

PRUDENTIAL CATEGORIES (AMENDMENT) INSTRUMENT 2008

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138 (General rule making power);
 - (b) section 156 (General supplementary powers); and
 - (c) section 157(1) (Guidance); and
 - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. (1) Part 1 of Annex B to this instrument comes into force on 6 December 2008.
(2) The remainder of this instrument comes into force on 6 December 2009.

Amendments to the Handbook

- D. The Glossary of definitions 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 Prudential Categories (Amendment) Instrument 2008.

By order of the Board
4 December 2008

Annex A

Amendments to the Glossary of definitions

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

- investment management firm* (1) ...
- (c) a *firm*:
- (i) ...
- (ii) for which the most substantial part of its gross income, (including *commissions*) from the ~~*regulated activities*~~ *designated investment business* included in its *Part IV permission* is derived from one or more of the following activities (based, for a *firm* given a *Part IV permission* after *commencement*, on the business plan submitted as part of the *firm's* application for *permission* or, for a *firm* authorised under section 25 of the Financial Services Act 1986, on the *firm's* financial year preceding its *authorisation* under the Act):
- ...
- ...
- personal investment firm* (1) ...
- (c) a *firm*:
- (i) ...
- (ii) for ~~whom~~ which the most substantial part of its gross income, (including *commissions*) from the ~~*regulated activities*~~ *designated investment business* included in its *Part IV permission* is derived from one or more of the following activities (based, for a *firm* given a *Part IV permission* after *commencement*, on the business plan submitted as part of the *firm's* application for *permission* or, for a *firm* authorised under section 25 of the Financial Services Act 1986, on the *firm's* financial year preceding its *authorisation* under the Act):
- (A) *advising on investments* , ~~or~~ *arranging (bringing about) deals in investments* or making arrangements with a view to transactions in investments, in relation to *packaged products*;
- ...

securities
and futures
firm

...

(1) ...

(c) a firm:

(i) ...

(ii) for ~~whom~~ which the most substantial part of its gross income, (including *commissions*) from the ~~regulated activities~~ designated investment business included in its *Part IV permission* is derived from one or more of the following activities (based, for a *firm* given a *Part IV permission* after *commencement*, on the business plan submitted as part of the *firm's* application for *permission* or, for a *firm* authorised under section 25 of the Financial Services Act 1986, on the *firm's* financial year preceding its *authorisation* under the *Act*):

...

(D) dealing (excluding, in the case of a *home finance provider, dealing as principal in contractually based investments* where this *activity* is carried out for risk management purposes and would have been excluded under article 16 of the *Regulated Activities Order* if the *firm* were an *unauthorised person* or under article 19 of the *Regulated Activities Order*), ~~or~~ arranging (bringing about) deals in investments or making arrangements with a view to transactions in investments, in securities or derivatives;

...

Annex B

Amendments to the Supervision manual (SUP)

Part 1: Comes into force on 6 December 2008

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

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

<i>Prudential categories</i> (Note 1)	Applicable prudential requirements (Note 2)	Prudential sub- categories
...		
<u><i>Home finance administrator</i></u>	<u><i>MIPRU</i></u>	
<u><i>Home finance intermediary</i></u>	<u><i>MIPRU</i></u>	
<u><i>Home finance provider</i></u>	<u><i>MIPRU</i></u>	
...		
<u><i>Insurance intermediary</i></u>	<u><i>MIPRU</i></u>	
...		
<i>Insurer*</i>	<u><i>IPRU(INS)</i></u> or <u><i>IPRU(FSOC)</i></u> , and <u><i>GENPRU</i></u> , <u><i>INSPRU</i></u> and <u><i>MIPRU</i></u>	<i>Long term insurer</i> General insurer <i>Friendly society</i> (see above)
...		

...

Part 2: Comes into force on 6 December 2009`

App 1.8.2 G Note 2

...	
Activities from which the most substantial part of the firm's gross income (including commissions) from regulated activities <u>designated investment business</u> is derived	Firm's prudential category
...	
(i) <i>Advising on investments, or arranging (bringing about) deals in investments, <u>or making arrangements with a view to transactions in investments</u> in relation to packaged products; and</i> ...	<i>Personal investment firm</i>
... (iv) <i>dealing (excluding, in the case of a home finance provider, dealing as principal in <u>contractually based investments</u> where this activity is carried out for risk management purposes and would have been excluded under article 16 of the <i>Regulated Activities Order</i> if the firm were an <u>unauthorised person</u> or under article 19 of the <i>Regulated Activities Order</i>), or arranging (bringing about) deals in investments, <u>or making arrangements with a view to transactions in investments</u> in securities or derivatives;</i> ...	<i>Securities and futures firm</i>
...	