

**CAPITAL RESOURCES REQUIREMENTS FOR PERSONAL INVESTMENT
FIRMS (AMENDMENT) INSTRUMENT 2011**

Purpose

- A. The purpose of this instrument is to postpone the date on which certain amendments to the Handbook made by:
- (1) the Capital Resources and Professional Indemnity Insurance Requirements for Personal Investment Firms Instrument 2009 (FSA 2009/62);
 - (2) the Handbook Administration (No 16) Instrument 2009 (FSA 2009/69);
 - (3) the Handbook Administration (No 18) Instrument 2010 (FSA 2010/19); and
 - (4) the Supervision Manual (Retail Mediation Activities Return) (Amendment No 3) Instrument 2010 (FSA 2010/70);

come into force and to make consequential changes to transitional provisions to be introduced by those instruments.

Powers exercised

- B. 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 156 (General supplementary powers); and
 - (3) section 157(1) (Guidance).
- C. The rule-making provisions listed above are specified for the purposes of section 153(2) (Rule-making instruments) of the Act.

Commencement

- D. (1) Subject to (2), this instrument comes into force on 1 August 2011.
(2) Part 2 of the Annex to this instrument comes into force on 31 December 2013.

Amendments to instruments

- E. The amendments made by Part 2 of Annex B (IPRU(INV)) to the Capital Resources and Professional Indemnity Insurance Requirements for Personal Investment Firms Instrument 2009 (FSA 2009/62) are postponed and come into force on 31 December 2013 instead of 31 December 2011.
- F. The amendments made by Annex E (IPRU(INV)) to the Handbook Administration (No 16) Instrument 2009 (FSA 2009/69) are postponed and come into force on 31 December 2013 instead of 31 December 2011.

- G. The amendments made by Part 2 of Annex D (IPRU(INV)) to the Handbook Administration (No 18) Instrument 2010 (FSA 2010/19) are postponed and come into force on 31 December 2013 instead of 31 December 2011.
- H. The Supervision Manual (Retail Mediation Activities Return) (Amendment No 3) Instrument 2010 (FSA 2010/70), which amends Section 16.12 of the Supervision manual (SUP), comes into force on 31 December 2013 instead of 31 December 2011.

Amendments to the Handbook

- I. The Interim Prudential sourcebook for Investment Businesses (IPRU(INV)) is amended in accordance with the Annex to this instrument.

Citation

- J. This instrument may be cited as the Capital Resources Requirements for Personal Investment Firms (Amendment) Instrument 2011

By order of the Board
28 July 2011

Annex

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

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

Part 1: Comes into force on 1 August 2011

1 Table Transitional provisions applying to IPRU(INV)

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provision: coming into force
...					
4	13.1.21 and 13.1.23 <u>[deleted]</u>	R	The requirement to hold additional capital resources where a policy excludes business or activities that have been carried out by the firm in the past or will be carried out by the firm only apply to a <i>professional indemnity policy</i> taken out, renewed or extended with effect from 31 December 2009.	31 December 2009 to 31 December 2010	31 December 2009

Part 2: Comes into force on 31 December 2013

1 Table Transitional provisions applying to IPRU(INV)

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provision: coming into force

...					
<u>5</u>	<u>13.3.2</u>	<u>R</u>	<p><u>Unless the <i>firm</i> is already subject to a higher capital resources requirement, a <i>category B firm</i> must meet the capital resources requirements in this rule, instead of those in <i>IPRU(INV)</i> 13.3.2R, until 31 December 2015.</u></p> <p><u>From 31 December 2013 to 31 December 2014, the <i>firm's</i> capital resources requirement must be calculated in accordance with whichever of (1) or (2) produces the higher amount:</u></p> <p><u>(1) 1/12 of its fixed annual expenditure, calculated in accordance with 13.3.3R to 13.3.8R; or</u></p> <p><u>(2) £15,000.</u></p> <p><u>From 31 December 2014 to 31 December 2015, the <i>firm's</i> capital resources requirement must be calculated in accordance with whichever of (3) or (4) produces the higher amount:</u></p> <p><u>(3) 1/6 of its fixed annual expenditure, calculated in accordance with 13.3.3R to 13.3.8R; or</u></p> <p><u>(4) £15,000.</u></p>	<p><u>From 31 December 2013 to 31 December 2015</u></p>	<p><u>31 December 2013</u></p>
<u>6</u>	<u>13.3.13(2)</u>	<u>R</u>	<p><u>A <i>category B firm</i> can calculate the amount of the <i>firm's</i> total capital and reserves excluding preference <i>share</i> capital, less the amount of its intangible assets, multiplying it by 400% until 31 December 2015.</u></p>	<p><u>From 31 December 2013 to 31 December 2015</u></p>	<p><u>31 December 2013</u></p>