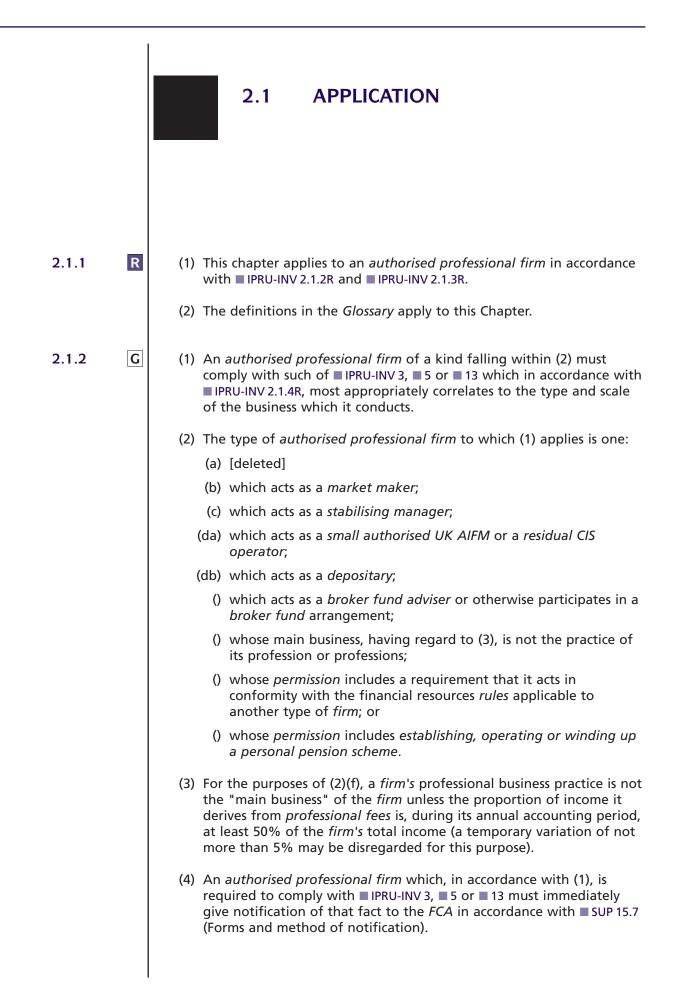
Interim Prudential Sourcebook for Investment Businesses

