

## Chapter 3

# Requirements for alternative investment fund managers

## 3.8 Prime brokerage firms

### Application

3.8.1

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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

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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

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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 *depository* to be informed of the contract.

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