

PRUDENTIAL SOURCEBOOK FOR UCITS FIRMS (AND CONSEQUENTIAL AMENDMENTS) INSTRUMENT 2006

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
- (a) section 138 (General rule-making power);
 - (b) section 140 (Restrictions on managers of authorised unit trust schemes);
 - (c) section 156 (General supplementary powers);
 - (d) section 157(1) (Guidance);
 - (e) section 242 (Applications for authorisation of unit trust schemes);
 - (f) section 247 (Trust scheme rules);
 - (g) section 248 (Scheme particulars rules); and
- (2) regulations 6 and 12 of the Open-Ended Investment Company Regulations 2001 (SI 2001/1228).
- B. The rule-making powers and related provisions listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

- C. This instrument comes into force on 1 January 2007.

Amendments to the Handbook

- D. The modules of the FSA's Handbook of rules and guidance listed in column (1) below are amended or made in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions is amended	Annex A
Prudential sourcebook for UCITS Firms (UPRU) is made	Annex B
Supervision manual (SUP) is amended	Annex C
Collective investment schemes sourcebook (CIS) is amended	Annex D

Citation

- E. This instrument may be cited as the Prudential sourcebook for UCITS Firms (and Consequential Amendments) Instrument 2006.
- F. Annex B to this instrument (including its schedules) may be cited as the Prudential sourcebook for UCITS Firms (or UPRU).

By order of the Board
25 October 2006

Annex A

Amendments to the Glossary of definitions

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

Amend the following definitions as shown:

...

annual accounts (in *UPRU*) accounts prepared to comply with the Companies Acts 1985 to 1989 and their equivalent in Northern Ireland, or other statutory obligations.

...

annual audited fixed expenditure (in *UPRU*) has the meaning given in *UPRU* 2.1.3R (Annual audited fixed expenditure).

...

annual financial return (in *UPRU*) means the return referred to in *SUP*.

...

client money (in *UPRU*) client money for the purposes of the *client money rules*.

...

client money rules (a) (in *CASS*, *UPRU* and *COB*) *CASS* 4.1 to *CASS* 4.3.

...

...

counterparty (in *UPRU*) any person with or for whom a firm carries on *designated investment business* or an *ancillary activity*.

...

financial resources (in *UPRU*) the financial resources calculated in accordance with *UPRU* 2.2.1R (Financial resources) that a *UCITS firm* needs to meet its *financial resources requirement*.

...

financial resources requirement (in *UPRU*) has the meaning given in *UPRU* 2.1.2R.

...

financial (in *UPRU*) means *annual financial return*, *quarterly financial return* or

return monthly financial return as the case may be.

...

funds under management (in UPRU)

(1) collective investment schemes other than OEICs managed by the firm including schemes where it has delegated the management function but excluding schemes that it is managing as delegate; and

(2) OEICs for which the firm is the designated management company.

...

initial capital (in UPRU) capital calculated in accordance with UPRU Table 2.2.1R (Method of calculation of financial resources) composed of the specified items set out in that Table.

...

monthly financial return (in UPRU) means the return referred to in SUP.

...

own funds (in UPRU) funds calculated in accordance with UPRU Table 2.2.1R (Method of calculation of financial resources) composed of the specified items set out in that Table.

...

participation (for the purposes of ELM, UPRU and PRU 8 (Group risk)):

...

...

permitted business (in UPRU) means permitted activity.

...

qualifying capital instrument (in UPRU) means that part of a firm's capital which is a security of indeterminate duration, or other instrument, that fulfils the following conditions:

(a) it may not be reimbursed on the bearer's initiative or without the prior agreement of FSA;

(b) the debt agreement must provide for the firm to have the option of deferring the payment of interest on the debt;

(c) the lender's claims on the firm must be wholly subordinated to those of

all non-subordinated creditors:

(d) the documents governing the issue of the securities must provide for debt and unpaid interest to be such as to absorb losses, whilst leaving the *firm* in a position to continue trading; and

(e) only fully paid-up amounts shall be taken into account.