Chapter 2

Authorised professional firms

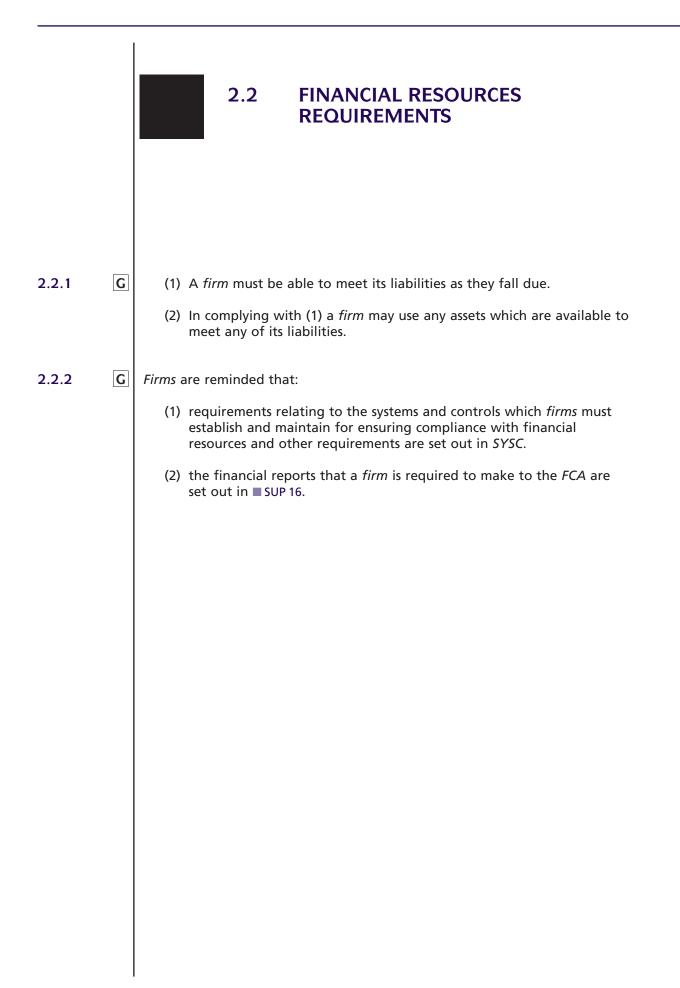
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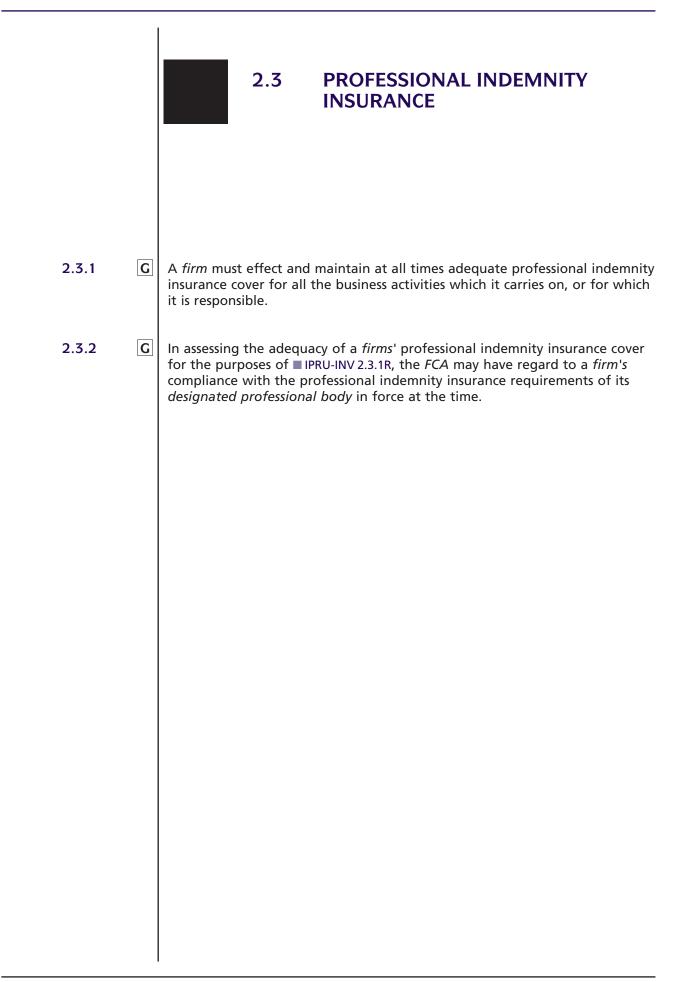
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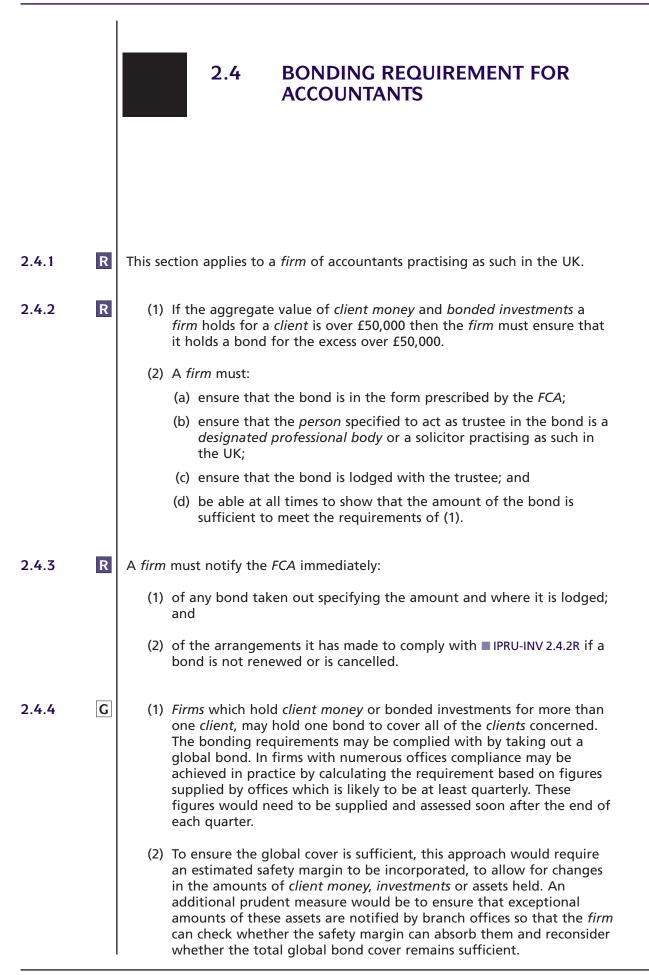
2.1.3	R	An <i>authorised professional firm</i> which does not fall within IPRU-INV 2.1.2R must comply with sections 2.2, 2.3 and 2.4 of this chapter.
2.1.4	G	This table belongs to IPRU-INV 2.1.1R
		TYPE OF BUSINESS ACTIVITY CHAPTER OF SOURCEBOOK
		(i) managing investments other than for Investment management firm retail clients; or - IPRU-INV 5
		(ii) OPS activity; or
		(iii) [deleted]
		(iv) [deleted]
		(iva) acting as trustee or depositary of a UK UCITS; or
		(ivb) managing an AIF; or
		(ivc) acting as trustee or depositary of an AIF; or
		(v) acting as a <i>residual CIS operator</i> ; or
		(va) establishing, operating or winding up a personal pension scheme; or
		(vi) safeguarding and administering in- vestments;
		(i) advising on, or arranging deals in, pack- aged products; or
		(ii) managing investments for retail Personal investment firm - clients; IPRU-INV 13
		(i) a <i>regulated activity</i> carried on as a member of an <i>exchange</i> ; or
		(ii) acting as a market maker in securities or derivatives; or Securities and futures firm (which is not a MiFID invest- ment firm) - IPRU-INV 3
		(iii) corporate finance business; or
		(iv) dealing or arranging deals in securit- ies or derivatives, other than interprofes- sional investments; or
		(v) the provision of clearing services as a <i>clearing firm</i> ; or
		(vi) spread betting;
