

Appendix 3

In this appendix underlining indicates new text and striking through indicates deleted text.



The DFSA Rulebook

**Prudential – Investment, Insurance
Intermediation and
Banking Module**

(PIB)

1 APPLICATION, INTERPRETATION AND CATEGORISATION

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1.3 Categories of Authorised Firms

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Category 4

1.3.6 An Authorised Firm is in Category 4 if:

- (a) its Licence authorises it to carry on one or more of the Financial Services of Arranging Deals in Investments, Advising on Financial Products, Arranging Custody, Insurance Intermediation, Insurance Management, Operating an Alternative Trading System, Providing Fund Administration, Providing Trust Services (where it is not acting as trustee in respect of an express trust), ~~or~~ Arranging Credit and Advising on Credit or Operating a Crowdfunding Platform; and
- (b) it does not meet the criteria of Categories 1, 2, 3A, 3B, 3C or 5.

Guidance

An Authorised Firm in Category 4 may not be authorised to conduct any other Financial Service beyond those listed in Rule 1.3.6(a); if it were so authorised it would belong to another Category.

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3 CAPITAL

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3.6 Base Capital Requirement

3.6.1 This section applies to an Authorised Firm in any Category.

Guidance

The Base Capital Requirement is a component of the calculation of the Capital Requirement under sections 3.3, 3.4 and 3.5.

[The above text is included for reference only]

3.6.2 The table below sets out the Base Capital Requirement for each Category of an Authorised Firm.

Category	Base Capital Requirement
Category 1	US \$10 million
Category 2	US \$2 million
Category 3A	US \$500,000
Category 3B	US \$4 million
Category 3C	<p style="text-align: center;">US \$500,000</p> <p>Except if the only Financial Service referred to in Rule 1.3.5(a) that the Authorised Firm is authorised to carry on is Managing a Collective Investment Fund in which case its Base Capital Requirement is:</p> <p>(a) US \$140,000 if it manages any Public Fund; or</p> <p>(b) US \$70,000 otherwise.</p>
Category 4	<p style="text-align: center;">US \$ 10,000</p> <p><u>Except if the Authorised Firm is authorised to Operate a Crowdfunding Platform and it holds Client Assets, in which case its Base Capital Requirement is US \$140,000.</u></p>
Category 5	US \$10 million

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6 OPERATIONAL RISK

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6.1 Application

6.1.1 This chapter applies to an Authorised Firm as follows:

- (a) Sections 6.1 to 6.9 apply to an Authorised Firm in any Category;
- (b) Sections 6.10 and 6.11 apply only to an Authorised Firm in Category 1, 2, 3A or 5;
- (c) Section 6.12 applies only to an Authorised Firm in Category 3B, 3C or 4 which undertakes one or more of the following Financial Services:
 - (i) Arranging Deals in Investments;
 - (ii) Managing Assets;

- (iii) Advising on Financial Products;
- (iv) Managing a Collective Investment Fund;
- (v) Providing Custody;
- (vi) Insurance Intermediation;
- (vii) Insurance Management;
- (viii) Managing a Profit Sharing Investment Account (unrestricted);
- (ix) Providing Trust Services;
- (x) Providing Fund Administration;
- (xi) Acting as the Trustee of a Fund; ~~or~~
- (xii) Arranging Credit and Advising on Credit; or
- (xiii) Operating a Crowdfunding Platform.

Guidance

Section 5.3 of the GEN Module contains Rules and Guidance in relation to Systems and Controls, some of which may relate to the management of Operational Risk. The Corporate Governance rules in the GEN module set out overarching requirements in relation to Board responsibilities, including risk management. The Rules and Guidance in this section seek to complement the aforementioned requirements, while providing for a framework to address matters which directly relate to Operational Risk management.

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APP1 CATEGORIES OF AUTHORISED FIRMS

A1.1 Categorisation of Authorised Firms

Guidance

1. This section contains the table referred to in the Guidance notes at the commencement of section 1.3 of PIB. This table is for guidance purposes only.
2. The Financial Services described in the emboldened boxes in the table are the determinants for the prudential Category. The activities set out in the boxes in the table are Financial Services (see GEN chapter 2). The Financial Services that an Authorised Firm is authorised to carry on are specified on its Licence.
3. If a Person carries on any one or more of the Financial Services specified in an emboldened box under a particular Category, then the highest such Category is that Person's Category for the purposes of this module.
4. An exception to the above is an Islamic Financial Institution which Manages a PSIA which is an PSIAu. Such an institution falls in Category 5.

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Category 1	Category 2	Category 3A	Category 3B	Category 3C	Category 4	Category 5
Accepting Deposits	Dealing in Investments as Principal (not as Matched Principal)	Dealing in Investments as Principal (only as a Matched Principal)	Providing Custody (only if for a Fund)	Managing a Collective Investment Fund	Arranging Deals in Investments	An Islamic Financial Institution which Manages a PSIAu
Managing a PSIAu	Providing Credit	Dealing as Agent	Acting as the Trustee of a Fund	Managing Assets	Advising on Financial Products	
				Providing Trust Services as a trustee of an express trust	Arranging Custody	
				Managing a PSIAr	Insurance Intermediation	
				Providing Custody (other than for a Fund)	Insurance Management	
					Operating an Alternative Trading System	
					Providing Fund Administration	
					Providing Trust Services other than as a trustee of an express trust	
				Arranging Credit and Advising on Credit		
				Operating a Crowdfunding Platform		