

The Interim Prudential Sourcebook for Investment Businesses

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INTERIM PRUDENTIAL SOURCEBOOK FOR INVESTMENT BUSINESSES

1 Chapter 1: Application and General Provisions

1.1 PURPOSE

- 1.1.1 Before 1 January 2007, the Interim Prudential Sourcebook for Investment Businesses (*IPRU(INV)*) was the part of the *Handbook* that dealt with capital requirements for *investment firms* subject to the position risk requirements of the previous version of the *Capital Adequacy Directive*. Now, however, *investment firms* which are subject to the risk-based capital requirements of the *Capital Adequacy Directive* are subject to the General Prudential sourcebook (*GENPRU*) and the Prudential sourcebook for Banks, Building Societies and Investment Firms (*BIPRU*).
- 1.1.2 The *rules* and *guidance* in this sourcebook will assist the *appropriate regulator* to meet the statutory objectives. This sourcebook does so by setting minimal capital and other risk management standards thereby mitigating the possibility that firms will be unable to meet their liabilities and commitments to *consumers* and counterparties.
- 1.1.3 The general scheme of this sourcebook is, wherever appropriate, to apply the financial and other prudential standards which applied to a *firm* immediately prior to it becoming authorised by the *FSA* under the *Act*. For convenience, the chapter numbers adopted in this sourcebook correspond with those of the rulebooks of *previous regulators*.
- 1.1.3A This sourcebook does not apply to *BIPRU* investment firms except as follows:
- (1) it does apply to certain exempt *BIPRU commodities firms*; and
 - (2) chapter TP of *BIPRU* applies parts of *IPRU(INV)* to certain *BIPRU investment firms* on a transitional basis.
- 1.1.4 This sourcebook does not apply to *banks, building societies, insurers, the Society of Lloyd's* (except in relation to underwriting agents), *friendly societies* and certain other categories of *firm* and *members' advisers*.
- 1.1.5 On becoming authorised by the *appropriate regulator* a *firm* will have to comply with the particular chapter of this sourcebook appropriate to its business. The *firm* will be able to seek guidance on this during the authorisation procedure. If subsequently, the business for which a *firm* has *permission* changes it may be necessary for it to comply with a different set of financial resources requirements. *Firms* will be able to discuss this aspect with the *appropriate regulator* during the application process.
- 1.1.6 The *Supervision manual* sets out provisions relating to the periodic reporting and notification of financial information to the *appropriate regulator* or to the auditing of accounts. However, this sourcebook contains a few additional notification requirements (*notification rules*).

1.2 APPLICATION

1.2.1 R The *Glossary* applies to the transitional provisions, this chapter (*IPRU(INV) 1*), *IPRU(INV) 2*, *IPRU(INV) 4*, *IPRU(INV) 6* and *IPRU(INV) 13*.

1.2.2 R (1) *IPRU (INV)* applies to:

- (a) a *members' adviser*;
- (b) an *investment management firm*;
- (c) a *personal investment firm*;
- (d) an *authorised professional firm*;
- (e) a *securities and futures firm*;
- (f) a *service company*;
- (g) the *Society of Lloyd's* (in relation to *underwriting agents*);
- (i) a *credit union* which is a *CTF provider*; and
- (j) an *exempt CAD firm*.

(2) *IPRU (INV)* does not apply to:

- (a) a *lead regulated firm*; or
- (b) a *media firm*;
- (c) a *BIPRU investment firm* (unless it is an *exempt BIPRU commodities firm*).

(3) The definitions in the *Glossary* (which is applicable to the *Handbook* generally) apply to this chapter.

1.2.3 G For the avoidance of doubt, *IPRU (INV)* does not apply to any of the following:

- (a) a *bank*; or
- (b) a *building society*; or
- (c) a *friendly society*; or
- (d) an *ICVC*; or

- (e) an *incoming EEA firm* or an *incoming Treaty firm* which does not have a *top up permission*; or
- (f) an *insurer*; or
- (g) a *UCITS qualifier*; or
- (h) a *UCITS management company*.