...

qualifying
capital item

(in *UPRU*) means that part of a *firm*'s capital which has the following characteristics:

(a) it is freely available to the *firm* to cover normal banking or other risks where revenue or capital losses have not yet been identified;

(b) its existence is disclosed in internal accounting records; and

(c) its amount is determined by the management of the *firm* and verified by independent auditors, and is made known to, and is monitored by, *FSA*.

Note: verification by internal auditors will suffice until such time as EU provisions making external auditing mandatory have been implemented.

...

qualifying
subordinated
loan

(in *UPRU*) has the meaning given in *IPRU(INV)* 5.2.5(1) to (7) R (Qualifying subordinated loans).

...

qualifying
undertaking

(in *UPRU*) has the meaning given in *IPRU(INV)* 5.2.6(3) R (Qualifying undertakings).

...

quarterly
financial
return

(in *UPRU*) means the return referred to in *SUP*.

...

readily
realisable
investment

(except in *UPRU*)

(a) a ~~packaged product~~ *packaged product*;

...

(in *UPRU*) means a *unit* in a *regulated collective investment scheme*, a *life policy* or any *marketable investment* other than one which is traded on or under the rules of a *recognised or designated investment exchange* so irregularly or infrequently:

(a) that it cannot be certain that a price for that *investment* will be quoted at all times; or

(b) that it may be difficult to effect transactions at any price which may be quoted.

...

trading book (in *UPRU*) in relation to a *firm's* business or *exposures*, means:

(a) its proprietary positions in financial instruments:

(i) which are held for resale and/or are taken on by the *firm* with the intention of benefiting in the short term from actual and/or expected differences between their buying and selling prices or from other price or interest-rate variations;

(ii) arising from matched principal broking;

(iii) taken in order to hedge other elements of the trading book;

(b) *exposures* due to unsettled securities transactions, free deliveries, *OTC derivative* instruments, repurchase agreements and securities lending transactions based on securities included in (a)(i) to (iii) above, reverse repurchase agreements and securities borrowing transactions based on securities included in (a)(i) to (iii) above; and

(c) fees, commission, interest and dividends, and margin on exchange-traded derivatives which are directly related to the items included in (a) and (b) above.

...

transaction (in *ML* and *UPRU*) any transaction, including ...

...

UPRU the Prudential sourcebook for UCITS Firms.

...

Annex B

Prudential sourcebook for UCITS Firms (UPRU)

Transitional provision for UPRU

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1.	This sourcebook	R	An <i>operator</i> of a <i>UCITS scheme</i> authorised on or before 12 February 2004 need not comply with the provisions in this sourcebook until 12 February 2007 provided it continues to comply instead with the provisions in <i>IPRU(INV) 5</i> and it continues to restrict its activities to those specified under <i>CIS 16.5.1R (1)</i> or <i>COLL 6.9.9R (1) to (3)</i> , as appropriate.	From 01/01/07 to 12/02/07	01/01/07

UCITS firms

1.1 Introduction

Application

1.1.1 R This sourcebook and any provisions of the Interim Prudential sourcebook for investment businesses incorporated into this sourcebook by reference, apply to every *UCITS firm*.

1.1.2 G *Firms* are reminded that a *UCITS management company* can be either:

(1) a *UCITS firm*; or

(2) a *UCITS investment firm*.

1.1.3 G This sourcebook only applies to *UCITS firms*. *UCITS investment firms* are *BIPRU limited licence firms* and the prudential requirements for those *firms* are set out in the Prudential sourcebook for banks, building societies and investment firms and the General prudential sourcebook. The difference between the two types of *UCITS management companies* is that a *UCITS investment firm* in addition to carrying on the activities permitted by Article 5.2 of the *UCITS Directive* (scheme management), may also carry on the activities permitted by Article 5.3 such as portfolio management.

1.2 Purpose

1.2.1 G (1) The purpose of this sourcebook is to amplify *Principle 4* (Financial prudence) which requires a *firm* to maintain adequate financial resources to meet its *designated investment business* commitments and to withstand the risks to which its business is subject. This assists in the achievement of the *regulatory objectives* of consumer protection and market confidence.

