

CAPITAL RESOURCES REQUIREMENTS FOR PERSONAL INVESTMENT FIRMS (AMENDMENT NO 2) INSTRUMENT 2013

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. (1) Subject to (2) this instrument comes into force on 31 December 2013.
(2) The Annex to this instrument comes into force on 31 December 2015.

Purpose

- D. The purpose of this instrument is to postpone the date on which certain amendments to the Handbook made by:
- (1) the Capital Resources and Professional Indemnity Insurance Requirements for Personal Investment Firms Instrument 2009 (FSA 2009/62);
 - (2) the Handbook Administration (No 16) Instrument 2009 (FSA 2009/69);
 - (3) the Handbook Administration (No 18) Instrument 2010 (FSA 2010/19);
 - (4) the Supervision Manual (Retail Mediation Activities Return) (Amendment No 3) Instrument 2010 (FSA 2010/70); and
 - (5) the Capital Resources Requirements for Personal Investment Firms (Amendment) Instrument 2011 (FSA 2011/44);

come into force and to make consequential changes to transitional provisions to be introduced by those instruments.

Amendments to instruments

- E. The amendments made by Part 2 of Annex B (IPRU(INV)) to the Capital Resources and Professional Indemnity Insurance Requirements for Personal Investment Firms Instrument 2009 (FSA 2009/62) which were postponed by the Capital Resources Requirements for Personal Investment Firms (Amendment) Instrument 2011 (FSA

2011/44) are further postponed and come into force on 31 December 2015 instead of 31 December 2013.

- F. The amendments made by Annex E (IPRU(INV)) to the Handbook Administration (No 16) Instrument 2009 (FSA 2009/69) which were postponed by the Capital Resources Requirements for Personal Investment Firms (Amendment) Instrument 2011 (FSA 2011/44) are further postponed and come into force on 31 December 2015 instead of 31 December 2013.
- G. The amendments made by Part 2 of Annex D (IPRU(INV)) to the Handbook Administration (No 18) Instrument 2010 (FSA 2010/19) which were postponed by the Capital Resources Requirements for Personal Investment Firms (Amendment) Instrument 2011 (FSA 2011/44) are further postponed and come into force on 31 December 2015 instead of 31 December 2013.
- H. The amendments made by the Supervision Manual (Retail Mediation Activities Return) (Amendment No 3) Instrument 2010 (FSA 2010/70) which were postponed by the Capital Resources Requirements for Personal Investment Firms (Amendment) Instrument 2011 (FSA 2011/44) are further postponed and come into force on 31 December 2015 instead of 31 December 2013.

Amendments to the Handbook

- I. The Interim Prudential Sourcebook for Investment Businesses (IPRU(INV)) is amended in accordance with the Annex to this instrument.

Citation

- J. This instrument may be cited as the Capital Resources Requirements for Personal Investment Firms (Amendment No 2) Instrument 2013.

By order of the Board of the Financial Conduct Authority
26 September 2013

Annex

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

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

Comes into force on 31 December 2015

Transitional provisions

1 Table Transitional provisions applying to IPRU(INV)

(1)	(2) Material to which the transitional provisions applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
8	13.3.2R	R	<p>Unless the <i>firm</i> is already subject to a higher capital resources requirement, a <i>category B firm</i> must meet the capital resources requirements in this rule, instead of those in <i>IPRU(INV)</i> 13.3.2R, until 31 <u>30</u> December 2015 <u>2017</u>.</p> <p>From 31 December 2013 <u>2015</u> to 31 <u>30</u> December 2014 <u>2016</u>, the <i>firm's</i> capital resources requirement must be calculated in accordance with whichever of (1) or (2) produces the higher amount:</p> <p>(1) 1/12 of its fixed annual expenditure, calculated in accordance with 13.3.3R to 13.3.8R; or</p> <p>(2) £15,000.</p> <p>From 31 December 2014 <u>2016</u> to 31 <u>30</u> December 2015 <u>2017</u>, the <i>firm's</i> capital resources requirement must be calculated</p>	<p>From 31 December 2013 <u>2015</u> to 31 <u>30</u> December 2015 <u>2017</u></p>	<p>31 December 2013 <u>2015</u></p>

			<p>in accordance with whichever of (3) or (4) produces the higher amount:</p> <p>(3) 1/6 of its fixed annual expenditure, calculated in accordance with 13.3.3R to 13.3.8R; or</p> <p>(4) £15,000.</p>		
9	13.3.13R(2)	R	<p>A <i>category B firm</i> can calculate the amount of the <i>firm's</i> total capital and reserves excluding preference <i>share</i> capital, less the amount of its intangible assets, multiplying it by 400% until 31 <u>30</u> December 2015 <u>2017</u>.</p>	<p>From 31 December 2013 <u>2015</u> to 31 <u>30</u> December 2015 <u>2017</u></p>	<p>31 December 2013 <u>2015</u></p>