OBLIGATION TO COMPLY

1.2.4 R A *firm* of a kind listed in the left-hand column of Table 1.2.4R must comply with the provisions of IPRU (INV) shown in the right hand column and, where relevant, the provisions of Chapter 14.

1.2.5 R Table

This table belongs to IPRU (INV) 1.2.4R

<i>Authorised professional firm</i>	Chapters 1 and 2
<i>Securities and futures firm</i> (which is not a <i>MiFID investment firm</i>)	Chapters 1 and 3
<i>Securities and futures firm</i> (which is an <i>exempt BIPRU commodities firm</i>)	Chapters 1 and 3
<i>The Society of Lloyd's</i> (in relation to <i>underwriting agents</i>) and <i>members' advisers</i>	Chapters 1 and 4
<i>Investment management firm</i>	Chapters 1 and 5
An <i>exempt CAD firm</i> or a <i>local firm</i>	Chapters 1 and 9
<i>Service company</i>	Chapters 1 and 6
<i>Personal investment firm</i>	Chapters 1 and 13
<i>Credit union</i> which is a <i>CTF provider</i>	Chapters 1 and 8

CAPITAL SUBSTITUTES: TRANSITIONAL PROVISION

- 1.2.6 G The financial resource requirements of the Financial Services Act regulators permitted certain types of borrowings or facilities to be treated as part of a *firm's* capital resources. The most common example is that of a subordinated loan which met the relevant conditions. The following provisions permit *firms* to continue to use these borrowings or facilities in the same way as under the relevant *previous regulator's* rules, provided that certain conditions are met.
- 1.2.7 R (1) **If a *firm* was, immediately before *commencement* permitted to treat “relevant funds” as part of its capital resources under the financial resource rules of a *previous regulator* applicable to the *firm*, it may treat those funds in an equivalent manner under the corresponding provisions of *IPRU (INV)*, provided that the conditions in (3) are met.**
- (2) **For the purposes of this *rule* “relevant funds” are funds provided to the *firm* under the terms of**
- (a) a subordinated loan agreement; or
- (b) qualifying undertaking; or
- (c) any other instrument treated in an equivalent manner under the financial resources *rules* applicable to the *firm*.
- (3) **The conditions referred to in (1) are either:**
- (a) in the case of a subordinated loan agreement, qualifying undertaking or other relevant instrument to which the *firm's previous regulator* is not party:
- (i) the parties to it treat all rights (including, without limitation, rights to notice) which the agreement, undertaking or instrument grants to the *firm's previous regulator* as having been granted to the *appropriate regulator*; and
- (ii) if there is a variation of the commercial terms the parties include, in the terms of the instrument executed to effect the variation, provision to substitute reference to the *appropriate regulator* in place of any reference to the *firm's previous regulator*; or
- (b) in the case of a subordinated loan agreement, qualifying undertaking or other relevant instrument to which the *firm's previous regulator* is party, the parties treat the rights accorded to the self regulating organisation under the relevant instrument as having been assigned to the *appropriate regulator* immediately before *commencement*.
- 1.2.8 G An instrument treated in an equivalent manner would, for example, include (in relation to a *personal investment firm*) a "PASS loan".

4 Chapter 4: Lloyd's firms

4.1 APPLICATION

4.1.1 R This chapter applies to the *Society* and *members' advisers*.

4.1.3 D The directions in *IPRU(INV)* 4.4.1D to 4.4.5D and 4.5.1D are given to the *Council* and to the *Society* acting through the *Council*.

4.2 PURPOSE

4.2.1 G This chapter identifies the financial resource requirements and requirements as to accounts and statements to be met by certain *firms* conducting business at Lloyd's.

4.2.2 G The directions in *IPRU(INV)* 4.4.1D to 4.4.5D and 4.5.1D are given under section 318 of the *Act* (Exercise of powers through Council), for the purpose of achieving the objective specified, as required by section 318(2) of the *Act*, in *IPRU(INV)* 4.3.1D.

