

# Chapter 1

## Application and General Provisions

## 1.2 APPLICATION

- 1.2.1** **R** The *Glossary* applies to the transitional provisions, this chapter (■ IPRU-INV 1), ■ IPRU-INV 2, ■ IPRU-INV 4, ■ IPRU-INV 6, ■ IPRU-INV 11 and ■ IPRU-INV 13.
- 1.2.2** **R**
- (1) *IPRU-INV* applies to:
    - (a) a *members' adviser*;
    - (b) an *investment management firm*;
    - (c) a *personal investment firm*;
    - (d) an *authorised professional firm*;
    - (e) a *securities and futures firm*;
    - (f) a *service company*;
    - (g) the *Society of Lloyd's* (in relation to *underwriting agents*);
    - (h) [deleted]
    - (i) a *credit union* which is a *CTF provider*; and
    - (j) an *exempt CAD firm*; and
    - (k) a *collective portfolio management firm*; and
    - (l) a collective portfolio management investment firm.
  - (2) *IPRU-INV* does not apply to:
    - (a) a *lead regulated firm*; or
    - (b) a *media firm*; or
    - (c) a *BIPRU firm* (unless it is an *exempt BIPRU commodities firm*); or
    - (d) an *IFPRU investment firm* (unless it is an *exempt IFPRU commodities firm*).
  - (3) The definitions in the *Glossary* (which is applicable to the *Handbook* generally) apply to this chapter.
- 1.2.3** **G** For the avoidance of doubt, *IPRU-INV* does not apply to any of the following:
- (a) a *bank*; or
  - (b) a *building society*; or
  - (ba) a *designated investment firm*; or

- (c) a *friendly society*; or
- (d) an *ICVC*; or
- (e) [deleted]
- (f) an *insurer*.
- (g) [deleted]

**Obligation to Comply**

1.2.4 **R** A *firm* of a kind listed in the left-hand column of Table 1.2.4R must comply with the provisions of IPRU (INV) shown in the right hand column and, where relevant, the provisions of Chapter 14.

1.2.5 **R** Table

This table belongs to IPRU (INV) 1.2.4R

<i>Authorised professional firm</i>	Chapters 1 and 2
<i>Securities and futures firm</i> (which is not a <i>MiFID investment firm</i> )	Chapters 1 and 3
<i>Securities and futures firm</i> (which is an <i>exempt BIPRU commodities firm</i> or an <i>exempt IFPRU commodities firm</i> )	Chapters 1 and 3
The <i>Society of Lloyd's</i> (in relation to <i>underwriting agents</i> ) and <i>members' advisers</i>	Chapters 1 and 4
<i>Investment management firm</i>	Chapters 1 and 5
An <i>exempt CAD firm</i> or a <i>local firm</i>	Chapters 1 and 9
<i>Service company</i>	Chapters 1 and 6
<i>Collective portfolio management firm</i>	Chapters 1 and 11
<i>Collective portfolio management investment firm</i>	Chapters 1 and 11
<i>Personal investment firm</i>	Chapters 1 and 13
<i>Credit union</i> which is a <i>CTF provider</i>	Chapters 1 and 8

**CAPITAL SUBSTITUTES: TRANSITIONAL PROVISION**

1.2.6 **G** The financial resource requirements of the Financial Services Act regulators permitted certain types of borrowings or facilities to be treated as part of a *firm's* capital resources. The most common example is that of a subordinated loan which met the relevant conditions. The following provisions permit *firms* to continue to use these borrowings or facilities in the same way as

under the relevant *previous regulator's* rules, provided that certain conditions are met.

1.2.7

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- (1) If a *firm* was, immediately before *commencement* permitted to treat "relevant funds" as part of its capital resources under the financial resource rules of a *previous regulator* applicable to the *firm*, it may treat those funds in an equivalent manner under the corresponding provisions of *IPRU-INV*, provided that the conditions in (3) are met.
- (2) For the purposes of this *rule* "relevant funds" are funds provided to the *firm* under the terms of
  - (a) a subordinated loan agreement; or
  - (b) qualifying undertaking; or
  - (c) any other instrument treated in an equivalent manner under the financial resources *rules* applicable to the *firm*.
- (3) The conditions referred to in (1) are either:
  - (a) in the case of a subordinated loan agreement, qualifying undertaking or other relevant instrument to which the *firm's previous regulator* is not party:
    - (i) the parties to it treat all rights (including, without limitation, rights to notice) which the agreement, undertaking or instrument grants to the *firm's previous regulator* as having been granted to the *appropriate regulator*; and
    - (ii) if there is a variation of the commercial terms the parties include, in the terms of the instrument executed to effect the variation, provision to substitute reference to the *appropriate regulator* in place of any reference to the *firm's previous regulator*; or
  - (b) in the case of a subordinated loan agreement, qualifying undertaking or other relevant instrument to which the *firm's previous regulator* is party, the parties treat the rights accorded to the self regulating organisation under the relevant instrument as having been assigned to the *appropriate regulator* immediately before *commencement*.

1.2.8

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