

Chapter 5

Financial resources

5.10 Expenditure based requirement

5.10.1 **R** A *firm's* **expenditure based requirement** is a fraction of its **annual expenditure** determined in accordance with ■ IPRU-INV 5.10.2 R.

5.10.2 **R**

1: The fraction is $\frac{6}{52}$ where:

- (a) the *firm* is an *authorised unit trust manager*; or
- (aa) the *firm* is an *authorised contractual scheme manager*; or
- (b) the *firm* acts only as an *authorised corporate director* of an *ICVC*; or
- (c) the *firm* is an **investment manager** (including the operator of an unregulated collective investment scheme in relation to which the *firm* carries on the activity of an **investment manager**), unless paragraph 2 applies.

2: The fraction is $\frac{13}{52}$ where the *firm* is an **investment manager** as in paragraph 1(c) above, or is a *custodian*, and the *firm* either:

- (a) itself holds customers' monies or assets; or
- (b) procures the appointment as custodian of its customers' monies or assets of an associate of the *firm* which is not an approved bank.

[**Note:** Paragraph 1(a) above includes a *firm* which acts as an **authorised unit trust manager** and, in addition, is both or either:

- (a) an *authorised corporate director* of an *ICVC*; or
- (b) an *authorised contractual scheme manager*]