4.2.3 G *Underwriting agents* are subject to regulation by the *Society* as well as by the *appropriate regulator*. In particular, they are subject to requirements as to their financial resources and as to making and maintaining accounting records, set by the *Society*. The *appropriate regulator* is satisfied that *underwriting agents* will be subject to adequate financial resource and accounting requirements as long as they remain subject to and comply with requirements at least equivalent to Lloyd's Capital and Solvency Requirements 2001 and the relevant parts of, or requirements made under Lloyd's Underwriting Agents Byelaw (No. 4 of 1984), in each case as amended and in force immediately before *commencement*. Accordingly, instead of imposing an obligation directly on *underwriting agents*, the directions in *IPRU(INV)* 4.4.1D to 4.4.5D and 4.5.1D require the *Society* to require those firms to comply with the relevant requirements.

4.2.4 G A *members' adviser* is not regulated by the *Society* and accordingly this chapter specifies the financial resource and accounting requirements to be met. *Firms* which fall within the scope of this chapter will be *firms* with *permission* only to advise persons on *syndicate* participation at Lloyd's. The nature of that advisory business is akin to corporate finance advice and so the applicable requirements are those in *IPRU(INV)* 3 relevant to *firms* giving corporate finance advice. *Firms* with other *permissions* will fall within the scope of other chapters of *IPRU(INV)*, *GENPRU*, *BIPRU* or *INSPRU*.

4.3 SPECIFICATION OF OBJECTIVE

- 4.3.1 D The directions in *IPRU(INV)* 4.4.1D to 4.4.5D and 4.5.1D are given in relation to the exercise of the powers of the *Society* and of the *Council* generally, with a view to achieving the objective that *underwriting agents* have adequate financial resources to support, and keep and preserve adequate accounting records in respect of their business at Lloyd's.

4.4 FINANCIAL RESOURCE REQUIREMENTS

- D The *Society* must maintain appropriate and effective arrangements to require *underwriting agents* to meet and continue to meet financial resource requirements at least equivalent to the requirements set out in Lloyd's Capital and Solvency Requirements 2001, as they are in force immediately before *commencement*.
- 4.4.2 D The *Society* must give the *appropriate regulator* a report on each *underwriting agent's* compliance with the financial resource requirements referred to in *IPRU(INV)* 4.4.1D as at the end of each quarter (determined by reference to each *underwriting agent's accounting reference date*).
- 4.4.3 D The report referred to in *IPRU(INV)* 4.4.2D must reach the *appropriate regulator* within two months of the end of the relevant quarter and must state:
- (1) whether the *Society* has any information indicating or tending to indicate that, during the quarter to which the report relates, the *underwriting agent* failed to meet the financial resource requirements referred to in *IPRU(INV)* 4.4.1D;
 - (2) whether, at the end of the quarter to which the report relates, the *underwriting agent* failed to meet the financial resource requirements referred to in *IPRU(INV)* 4.4.1D; and
 - (3) the nature and extent of any failure to comply reported under (1) or (2) and the actions taken or to be taken by the *Society* in response to this.
- 4.4.4 D In addition to the reports required under *IPRU(INV)* 4.4.2D, the *Society* must give the *appropriate regulator* an annual report on each *underwriting agent's* compliance or non-compliance with financial resource requirements as at the end of that *underwriting agent's* financial year.

- 4.4.5 D The report in *IPRU(INV)* 4.4.4D must reach the *appropriate regulator* within seven months of that *underwriting agent's* accounting reference date and must:
- (1) confirm that:
- (a) the *Society* has received from that *underwriting agent* in respect of the financial year to which the report relates, all relevant attachments to the Annual Financial Return that the *underwriting agent* is required to make to the *Society* under the requirements identified in *IPRU(INV)* 4.4.1D;
 - (b) that *underwriting agent* met the applicable financial resource requirements at the end of the financial year to which the report relates; and
 - (c) the *Society* is not aware of any matters likely to be of material concern to the *appropriate regulator* relating to that *underwriting agent's* compliance with financial resource requirements during the year to which the report relates, or arising from the attachments referred to in (a); or
- (2) if the *Society* is unable to give any of the confirmations required under *IPRU(INV)* 4.4.5D (1)(a), (b) or (c), set out in each case the reasons why it is unable to give that confirmation.
- 4.4.5A D The *Society* must submit the reports in *IPRU(INV)* 4.4.2D to *IPRU(INV)* 4.4.5D in accordance with the *rules* in *SUP* 16.3 (General provision on reporting).

