

**CAPITAL REQUIREMENTS DIRECTIVE (CONSEQUENTIAL AMENDMENTS)
(NO 2) INSTRUMENT 2007**

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);
 - (2) section 150(2) (Actions for damages);
 - (3) section 156 (General supplementary powers); and
 - (4) section 157(1) (Guidance).
- 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 2007.

Amendments to the Handbook

- D. The Interim Prudential sourcebook for Investment Businesses (IPRU(INV)) is amended in accordance with Annex A to this instrument.
- E. The Supervision manual (SUP) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Capital Requirements Directive (Consequential Amendments) (No 2) Instrument 2007.

By order of the Board
24 May 2007

Annex A

Amendments to the Interim Prudential sourcebook for Investment Businesses (IPRU(INV))

In this Annex, underlining indicates new text and striking through indicates deleted text. Where an entire section of text is being inserted, the place where the change will be made is indicated and the text is not underlined.

...

- 1.1.3A G This sourcebook does not apply to *BIPRU investment firms* except as ~~provided in~~ follows:
- (1) it does apply to certain *exempt BIPRU commodities firms*; and
 - (2) chapter TP of *BIPRU* ~~applying~~ applies parts of *IPRU(INV)* to certain *BIPRU investment firms* on a transitional basis.

...

- 1.2.2 R (1) ...
- (2) *IPRU(INV)* does not apply to:
- (a) ...
 - (b) ...
 - (c) a *BIPRU investment firm* (unless it is an *exempt BIPRU commodities firm*).

...

...

- 3-1 R ...
- G An *exempt BIPRU commodities firm* is subject to the non-capital requirements of *GENPRU* and *BIPRU* as indicated in *BIPRU* TP 15.

The following text is all new and is not underlined.

After *IPRU(INV)* 3-1A G, insert 3-1B to 3-1D as follows:

- 3-1B R The provisions on concentrated risk in this chapter do not apply to an *exempt BIPRU commodities firm* which applies the *large exposure* requirements in *BIPRU 10*.
- G *BIPRU 10* applies to an *exempt BIPRU commodities firm* unless it qualifies for exemption under *BIPRU TP 16*.
- 3-1C G The table in *IPRU(INV) 3-1D G* sets out the parts of the *Handbook* containing provisions on *large exposure* or concentrated risk which apply to a *securities and futures firm*.
- 3-1D G Table

Applicability of the provisions to securities and futures firms

This table belongs to *IPRU(INV) 3-1C G*

(1)	(2)	(3)
Type of securities and futures firm	Whether conditions in <i>BIPRU TP 16</i> are satisfied	Part of Handbook applicable for large exposure or concentrated risk requirements
<i>Energy market participant</i> (which is an <i>exempt BIPRU commodities firm</i>) with a <i>waiver</i> from <i>IPRU(INV) 3</i>	Yes	Not applicable
	No	<i>BIPRU 10</i> applies
<i>Energy market participant</i> (which is an <i>exempt BIPRU commodities firm</i>) to which <i>IPRU(INV) 3</i> applies	Yes	<i>IPRU(INV) 3</i> applies
	No	<i>BIPRU 10</i> applies
<i>Oil market participant</i> (which is an <i>exempt BIPRU commodities firm</i>) if it is a member of a <i>recognised investment exchange</i> or a <i>designated investment exchange</i> which is, under the rules of that exchange, entitled to trade with other members to which <i>IPRU(INV) 3</i> applies	Yes	<i>IPRU(INV) 3</i> applies
	No	<i>BIPRU 10</i> applies
Other <i>oil market participant</i> (which is an <i>exempt BIPRU commodities firm</i>) to which <i>IPRU(INV) 3</i> does not apply	Yes	Not applicable
	No	<i>BIPRU 10</i> applies
<i>Exempt BIPRU commodities firm</i>	Yes	<i>IPRU(INV) 3</i> applies

which is not an <i>energy market participant</i> or <i>oil market participant</i>	No	<i>BIPRU</i> 10 applies
<i>Securities and futures firm</i> (which is not a <i>MiFID investment firm</i>)	Not applicable	<i>IPRU(INV)</i> 3 applies

...

3-60 FIRMS TO WHICH RULES 3-61 TO 3-182 APPLY

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Exempt BIPRU commodities firms

3-60(9) G An exempt BIPRU commodities firm should determine whether it is a broad scope firm or one of the other categories in this rule.

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Appendix 1 – Glossary of Terms for IPRU(INV) 3

Delete the following definitions; the text is not shown struck through:

oil

oil collective scheme

oil investment

oil market investment activity

oil market participant

securities and futures firm

Chapter 13: Financial Resource Requirements for Personal Investment Firms

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Appendix 13(1) - Defined terms for Chapter 13

Delete the following definitions; the text is not shown struck through:

investment management firm

personal investment firm

securities and futures firm

Annex B

Amendments to the Supervision manual (SUP)

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

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SUP Appendix 1

App 1.3 Prudential categories and sub-categories

App 1.3.1 G Prudential categories and sub-categories used in the Prudential sourcebooks and the Supervision manual

Prudential categories (Note 1)	Applicable prudential requirements (Note 2)	Prudential sub- categories
...		
<i>Securities and futures firm*</i>	...	<i>IPRU(INV) 3:</i> ... <u><i>Exempt BIPRU commodities firm</i></u> ...
...		

...