

Transitional Provisions for former exempt CAD firms

MIPRU TP 2

Transitional Provisions for former exempt CAD firms

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
2.1	MIPRU 3.2	R	<p>This <i>rule</i> applies to a <i>MIFID-PRU investment firm</i> that was classified as an <i>exempt CAD firm</i> subject to IPRU-INV 9 on 31 December 2021.</p> <p>Instead of complying with the requirements relating to professional indemnity insurance in MIPRU 3.2, a <i>firm</i> may comply with the professional indemnity insurance requirements set out in IPRU-INV 9.2.4R(1)(b) (except that the minimum limits of indemnity are at least EUR 1,250,000 for a single claim and EUR 1,850,000 in aggregate), together with IPRU-INV 9.2.7R and IPRU-INV 9.4.</p>	Until 31 December 2024	1 January 2022
2.2	MIPRU 3.2	R	<p>This <i>rule</i> applies to a <i>MIFID-PRU investment firm</i> that was classified as an <i>exempt CAD firm</i> and was subject to IPRU-INV 13 on 31 December 2021.</p> <p>Instead of complying with the requirements relating to professional indemnity insurance in MIPRU 3.2, a <i>firm</i> may comply with IPRU-INV 13.1.5R; IPRU-INV 13.1.7R to 13.1.10R; and IPRU-INV 13.1.15R to 13.1.29G.</p>	Until 31 December 2024	1 January 2022
2.3	MIPRU 3.2	R	<p>References in this transitional provision to IPRU-INV are to the version of IPRU-INV that applied on 31 December 2021.</p> <p>References to an <i>exempt CAD firms</i> in IPRU-INV are to the <i>firm</i> to which this</p>	Until 31 December 2024	1 January 2022

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2.4	MIPRU 3.2	G	<p>transitional provision applies.</p> <p><i>Exempt CAD firms</i> that carried on activities in scope of MIPRU 3.2 were exempt from the requirements in MIPRU 3.2, on the basis that they were subject to similar professional indemnity insurance requirements in IPRU-INV 9 or 13.</p> <p>The category of <i>exempt CAD firm</i> ceases to exist on 1 January 2022. These <i>firms</i> will no longer be subject to IPRU-INV, and instead will become subject to prudential requirements in MIFIDPRU. MIFIDPRU does not require the holding of professional indemnity insurance.</p> <p>Former <i>exempt CAD firms</i> that carry on activities in scope of MIPRU 3.2 will therefore have to comply with the requirements to hold professional indemnity insurance in MIPRU 3.2 for the first time, consistent with other <i>investment firms</i> that have always had to comply with MIPRU 3.2.</p> <p>The purpose of this transitional provision is to give former <i>exempt CAD firms</i> time to comply with any new requirements in MIPRU 3.2. In particular, former <i>exempt CAD firms</i> should note that the minimum <i>limit of indemnity</i> for claims in aggregate can be higher under MIPRU 3.2.7R(2)(b) than under the relevant provisions in IPRU-INV. MIPRU 3.2 also contains material relating to excess levels that differs from the material in IPRU-INV.</p> <p>IPRU-INV 9.4.4R requires that professional indemnity insurance policies must not be subject to unreasonable limits. IPRU-INV 13.1.9R requires that policies must incorporate terms which are</p>	Until 31 December 2024	1 January 2022

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			appropriate. The <i>FCA</i> therefore expects former <i>exempt CAD firms</i> to have regard to the requirements in MIPRU 3.2 when renewing their professional indemnity insurance whilst this transitional applies.		