4.5 ACCOUNTING RECORDS

- 4.5.1 D The *Society* must maintain appropriate and effective arrangements to require *underwriting agents* to meet the obligation to keep and preserve accounting records, set out in Lloyd's Underwriting Agents Byelaw (No 4 of 1984), Section III, paragraph 53B, as it is in force immediately before *commencement*.

8 Chapter 8: Requirements on credit unions which are CTF providers

8.1 APPLICATION, GENERAL AND PROFESSIONAL INDEMNITY INSURANCE REQUIREMENTS

Application

- 8.1.1 R (1) This chapter applies to a *credit union* to the extent that it is a *CTF provider* whose *permissions* relate to *accepting deposits* and *making arrangements with a view to transactions in investments*.
- (2) The definitions in the Glossary at Appendix 13(1) apply to this chapter.

General requirements

- 8.1.2 R A *credit union* to which this chapter applies must:
- (1) have and maintain at all times financial resources of the kinds and amounts specified in, and calculated in accordance with, the *rules* of this chapter, in *CREDS* and, where applicable, in *MIPRU 4* (Capital Resources); and
- (2) be able to meet its liabilities as they fall due.
- 8.1.3 G The *rules* in this chapter should be read with the *rules* relating to capital in *CREDS* and, where applicable, *MIPRU*.

Requirement to hold professional indemnity insurance

- 8.1.4 G (1) Under *Principles* 3 and 4, a *credit union* is required to take reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems and to maintain adequate financial resources.
- (2) Although financial resources and appropriate systems and controls can generally mitigate operational risk, professional indemnity insurance has a role in mitigating the risks a *credit union* faces in its day to day operations. The purpose of *IPRU(INV)* 8.1.6R to *IPRU(INV)* 8.1.14E is to ensure that a *credit union* has in place the type, and level, of professional indemnity insurance necessary to mitigate these risks.

- 8.1.5 R The term "relevant income" in IPRU(INV) 8.1 refers to all income received or receivable which is commission, brokerage, fees or other related income, whether arising from the *credit union's* activities related to *making arrangements with a view to transactions in investments* or not, for the last accounting year prior to inception or renewal of the professional indemnity insurance policy ("the policy").
- 8.1.6 R A *credit union* must take out and maintain at all times professional indemnity insurance that is at least equal to the requirements of IPRU(INV) 8.1.7R to IPRU(INV) 8.1.14E.

Professional indemnity insurance policy terms

- 8.1.7 R The professional indemnity insurance policy must incorporate terms which are appropriate and must make provision for:
- (1) cover in respect of any claim for loss or damage, for which the *credit union* may be liable as a result of an act or omission by:
 - (a) the *credit union*; or
 - (b) any *person* acting on behalf of the *credit union* including *employees*, *appointed representatives* or its other agents;
 - (2) the minimum *limits of indemnity* in each year if the *credit union* is an *IMD insurance intermediary* are as set out in MIPRU 3.2.7R;
 - (3) the following *limits of indemnity* if the *credit union* is an investment intermediary other than an *IMD insurance intermediary*:
 - (a) if the *credit union* has relevant income of up to £3,000,000, no lower than £500,000 for a single claim against the *credit union* and £500,000 in the aggregate; or
 - (b) if the *credit union* has relevant income of more than £3,000,000, no lower than £650,000 for a single claim against the *credit union* and £1,000,000 in the aggregate.

