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.

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.


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

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<td></td>
<td>Material to which the transitional provision applies</td>
<td>Transitional provision</td>
<td>Transitional provision: dates in force</td>
<td>Handbook provision: coming into force</td>
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<td>4</td>
<td>13.1.21 and 13.1.23 [deleted]</td>
<td>R</td>
<td>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 professional indemnity policy taken out, renewed or extended with effect from 31 December 2009.</td>
<td>31 December 2009 to 31 December 2010</td>
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Part 2: Comes into force on 31 December 2013

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