(2) This sourcebook also implements certain requirements of the *UCITS Directive* as amended by the amending Council Directive 2001/107/EC which among other matters imposes capital requirements on a *UCITS management company*.

2 Prudential requirements

2.1 Financial resources and financial resources requirements

Financial resources

2.1.1 R A *firm* must ensure that it has at all times *financial resources* which equal or exceed the applicable *financial resources requirement*.

Financial resources requirement

2.1.2 R The *financial resources requirement* for a *firm* is the higher of:

(1) subject to a maximum requirement of €10,000,000:

(a) *initial capital* requirement of €125,000; plus

(b) if the *funds under management* exceed €250,000,000, an additional amount of 0.02% of the excess; or

- (2) 13/52 of its annual audited fixed expenditure.

Annual audited fixed expenditure

- 2.1.3 R For the purposes of this sourcebook, a *firm's* annual audited fixed expenditure is:
- (1) the amount described as total expenditure in the most recent *annual financial return*, less the following items (if they are included within that expenditure):
 - (a) staff bonuses, except to the extent that they are guaranteed;
 - (b) *employees' and directors' shares* in profits, except to the extent that they are guaranteed;
 - (c) other appropriations of profits;
 - (d) shared *commission* and fees payable which are directly related to *commission* and fees receivable which are included within total revenue;
 - (e) interest charges in respect of borrowings made to finance the acquisition of the *firm's readily realisable investments*;
 - (f) interest paid to *customers* on *client money*;
 - (g) interest paid to *counterparties*;
 - (h) fees, brokerage and other charges paid to *clearing houses*, exchanges and *intermediate brokers* for the purposes of *executing*, registering or clearing transactions;
 - (i) foreign exchange losses;
 - (j) other variable expenditure; or
 - (2) where the previous accounting period does not include twelve months' trading, an amount calculated in accordance with (1) pro-rated to an equivalent annual amount; or
 - (3) where a *firm* has not prepared an *annual financial return* or *annual accounts* since the commencement of its *permitted business*, an amount based on forecast expenditure included in the budget for the first twelve months' trading, as submitted with its application for authorisation.

- 2.1.4 G *A firm's financial resources requirement will be recalculated and audited annually when its annual financial return is prepared. The firm should maintain financial resources sufficient to meet its new financial resources requirement from the date on which the annual financial return is approved by the auditor. The annual audited fixed expenditure applicable at the accounting reference date to which the annual financial return is prepared will be that based on the previous year's figures. This will usually be the same as that used in the fourth quarter's quarterly financial return prepared to the same accounting reference date.*

2.2 Method of calculation of financial resources

2.2.1 R

PART I		
A firm must calculate its financial resources as shown below, subject to the detailed requirements set out in Part II.		
Financial resources	Category	Part II
Para		
TIER 1		
(1) Paid-up share capital (excluding preference shares)	} A	2
(2) Share premium account		3
(3) Audited reserves		4
(4) Non-cumulative preference shares		
(5) <i>Eligible LLP members' capital</i>		
(6) Investments in own shares	} B	
(7) Intangible assets		5
(8) Material current year losses		6
(9) Material holdings in credit and financial institutions		7
Initial capital = (A-B) =	C	1(b)

TIER 2			1
(10) Revaluation reserves	}		
(11) Fixed term cumulative preference share capital			1(a)
(12) Long-term Qualifying Subordinated Loans			1(a); 8
(13) Other cumulative preference share capital and debt capital		D	
(14) Qualifying arrangements			9
Own funds = (C+D) =		E	
TIER 3			
(15) Illiquid assets		F	11
Financial resources = (E – F) =		G	

PART II

DETAILED REQUIREMENTS

1 Ratios

(Items 11 and 12)

- (a) the total of fixed term cumulative preference shares (item 11) and long-term *qualifying subordinated loans* (item 12) that may be included in Tier 2 capital is limited to 50 per cent of Tier 1 capital ;
- (b) Tier 1 capital must equal or exceed €125,000 at all times; and
- (c) Tier 2 capital must not exceed 100 per cent of Tier 1 capital.