- (4) If (2) applies, and the policy is denominated in any currency other than euros, a *credit union* must take reasonable steps to ensure that the *limits of indemnity* are, when the policy is effected (i.e. agreed) and at renewal, at least equivalent to those required in *IPRU(INV)* 8.1.7R.

Readily realisable own funds

- 8.1.8 G For the purposes of the following provisions relating to professional indemnity insurance, the *PRA* expects items included in *own funds* to be regarded as “readily realisable” only if they can be realised, at any given time, within 90 days.

Additional requirements

- 8.1.9 E (1) In addition to the specific requirements in *IPRU(INV)* 8.1.7R, to incorporate appropriate terms, the policy should make provision for the following:
- (a) for a *credit union* with relevant income of more than £6,000,000, the aggregate limit identified in the table below:

Relevant income is (£)		Minimum aggregate <i>limit of Indemnity</i> (£)
more than	up to	
6,000,000	7,000,000	1,150,000
7,000,000	8,000,000	1,300,000
8,000,000	9,000,000	1,450,000
9,000,000	10,000,000	1,600,000
10,000,000	12,500,000	2,000,000
12,500,000	15,000,000	2,400,000
15,000,000	17,500,000	2,800,000
17,500,000	20,000,000	3,150,000
20,000,000	25,000,000	3,800,000
25,000,000	30,000,000	4,250,000
30,000,000	35,000,000	4,500,000
35,000,000	40,000,000	4,750,000
40,000,000	50,000,000	5,500,000
50,000,000	60,000,000	6,000,000
60,000,000	70,000,000	6,750,000
70,000,000	80,000,000	7,250,000
80,000,000	90,000,000	7,750,000
90,000,000	100,000,000	8,500,000
100,000,000	150,000,000	11,250,000
150,000,000	200,000,000	14,000,000
200,000,000	250,000,000	17,000,000
250,000,000	300,000,000	19,750,000
300,000,000	n/a	22,500,000

- (b) full retroactive cover in respect of the kinds of liabilities described in *IPRU(INV)* 8.1.7R for claims arising from work carried out by the *credit union*, or on its behalf, in the past; and
 - (c) cover in respect of *Ombudsman* awards made against the *credit union*.
- (2) Compliance with (1)(a) may be relied on as tending to establish compliance with the requirement in *IPRU(INV)* 8.1.7R for the professional indemnity insurance terms to be appropriate.
- (3) Contravention of (1)(a) may be relied on as tending to establish contravention of the requirement in *IPRU(INV)* 8.1.7R for the professional indemnity insurance terms to be appropriate.
- 8.1.10 G A *credit union* should consider whether the overall cover is adequate taking account of *IPRU(INV)* 8.1.13G(2) and whether the *credit union* should seek additional cover or legal expenses insurance. (Legal defence costs are costs of defence against claims that fall under the terms of the policy.)
- 8.1.11 G The cover provided by the policy should be wide enough to include the liability of the *credit union*, its *appointed representatives*, *employees* and its agents for breaches of the *credit union's* duty of skill and care, fiduciary duty, duty to look after documents or assets, fraud, and breaches of obligations imposed by or under the *Act*.

Exclusions

- 8.1.12 R **The policy must not be subject to conditions or exclusions which unreasonably limit the cover provided for in *IPRU(INV)* 8.1.7R (whether by exclusion of cover, by policy excesses or otherwise).**
- 8.1.13 G
 - (1) The *PRA* considers it reasonable for a *credit union's* policy to exclude cover for:
 - (a) specific business lines if that type of business has not been carried out by the *credit union* in the past and will not be carried out by the *credit union* during the life of the policy; or
 - (b) specific claims that have been previously notified to the *credit union's insurer* and claimed for under another policy.
 - (2) The *PRA* does not consider it reasonable for a *credit union's* policy to treat legal defence costs cover as part of the *limits of indemnity* if this reduces the cover available for any individual substantive claim.

