

## Chapter 5

# Financial resources

## 5.1 Application

### 5.1.1

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- (1) (a) This chapter applies to an *investment management firm*, other than:
- (i) [deleted]
  - (ii) a *MiFID investment firm* (unless it is an *exempt CAD firm* for the purpose of calculating its own funds and if it carries on any *regulated activity* other than *MiFID business*).
- (aa) This chapter applies, as set out in ■ IPRU-INV 5.1.2R, to:
- (i) *exempt CAD firms*;
  - (ii) **OPS firms**;
  - (iii) non-OPS Life Offices and non-OPS Local Authorities; and
  - (iv) individuals admitted to membership collectively.

### 5.1.2

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	Exempt CAD firms	OPS firms (see Note 1 below)	Non-OPS Life Offices and Non-OPS Local Authorities	Individuals admitted to membership collectively
Financial resources rules				
IPRU-INV 5.2.1R to 5.7.3R	No (see Note 3 below)	No	No	Yes
	Individuals whose sole <b>investment business</b> is giving investment advice to institutional or corporate investors		<i>Firms</i> subject to "lead regulator arrangements"	All other <i>firms</i>
Financial resources rules				
IPRU-INV 5.2.1R to 5.7.3R	No		No	Yes
			(see Note 2 below)	
Accounting records rules				

	Exempt CAD firms	OPS firms (see Note 1 below)	Non-OPS Life Offices and Non-OPS Local Authorities	Individuals admitted to membership collectively
IPRU-INV 5.3.1R (1) to 5.3.1R(6)	No		Yes	Yes
<p>Note 1. <i>Firms</i> are referred to the specific compliance reports for <b>OPS firms</b> required by Chapter 16 of the Supervision Manual.</p> <p>Note 2. A <i>firm</i> subject to "lead regulator arrangements" whereby a body other than the <i>FCA</i> is responsible for its financial regulation shall comply with the corresponding <b>financial resources rules</b> and <b>financial returns rules</b> of that body, and a breach of such rules shall be treated as a breach of the rules of the <i>FCA</i>.</p> <p>Note 3. The financial and non-financial resources rules for an <i>exempt CAD firm</i> are set out in IPRU-INV chapter 9. However, IPRU-INV 5.2.1R to 5.7.3R apply to an <i>exempt CAD firm</i> for the purpose of calculating its <b>own funds</b> (see IPRU-INV 9.2.9R(2)(a)) (although the Category A items of Tier 1 capital as set out in IPRU-INV 5.8.1R are replaced by all the items in IPRU-INV 9.3.1R) and if it carries on any <i>regulated activity</i> other than <i>MiFID business</i> (see IPRU-INV 9.2.3R).</p>				

5.1.3 **R** [deleted]

**Interpretation**.....

5.1.4 **G** The definitions in the glossary at ■ IPRU-INV 5 Appendix 1 apply to terms shown in **bold** type in this chapter (other than headings and titles). Where the term is italicised, the *FCA Handbook Glossary* definition applies.