2 Non corporate entities

- (a) In the case of partnerships or sole traders, the following terms should be substituted, as appropriate, for items 1 to 4 in Tier 1 capital:
 - (i) partners' capital accounts (excluding loan capital);
 - (ii) partners' current accounts (excluding unaudited profits and loan capital);
 - (iii) proprietor's account (or other term used to signify the sole trader's capital but excluding unaudited profits).
- (b) Loans other than *qualifying subordinated loans* shown within partners' or proprietors' accounts must be classified as Tier 2 capital under item 13.
- (c) For the calculation of *financial resources*, partners' current accounts figures are subject to the

following adjustments in respect of a *defined benefit occupational pension scheme*:

- (i) a *firm* must derecognise any *defined benefit asset*:
- (ii) a *firm* may substitute for *defined benefit liability* the *firm's deficit reduction amount*. The election must be applied consistently in respect of any one financial year.

Note

A *firm* should keep a record of and be ready to explain to its supervisory contacts in the *FSA* the reasons for any difference between the *deficit reduction amount* and any commitment the *firm* has made in any public document to provide funding in respect of a *defined benefit occupational pension scheme*.

3 Audited Reserves

For the calculation of *financial resources*, the following adjustments apply to the audited reserves figure:

- (a) a *firm* must deduct any unrealised gains or, where applicable, add back in any unrealised losses on cash flow hedges of financial instruments measured at cost or amortised cost:
- (b) in respect of a *defined benefit occupational pension scheme*, a *firm* must derecognise any *defined benefit asset*;
- (c) a *firm* may substitute for a *defined benefit liability* the *firm's deficit reduction amount*. The election must be applied consistently in respect of any one financial year.

Note

A *firm* should keep a record of and be ready to explain to its supervisory contacts in the *FSA* the reasons for any difference between the *deficit reduction amount* and any commitment the *firm* has made in any public document to provide funding in respect of a *defined benefit occupational pension scheme*.

- (d) a *firm* must not include any unrealised gains from investment property.

Note

Unrealised gains from investment property should be reported as part of revaluation reserves.

- (e) where applicable, a *firm* must deduct any asset in respect of deferred acquisition costs and add back in any liability in respect of deferred income (but excluding from the deduction or addition any asset or liability which will give rise to future cash flows), together with any associated deferred tax.

4 Eligible LLP members' capital (Item 5)

Members' capital of a *limited liability partnership* may only be included in Tier 1 of the calculation (see item 5) if the conditions in *IPRU(INV)* Annex A 2.2R (Specific conditions for eligibility) and *IPRU(INV)* Annex A 2.3R (General conditions for eligibility) are satisfied.

5 Intangible assets (Item 7)

Intangible assets comprise:

- (a) formation expenses to the extent that these are treated as an asset in the *firm's* accounts;
- (b) goodwill, to the extent that it is treated as an asset in the *firm's* accounts; and
- (c) other assets treated as intangibles in the *firm's* accounts.

6 Material current year losses (Item 8)

Losses in current year operating figures must be deducted when calculating Tier 1 capital if such losses are material. For this purpose profits and losses must be calculated quarterly, as appropriate. If this calculation reveals a net loss it shall only be deemed to be material for the purposes of this Table if it exceeds 10 per cent of the *firm's* Tier 1 capital.

7 Material holdings in credit and financial institutions (Item 9)

Material holdings comprise:

- (a) where the *firm* holds more than 10 per cent of the equity share capital of the institution, the value of that holding and the amount of any subordinated loans to the institution and the value of holdings in *qualifying capital items* or *qualifying capital instruments* issued by the institution;
- (b) in the case of holdings other than those mentioned in (a) above, the value of holdings of equity share capital in, and the amount of subordinated loans made to, such institutions and the value of holdings in *qualifying capital items* or *qualifying capital instruments* issued by such institutions to the extent that the total of such holdings and subordinated loans exceeds 10 per cent of the *firm's own funds* calculated before the deduction of item 9.

