

## Chapter 3

# Rules about application

## 3.2 What?

- 3.2.1A** **R** *PRIN* applies with respect to the carrying on of:
- (1) *regulated activities*;
  - (2) activities that constitute *dealing in investments as principal*, disregarding the exclusion in article 15 of the *Regulated Activities Order* (Absence of holding out etc);
  - (3) *ancillary activities* in relation to *designated investment business*, *home finance activity*, *credit-related regulated activity*, *insurance distribution activity* and *accepting deposits*; and
  - (4) activities directly arising from *insurance risk transformation*.
- 3.2.1B** **R** Other than with respect to a *firm* that is a *credit union*, *PRIN* also applies with respect to:
- (1) the provision of *payment services*;
  - (2) issuing of *electronic money* (where not the activity of *issuing electronic money* specified in article 9B of the *Regulated Activities Order*); and
  - (3) activities connected to the provision of *payment services* and to the issuing of *electronic money* (whether or not the activity of *issuing electronic money* specified in article 9B of the *Regulated Activities Order*).
- 3.2.1C** **G** Issuing of *electronic money* will therefore be covered under either **■** PRIN 3.2.1AR(1) where it is the regulated activity of *issuing electronic money* specified in article 9B of the *Regulated Activities Order*, or under **■** PRIN 3.2.1BR where it is not that *regulated activity*.
- 3.2.2** **R** *PRIN* also applies with respect to the *communication and approval of financial promotions* which:
- (1) if *communicated* by an *unauthorised person* without *approval* would contravene section 21(1) of the *Act* (Restrictions on financial promotion); and

(2) may be *communicated* by a *firm* without contravening section 238(1) of the *Act* (Restrictions on promotion of collective investment schemes).

- 3.2.2-A **G** *PRIN* applies to the communication of promotions concerning *payment services* and *electronic money*.
- 3.2.2A **R** ■ *PRIN* 1 Annex 1, ■ *PRIN* 3.4.1 R and ■ *PRIN* 3.4.2 R do not apply with respect to the carrying on of *credit-related regulated activities* or *regulated claims management activities*, or to the provision of *payment services* or the issuing of *electronic money* (where not a *regulated activity*). *credit-related regulated activities*.
- 3.2.3 **R** Subject to ■ *PRIN* 3.2.4R, *Principles* 3, 4 and (in so far as it relates to disclosing to the *FCA*) 11 (and this chapter) also:
- (1) apply to *firms* with respect to the carrying on of *unregulated activities* (for *Principle* 3 this is only in a *prudential context*); and
  - (2) for *firms* and other *persons* that are subject to the *Principles*, take into account any activity of other members of a *group* of which the *firm* is a member.
- 3.2.4 **R** In relation to an *Annex II benchmark administrator* which:
- (1) administers only *benchmarks* which are subject to Annex II to the *benchmarks regulation*; and
  - (2) does not have *permission* to carry on any other *regulated activities* in relation to which *Principle* 11 applies,
- Principle* 11 (in so far as it relates to disclosing to the *FCA*) applies only to the *regulated activity* of *administering a benchmark*.
- 3.2.5 **G** The *FCA* only expects an *Annex II benchmark administrator* subject to ■ *PRIN* 3.2.4R to disclose information under *Principle* 11 which is relevant to the *firm's* compliance with its obligations under the *benchmarks regulation*.