8.1.14 E (1) The policy should not:

- (a) make provision for payment by the *credit union* of an excess on any claim of more than £5,000. (This does not apply to the extent that the *credit union* holds additional *own funds* in a readily realisable form, in accordance with *IPRU(INV)* 8.1.16E); or
- (b) exclude any type of business or activity that has been carried out by the *credit union* in the past or will be carried out by the *credit union* during the time for which the policy is in force. (This does not apply to the extent that the *credit union* holds, by way of additional *own funds* in a readily realisable form, an amount equivalent to a reasonable provision against its potential liabilities for that business or activity. *Guidance* on this is given in *IPRU(INV)* 8.1.17G and *IPRU(INV)* 8.1.18G); or
- (c) exclude liability which is identified or crystallised as a result of regulatory action against the *credit union* (either individually or as a member of a class of *authorised person*).

(2) Contravention of (1)(a) may be relied on as tending to establish contravention of *IPRU(INV)* 8.1.12R.

Excess level

8.1.15 E The reference to “excess” in *IPRU(INV)* 8.1.14E(1)(a) is to the highest excess level required to be paid under the policy unless that excess relates to a type of business that has not been carried out by the *credit union* in the past. In those circumstances, the reference is to the next highest excess level required by the policy.

Additional own funds

8.1.16 E The amount of additional *own funds* in *IPRU(INV)* 8.1.14E (1)(a) should be calculated by referring to the *credit union*’s relevant income and excess obtained in the following table:

All amounts are shown in £000s

Relevant income		Excess obtained, up to and including											
more than	up to	5	10	15	20	25	30	40	50	75	100	150	200+
0	100	0	4	7	9	12	14	18	21	28	34	45	54
100	200	0	7	11	14	17	20	25	29	38	46	59	70
200	300	0	9	14	18	21	24	30	35	45	54	69	82
300	400	0	11	16	21	24	28	34	39	50	60	77	91
400	500	0	13	18	23	27	30	37	43	55	66	83	98
500	600	0	14	20	25	29	33	40	46	59	70	89	105
600	700	0	16	22	27	31	35	42	49	63	74	94	111
700	800	0	17	23	28	33	37	45	52	66	78	99	117
800	900	0	18	24	30	35	39	47	54	69	82	103	122
900	1,000	0	19	26	31	36	41	49	56	72	85	107	126
1,000	1,500	0	23	31	37	43	48	57	66	83	99	124	146
1,500	2,000	0	26	35	42	48	54	64	73	93	109	138	161
2,000	2,500	0	29	38	46	53	59	71	81	102	121	152	179
2,500	3,000	0	32	42	51	58	65	78	89	112	132	166	195
3,000	3,500	0	35	46	55	63	71	84	96	121	142	179	210
3,500	4,000	0	38	50	59	68	76	90	102	129	152	191	223
4,000	4,500	0	41	53	63	72	80	95	108	137	161	202	236
4,500	5,000	0	43	56	67	76	84	100	114	144	169	212	248
5,000	6,000	0	48	62	73	84	93	110	125	157	185	231	271
6,000	7,000	0	52	67	79	90	101	119	135	169	199	249	291
7,000	8,000	0	56	72	85	97	107	127	144	181	212	265	310
8,000	9,000	0	59	76	90	103	114	134	152	191	224	280	328
9,000	10,000	0	63	80	95	108	120	141	160	201	236	294	344
10,000	100,000	0	63y	80y	95y	108y	120y	141y	160y	201y	236y	294y	344y
100	n/a	0	630	800	950	1080	1200	1410	1600	2010	2360	2940	3440

For *firms* with relevant income more than £10m but up to £100m value *y* is calculated by relevant income/ £10m

Exclusion

- 8.1.17 G A *credit union* should take into account the following when assessing the amount of additional *own funds* to be held as provision as described in *IPRU(INV)* 8.1.14E(1)(b):
- (1) the type of business line or activity excluded and the types of claim which might arise from it;
 - (2) the number of contracts written or volume of activity;
 - (3) the number of complaints received by the *credit union* relating to the excluded business or activity;
 - (4) generally accepted accounting principles applicable to provisions; and
 - (5) any other relevant information.
- 8.1.18 G If the *credit union* holds additional *own funds* in accordance with *IPRU(INV)* 8.1.17G then the amount should be reviewed regularly. The reviews should take account of changes in the status of the policy exclusion(s) and any relevant changes to the *credit union's* circumstances.