8 Long term qualifying subordinated loans (Item 12)

Loans having the characteristics prescribed by *IPRU(INV) 5.2.5(1) R* may be included in item 12, subject to the limits set out in paragraph (1) above.

9 Qualifying arrangements (Item 14)

A *firm* may only include a *qualifying undertaking* or other arrangement in item 14 if it is a *qualifying capital instrument* or a *qualifying capital item*.

10 Interim profits

Non-trading book interim profits may only be included in Tier 1 of the calculation if they have been independently verified by the *firm's* external auditors.

For this purpose, the auditor should normally undertake at least the following:

- (a) satisfy himself that the figures forming the basis of the interim profits have been properly extracted from the underlying accounting records;
- (b) review the accounting policies used in calculating the interim profits so as to obtain comfort that they are consistent with those normally adopted by the *firm* in drawing up its annual financial statements;
- (c) perform analytical review procedures on the results to date, including comparisons of actual performance to date with budget and with the results of prior periods;
- (d) discuss with management the overall performance and financial position of the *firm*;
- (e) obtain adequate comfort that the implications of current and prospective litigation, all known claims and commitments, changes in business activities and provisions for bad and doubtful debts have been properly taken into account in arriving at the interim profits; and
- (f) follow up problem areas of which the auditors are already aware in the course of auditing the *firm's* financial statements.

A *firm* wishing to include interim profits in Tier 1 capital in a *financial return* should submit to the *FSA* with the *financial return* a verification report signed by its auditor which states whether the interim results are fairly stated.

Profits on the sale of capital items or arising from other activities which are not directly related to the *designated investment business* of the *firm* may also be included within the calculation of *financial resources* if they can be separately verified by the *firm's* auditors. In such a case, such profits can form part of the *firm's* Tier 1 capital as audited profits.

11 Illiquid assets (Item 15)

Illiquid assets comprise:

- (a) tangible fixed assets;

Note

In respect of tangible fixed assets purchased under finance leases the amount to be deducted as an illiquid asset shall be limited to the excess of the asset over the amount of the related liability shown on the balance sheet.

- (b) holdings in, including subordinated loans to, *credit* or *financial institutions* which may be included in the *own funds* of such *institutions* unless they have been deducted under item 9;
- (c) any *investment* in undertakings other than *credit institutions* and other *financial institutions* where such *investments* are not readily realisable;
- (d) any deficiency in net assets of a *subsidiary*;
- (e) deposits not available for repayment within 90 days or less (except for payments in connection with margined futures or options contracts);

Note

Where cash is placed on deposit with a maturity of more than 90 days but is repayable on demand subject to the payment of a penalty, then this is not required to be deducted as an illiquid asset but a deduction is required for the amount of the penalty.

- (f) loans, other debtors and accruals not falling due to be repaid within 90 days or which are more than one month overdue by reference to the contractual payment date;
- (g) physical stocks ;
- (h) prepayments to the extent that the period of prepayment exceeds thirteen weeks ; and
- (i) if not otherwise covered, any holding in eligible capital instruments of an insurance undertaking, insurance holding company, or reinsurance undertaking that is a *subsidiary* or *participation*. Eligible capital instruments include ordinary share capital, cumulative preference shares, perpetual securities and long-term subordinated loans, that are eligible for insurance undertakings under *GENPRU 2* or, as the case may be, *INSPRU 7*.

2.3 Application of certain rules in the interim prudential sourcebook for investment businesses

2.3.1 R (1) The following *rules* in the Interim Prudential sourcebook for investment businesses apply to a *firm* in respect of *qualifying subordinated loans, qualifying undertakings* and records:

(a) *IPRU(INV)* 5.2.5(1), (2) and (4) to (7) R;

(b) *IPRU(INV)* 5.2.6(3) R; and

(c) *IPRU(INV)* 5.3.1(1) R and *IPRU(INV)* 5.3.1(4) to 5.3.1(6) R.

