article 9(5) and 9(7) of *AIFMD* and article 7(1)(a)(iii) of the *UCITS Directive*]

**Professional negligence**

11.2.2

**G**

- (1) The *professional negligence capital requirement* applies to a *full-scope UK AIFM* which, in line with ■ IPRU-INV 11.3.11G(1)(a), covers professional liability risks by way of *own funds*.
- (2) The *PII capital requirement* applies to a *full-scope UK AIFM* which, in line with ■ IPRU-INV 11.3.11G(1)(b), decides to cover professional liability risks by professional indemnity insurance.