Policies providing cover for more than one credit union

- 8.1.19 R If the policy provides cover to more than one *credit union* then in relation to *IPRU(INV)* 8.1.7R:
- (1) the relevant income for calculating the *limits of indemnity* is that of all the *credit unions* named in the policy combined;
 - (2) each *credit union* named in the policy must have the benefit of the minimum *limits of indemnity* as required in *IPRU(INV)* 8.1.7R;
 - (3) each *credit union* named in the policy must notify the *appropriate regulator* if the aggregate cover in the policy falls below the minimum in *IPRU(INV)* 8.1.7R.

Exemption from holding professional indemnity insurance

- 8.1.20 R
- (1) A *credit union* is not required to effect or maintain professional indemnity insurance in relation to insurance mediation activity, if another authorised person which has net tangible assets of more than £10 million provides a comparable guarantee.
 - (2) A 'comparable guarantee' means a written agreement on terms at least equal to those in *MIPRU* 3.2.4R to finance the claims that might arise as a result of a breach by the *credit union* of its duties under the *regulatory system* or civil law.

- 8.1.21 R **A credit union must take out professional indemnity insurance from:**
- (1) any *insurance undertaking* which is authorised to transact professional indemnity insurance in the *EEA*; or
 - (2) a person of equivalent status in:
 - (a) a *Zone A country*;
 - (b) the Channel Islands, Gibraltar, Bermuda or the Isle of Man.

Notification requirements

- 8.1.22 G Rule *IPRU(INV)* 8.1.24R is a *notification rule* and is in addition to any notification requirements in the Supervision manual (*SUP* 15).
- 8.1.23 G *Credit unions* are reminded to comply with *SUP* 15.7 (Form and method of notification) when notifying the *PRA* in accordance with *IPRU(INV)* 8.1.24R.
- 8.1.24 R **A credit union must notify the *PRA* immediately it becomes aware, or has information which reasonably suggests, that any of the matters in Table 8.1(1) has occurred, may have occurred or may occur in the foreseeable future.**

Table 8.1(1)

This table forms part of IPRU(INV) 8.1.24R

NOTIFIABLE EVENTS

In relation to professional indemnity insurance, required in accordance with *IPRU(INV)* 8.1.6R to *IPRU(INV)* 8.1.21R, if:

- (1) it cannot be obtained within 28 days of the inception or renewal date;
- (2) it is cancelled;
- (3) the amount of aggregate cover is exhausted;
- (4) the *credit union* commences business lines for which it had not obtained cover;
- (5) the *credit union* is relying on *IPRU(INV)* 8.1.19R; or
- (6) the *credit union* is relying on *IPRU(INV)* 8.1.20R.

8.2 CAPITAL REQUIREMENTS

- 8.2.1 R 'Capital' in this chapter has the meaning described in *CREDS* 5.2.1R.
- 8.2.2 R *A version 1 credit union with total assets of more than £5 million or a total number of members of more than 5,000, or both, or a version 2 credit union, which acts as a CTF provider and whose permissions include regulated activities relating to accepting deposits and making arrangements with a view to transactions in investments other than contracts of insurance or rights to or interests in a life policy must maintain at all times capital which is equal to the higher of:*
- (1) £10,000;
 - (2) the capital requirements for the *credit union* under *CREDS*; and
- 8.2.3 R *A version 1 credit union with total assets of more than £5 million or a total number of members of more than 5,000, or both, or a version 2 credit union, which acts as a CTF provider which makes arrangements with a view to transactions in investments including contracts of insurance or rights to or interests in a life policy must maintain at all times capital which is equal to the highest of:*
- (1) £10,000;
 - (2) the capital requirements for the *credit union* under *CREDS*; and
 - (3) the capital requirements for the *credit union* under *MIPRU* 4.