(2) References in those *rules* to:

(a) *IPRU(INV)* Table 5.2.2(1) R are to be construed as references to *UPRU* Table 2.2.1R;

(b) *IPRU(INV)* 5.2.3(1) R are to be construed as references to *UPRU* 2.1.1R;

(c) *IPRU(INV)* 5.3.1(3) R are to be construed as references to *UPRU* 2.4.2R; and

(d) *IPRU(INV)* 5.2.1(2) are to be construed as references to *UPRU* 2.1.1R.

2.4 Records

2.4.1 R A *firm* must ensure that proper accounting records are kept in English to show and explain the *firm's own account transactions*.

1 UPRU Schedule 1 – Record keeping requirements
G

UPRU Sch.1.1 Record keeping requirements

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
UPRU 2.4.1R	accounting records	proper accounting records to show and explain the <i>firm's own account transactions</i>	not specified	not specified

2 UPRU Schedule 2 – Notification requirements
G

UPRU Sch.2.1

There are no reporting requirements in this sourcebook.

3 UPRU Schedule 3 - Fees and other required payments
G

UPRU Sch. 3.1

There are no requirements for fees or other payments in this sourcebook.

4 UPRU Schedule 4 – Powers exercised
G

UPRU Sch.4.1

The following powers and related provision in or under <i>Act</i> have been exercised by the <i>FSA</i> to make the <i>rules</i> in this sourcebook:	
1.	section 138 (General rule-making power);
2.	section 140 (Restrictions on managers of authorised unit trust schemes);
3.	section 156 (General supplementary powers);
4.	section 242 (Applications for authorisation of unit trust schemes);
5.	section 247 (Trust scheme rules);
6.	section 248 (Scheme particulars rules); and
7.	regulation 6 and 12 of the Open-Ended Investment Company regulations 2001 (SI 2001/1228).
The following powers in the <i>Act</i> have been exercised by the <i>FSA</i> to give the guidance in this sourcebook:	
8.	section 157(1) (Guidance).

5 UPRU Schedule 5 – Rights of action for damages
G

UPRU Sch.5.1

The table below sets out the rules in this sourcebook contravention of which by an authorised person may be actionable under section 150 of the Act (Actions for damages) by a person who suffers loss as a result of the contravention.

1. If a Yes appears in the column headed For private person, the rule may be actionable by a private person under section 150 unless a Yes appears in the column headed Removed. A Yes in the column headed Removed indicates that the *FSA* has removed the right of action under section 150(2) of the Act. If so, a reference to the rule in which it is removed is also given.
2. In accordance with The Financial Services and Markets Act 2000 (Rights of Action) Regulations 2001 (SI 2001\2256), a private person is:
 - (1) any individual, except when acting in the course of carrying on a regulated activity; and
 - (2) any person who is not an individual, except when acting in the course of carrying on business of any kind; but does not include a government, a local authority or an international organisation.
3. The column headed "For other person?" indicates whether the rule is actionable by a person other than a private person, in accordance with those Regulations. If so, an indication of the type of person by whom the rule is actionable is given.

UPRU Sch.5.2

Actions for damages: the Prudential sourcebook for UCITS Firms

Chapter/ Appendix	Section/ Annex	Paragraph	Right of action under section 150			
			For private person	Removed	For other person?	
All rules in this sourcebook			No	No	No	

6 UPRU Schedule 6 – Rules that can be waived
G

UPRU Sch.6.1

1. The rules in this sourcebook can be *waived* by the *FSA* under section 148 or 250 of the *Act* (Modification or waiver of rules) or regulation 7 of the *OEIC Regulations* (Modification or waiver of FSA rules).
2. Although the *FSA* has the formal power of *waiver* under the *Act* in relation to these *rules*, much of this sourcebook implements the requirements of the *UCITS Directive* by ensuring that *UCITS firms* as *UCITS management companies* comply with such requirements. Accordingly, while formal power may exist to waive such *UCITS Directive* derived rules, the *FSA's* ability to do so is severely constrained.

Annex C

Amendments to the Supervision manual (SUP)

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

...

