

Appendix 4

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



The DFSA Rulebook

Prudential – Investment, Insurance
Intermediation and
Banking Module

(PIB)

2.3 Reporting to the DFSA

...

- 2.3.7** (1) An Authorised Firm must prepare and submit returns in accordance with Table 1 in section A2.4 of App2, which forms part of these Rules.
- (2) All returns must be completed in thousands of dollars (\$).
- (3) The requirement in (1) does not apply to an Authorised Firm if the only Financial Service it carries on is Managing a Venture Capital Fund.
- 2.3.8** (1) An Authorised Firm must submit to the DFSA any annual return required by Table 1 in section A2.4 of App2, within four months of the end of the Authorised Firm's financial year.
- (2) An Authorised Firm must submit to the DFSA any other return required by Table 1 in section A2.4 of App2, within one month after the end of the reporting period to which the return relates.

3 CAPITAL

...

3.5 Capital Requirements for Categories 3B, 3C, 3D and 4

- 3.5.1** (1) This section applies to an Authorised Firm in Category 3B, 3C, 3D or 4.
- (2) Rules 3.5.2 and 3.5.3(1) do not apply to an Authorised Firm if the only Financial Service it carries on is Managing a Venture Capital Fund.
- 3.5.2** The Capital Requirement for such an Authorised Firm is calculated as the highest of:
- (a) the applicable Base Capital Requirement as set out in section 3.6;
 - (b) the Expenditure Based Capital Minimum as set out in section 3.7; or
 - (c) in the case of a Money Services Provider:
 - (i) the Stored Value Capital Requirement, if it issues Stored Value;
 - (ii) the Transaction Based Capital Requirement, if it provides Payment Services; or

(iii) the aggregate of the sums referred to in (i) and (ii), if it carries on both activities.

3.5.3 (1) An Authorised Firm to which this section applies must, at all times, maintain an amount which exceeds its Expenditure Based Capital Minimum in the form of liquid assets.

(2) For the purpose of this Rule and 3.5.4, and subject to (3), liquid assets comprise any of the following:

(a) cash in hand;

(b) money deposited with a regulated bank or deposit-taker which has a short-term credit rating of A1 or P1 (or equivalent) and above from an ECAI;

(c) demand deposits with a tenor of 1 year or less with a bank or deposit-taker in (b);

(d) time deposits with a tenor of 1 year or less which have an option to redeem the deposit at any time. In such cases, the deposit amount eligible to be included as liquid assets must be calculated as net of any costs associated with such early redemption;

(e) cash receivable from a regulated clearing house and cash deposits with such clearing houses, other than any fees or contributions to guarantee or reserve funds of such clearing houses; or

(f) any other asset which may be approved by the DFSA as comprising a liquid asset for the purpose of this Rule.

(3) For the purpose of this Rule and 3.5.4, liquid assets do not include:

(a) any investment, asset or deposit which has been pledged as security or Collateral for any obligations or liabilities assumed by it or by any other third party; or

(b) cash held in Client Money or Insurance Money accounts.

3.5.4 (1) This Rule applies to an Authorised Firm if the only Financial Service it carries on is Managing a Venture Capital Fund.

(2) The Authorised Firm must ensure that it has and maintains, at all times, liquid assets and access to financial resources which are adequate in relation to the nature, size and complexity of its business to ensure that there is no significant risk that its liabilities cannot be met as they fall due.

3.6 Base Capital Requirement

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

Guidance

1. The Base Capital Requirement is a component of the calculation of the Capital Requirement under sections 3.3, 3.4 and 3.5.
2. As the Base Capital Requirement in Rule 3.5.2 does not apply to an Authorised Firm that only manages Venture Capital Funds, this section also does not apply to such a firm.

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 Except if the only Financial Service referred to in Rule 1.3.4 is Operating an Employee Money Purchase Scheme or Acting as the Administrator of an Employee Money Purchase Scheme, in which case the Base Capital Requirement is US \$1 million.
Category 3C	US \$500,000 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: (a) US \$140,000 if it manages any Public Fund; or (b) US \$70,000 otherwise.
Category 3D	US \$200,000
Category 4	US \$ 10,000 Except if the Authorised Firm: (a) is authorised to Operate a Crowdfunding Platform and it holds Client Assets; or (b) provides Money Transmission, in which case its Base Capital Requirement is US \$140,000.
Category 5	US \$10 million

3.6.3 An Authorised Firm must have Common Equity Tier 1 Capital (CET1 Capital), as defined in section 3.13, of not less than its relevant Base Capital Requirement at the time that it obtains authorisation and at all times thereafter.

3.7 Expenditure Based Capital Minimum

Guidance

As the Expenditure Based Capital Minimum requirements in Rules 3.5.2 and 3.5.3(1) do not apply to an Authorised Firm that only Manages Venture Capital Funds, this section also does not apply to such a firm.

3.7.1 This section applies to an Authorised Firm in Category 2, 3A, 3B, 3C, 3D or 4.