

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



1 GENERAL REQUIREMENTS

1.3 Categories of Authorised Firms

Guidance

1. Authorised Firms are divided into Categories to provide a clear framework for determining which specific Rules in PIB apply to each Authorised Firm. The Rules in this section enable an Authorised Firm to determine into which Category it falls.
2. Table 1 sets out the categorisation process diagrammatically.
3. In Table 1, an emboldened box indicates the Financial Service that is determinative of the Category into which an Authorised Firm falls. ~~An unshaded box indicates that an Authorised Firm in that Category may conduct that Financial Service but that it will not, of itself, determine the Category.~~ An Authorised Firm may, if authorised under its Licence to do so, conduct any number of Financial Services specified under any lower Category, than the one that applies to the Authorised Firm in accordance with this section. So for example, a Category 1 Firm could conduct any of the Financial Services specified under Categories 2, 3 or 4, (if authorised to do so) however, a Category 4 Firm may only conduct any of the Financial Services listed under Category 4, for which it is authorised.

Category 4

1.3.4 An Authorised Firm:

- (a) whose Licence authorises it to carry on one or more of the Financial Services of Arranging Credit or Deals in Investments, Advising on Financial Products or Credit, Arranging Custody, Insurance Broking or Insurance Management ~~or~~ Operating an Alternative Trading System or Providing Fund Administration; and
- (b) does not meet the criteria of Categories 1, 2, 3 or 5;

is in Category 4. [Amended][VER2/08-05]

Guidance

An Authorised Firm in Category 4 may not be authorised to conduct any other Financial Service as if it was so authorised it would belong to another Category. In accordance with Rule 1.3.7, only those Authorised Firms in Category 4 which are authorised to carry on the Financial Services of Insurance Broking or Insurance Management may hold Insurance Money.

Table 1 – Categorisation of Authorised Firms

Notes:

1. The Financial Services described in the emboldened boxes 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.
2. 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.
3. The one and only exception to the above, is an Islamic Financial Institution which Manages a Profit Sharing Investment Account. Such an institution falls in Category 5.
4. The Financial Service of managing a Profit Sharing Investment Account is not set out in an emboldened box because it is not a determinant for a Person's prudential Category, however, a Category 4 Firm cannot carry on such a activity, hence the crossed box under Category 4.

Category 1	Category 2	Category 3	Category 4	Category 5
Accepting Deposits	Dealing in Investments as Principal	Dealing in Investments as Agent	Arranging Credit or Deals in Investments	An Islamic Financial Institution whose entire business is conducted in accordance with Shari'a and which Manages a Profit Sharing Investment Account
Providing Credit		Operating a Collective Investment Fund	Advising on Financial Products or Credit	
		Managing Assets	Arranging Custody	
		Providing Custody	Insurance Broking	
		Providing Trust Services	Insurance Management	
			Operating an Alternative Trading System	
			Providing Fund Administration	
Managing a Profit Sharing Investment Account	Managing a Profit Sharing Investment Account	Managing a Profit Sharing Investment Account	X	

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