

**INTERIM PRUDENTIAL SOURCEBOOK FOR INVESTMENT BUSINESSES  
(AMENDMENT NO 10) INSTRUMENT 2004**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power); and
  - (2) section 156 (General supplementary powers).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 1 November 2004.

**Amendments to the Interim Prudential sourcebook for Investment Businesses**

- D. The Interim Prudential sourcebook for Investment Businesses is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Interim Prudential Sourcebook for Investment Businesses (Amendment No 10) Instrument 2004.

By order of the Board  
16 September 2004

## Annex

### Amendments to the Interim Prudential sourcebook for Investment Businesses

In this Annex, underlining indicates new text and striking through indicates deleted text.

Chapter 5, Appendix 1

#### GLOSSARY OF TERMS FOR CHAPTER 5 (FORMER IMRO FIRMS)

The following words or terms throughout Chapter 5 are to have the meanings given to them below if not inconsistent with the subject or context. If a defined term does not appear in the Chapter 5 glossary below, the definition ~~appearing in the Glossary~~ appearing in the *Glossary* applies.

...

*otc derivative* means interest rate and foreign exchange contracts covered by Annex ~~III~~ IV to the ~~Solvency Ratio Directive~~ Banking Consolidation Directive and off balance sheet contracts based on equities which are not traded on a *recognised* or *designated investment exchange* or other exchange where they are subject to daily margin requirements, excluding any foreign exchange contract with an original maturity of 14 calendar days or less.

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Chapter 13, Appendix 13(1)

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#### Appendix 13 (1) Defined terms for Chapter 13

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Category A firm a *personal investment firm* which is an *ISD investment firm*.

...

Category A2 firm a *Category A firm* whose *permission* does not include *dealing in investments as principal*; and which is not subject to a requirement preventing the holding or controlling of client money or custody assets.

Category A3 firm a *Category A firm* whose *permission* includes only *arranging* transactions in *investments, advising on investments* and ~~if applicable~~ *managing investments* but which is subject to a requirement not to hold or control client money or custody assets.

...

Category B2 firm a *Category B firm* whose *permission* does not include *dealing as principal*; and is not subject to a requirement preventing the holding or controlling of client money or custody assets.

Category B3 firm a *Category B firm* whose *permission* includes only *arranging* transactions in *life policies* and other insurance contracts, *advising on investments* and receiving and transmitting, on behalf of investors, orders in relation to *securities* and *units in collective investment schemes*; but which is subject to a requirement not to hold or control client money or custody assets.