2.1.5	G	An authorised professional firm will be a MiFID investment firm if its business activities include the provision of investment services and/or activities for a third party. An authorised professional firm will not however be a MiFID investment firm if it falls within one of the exclusions contained in Article 2

of MiFID. Article 2(1)(c) provides an exclusion for an authorised professional firm which provides investment services and/or activities in an incidental manner in the course of a professional activity and that activity is regulated by the firm's designated professional body. 2.1.6 G The FCA considers the scope of this exclusion cannot be precisely defined. Ultimately questions of interpretation are for the Court to determine. The FCA considers that to satisfy the exclusion the services cannot be the major part of the practice of the firm. The FCA also considers the following factors to be among those that are relevant: (1) the scale of *regulated activity* in proportion to other professional services provided; (2) whether and to what extent activities that are regulated activities are held out as separate services; (3) the impression given as to how the firm provides regulated activities, for example through its advertising or other promotions of its service. 2.1.7 G The activities that a *full-scope UK AIFM* and a UCITS management company are allowed to perform are restricted by COLL 6.9.9R and FUND 1.4.3R (as applicable). As such, an authorised professional firm cannot be a collective portfolio management firm or a collective portfolio management investment firm.



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Firms which do not expect to hold *bonded investments* or *client money* in excess of the value limit need not hold a bond. However, *firms* may wish to make contingency arrangements with a surety whereby a bond facility is available and can be executed and delivered at short notice.