

**LEGAL CUTOVER (PRUDENTIAL REGULATION AUTHORITY HANDBOOK
(MODIFICATION OF THE PRINCIPLES)) INSTRUMENT 2013**

Interpretation

- 1 In this Instrument (including the Recitals):
 - (1) “Designation Order” means the Financial Services Act 2012 (Transitional Provisions) (Rules and Miscellaneous Provisions) Order 2013 (SI 2013/161);
 - (2) “Prudential Regulation Authority” means the body corporate referred to in section 2A(1) of the Financial Services and Markets Act 2000 as amended by section 6 of the Financial Services Act 2012.

Modification of the Principles for Businesses by the Prudential Regulation Authority

- 2 In accordance with Article 3(1) of the Designation Order, the Prudential Regulation Authority modifies the Principles for Businesses (PRIN 2.1.1R) as specified in the Annex to this Instrument.
- 3 As required by Article 3(1) of the Designation Order, the Prudential Regulation Authority specifies that the modifications come into effect on 1 April 2013.

Amendments to the Handbook

- 4 The Principles for Businesses sourcebook (PRIN) of the PRA Handbook of rules and guidance is amended in accordance with the Annex to this instrument.

Citation

- 5 This instrument may be cited as the Legal Cutover (Prudential Regulation Authority Handbook (Modification of the Principles)) Instrument 2013.

By order of the Board of the Prudential Regulation Authority

22 March 2013

Annex

Amendments to the Principles for Businesses sourcebook (PRIN)

In this Annex, underlining indicates new text.

2.1.1 R **The Principles**

1 Integrity	A <i>firm</i> must conduct its business with integrity.
2 Skill, care and diligence	A <i>firm</i> must conduct its business with due skill, care and diligence.
3 Management and control	A <i>firm</i> must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
4 Financial prudence	A <i>firm</i> must maintain adequate financial resources.
5 Market conduct	A <i>firm</i> must observe proper standards of market conduct.
6 Customers' interests	A <i>firm</i> must pay due regard to the interests of its <i>customers</i> and treat them fairly.
7 Communications with clients	A <i>firm</i> must pay due regard to the information needs of its <i>clients</i> , and communicate information to them in a way which is clear, fair and not misleading.
8 Conflicts of interest	A <i>firm</i> must manage conflicts of interest fairly, both between itself and its <i>customers</i> and between a <i>customer</i> and another <i>client</i> .
9 Customers: relationships of trust	A <i>firm</i> must take reasonable care to ensure the suitability of its advice and discretionary decisions for any <i>customer</i> who is entitled to rely upon its judgment.
10 Clients' assets	A <i>firm</i> must arrange adequate protection for <i>clients'</i> assets when it is responsible for them.
11 Relations with regulators	A <i>firm</i> must deal with its regulators in an open and cooperative way, and must disclose to the <i>appropriate regulator</i> appropriately anything relating to the <i>firm</i> of which that regulator would reasonably expect notice.
<u>Note: The PRA applies Principles 1 to 4, 8 and 11 only.</u>	