SUP 3.1.10G Other relevant sections of the Handbook (see SUP 3.1.9G)

	...	
	<i>Investment management firm, personal investment firm, securities and futures firm, UCITS management company</i>	<i>IPRU (INV)</i>
	<u>UCITS firm</u>	<u>(UPRU)</u>
	...	

...

SUP 3.9.5R Auditor's Report

...

(10) the *firm* not being a *corporate finance advisory firm* or ...

...

(f) ~~a UCITS management company~~
~~IPRU (INV) 7.2.3R and IPRU (INV) 7.2.4~~
a UCITS firm (UPRU 2.1.2 and UPRU 2.1.3)

...

...

(13) the *firm* has kept proper accounting records in accordance with ...

...

(e) ~~a UCITS management company~~
~~IPRU (INV) 7.4.1R~~
a UCITS firm (UPRU 2.3.1R (1)(c) and UPRU 2.4.2)

...

...

SUP 16.7.68R Financial reports from a UCITS management company (see SUP 16.7.67R)

Report	Frequency	Due Date
...		
...		
Note 3:	...	
	for its own internal use to ensure that it complies at all time with the <i>rules</i> in IPRU(INV) UPRU (for a	

	<i>UCITS firm</i>) or BIPRU (for a <i>UCITS investment firm</i>)
...	

...

SUP 16 Ann 16R: UCITS management companies reporting forms and requirements applying to their completion

...

Financial Resources Statement – UCITS Management Companies UAFS 3

Financial Resources

*Note: The references in brackets are to the items of capital ~~IPRU(INV) Table 7.3.1 Part 1~~
UPRU Table 2.2.1 Part 1*

...

Satisfaction of Financial Resource Tests – UCITS Management Companies UAFS 4

Financial Resources Requirements for all UCITS Management Companies

...

Test 2

Financial Resource Test

...

13/52 of annual audited fixed expenditure ~~IPRU(INV) Rule 7.2.2(2)~~ UPRU 2.1.2R (2) –form
UAFS5

Surplus/Deficit of financial resources [54-57 or 58]

...

**Calculation of financial resources requirements for forthcoming year
– UCITS Management Companies**

UAFS 5

Annual Audited Fixed Expenditure

...

Annual Audited Fixed Expenditure
(pro-rated where relevant to annual amount) (~~IPRU(INV) 7.2.4(2)~~) (UPRU 2.1.3R (2))

...

**Financial Resources Statement – UCITS Management Companies
UQFS 3**

Financial Resources

*Note: The references in brackets are to the items of capita ~~IPRU(INV) Table 7.3.Part 11~~
(UPRU Table 2.2.1 Part 1)*

...

**Satisfaction of Financial Resource Tests – UCITS Management Companies
UQFS 4**

Financial Resources Requirements for all UCITS Management Companies

...

Test 2
Financial Resource Test

...

13/52 of annual audited fixed expenditure (~~IPRU(INV) Rule 7.2.2(2)~~) (UPRU 2.1.2R (2))
- form UAFS 5)

Surplus/Deficit of financial resources [54-57 or 58]

...

Annex D

Amendments to the Collective Investment Schemes sourcebook (CIS)

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

... CIS TP 1 Transitional Provisions

(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
...					
20	<i>CIS 16.5.1 R (4) to CIS 16.5.1 R (6)</i>	R	A <i>UCITS management company</i> may not carry on any of the activities specified in CIS 16.5.1 R (4) to CIS 16.5.1 R (6) unless it is a <i>UCITS investment firm</i> : (a) whose <i>permission</i> to carry on any such activity was given before 13 February 2004; or (b) which complies with Chapter 7 of IPRU(INV) <u>the relevant provisions of the Prudential sourcebook for banks, building societies and investment firms.</u>	From 13 February 2004 to 12 February 2007	13 February 2004
21	<i>CIS 16.5.1 R (4) to CIS 16.5.1 R (6)</i>	G	A <i>UK firm</i> will not be able to act as such and exercise an <i>EEA right</i> under the <i>UCITS Directive</i> unless it complies with Chapter 7 of IPRU(INV) <u>the Prudential sourcebook for UCITS Firms.</u>		
...					