

**INTERIM PRUDENTIAL SOURCEBOOK FOR INVESTMENT BUSINESSES
(PROFESSIONAL INDEMNITY INSURANCE FOR PROFESSIONAL FIRMS)
INSTRUMENT 2004**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 149 (Evidential provisions);
 - (3) section 156 (General supplementary powers); and
 - (4) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 August 2004.

Amendments to the Interim Prudential sourcebook for investment businesses

- D. The Interim Prudential sourcebook for investment businesses is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Interim Prudential Sourcebook for Investment Businesses (Professional Indemnity Insurance for Professional Firms) Instrument 2004.

By order of the Board
15 July 2004

Annex

Amendment to the Interim Prudential sourcebook for investment businesses

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

2.3 Professional Indemnity Insurance

2.3.1 R A *firm* must effect and maintain at all times adequate professional indemnity insurance cover for all the business activities which it carries on, or for which it is responsible.

- 2.3.2 ~~E~~
G (1) ~~To effect and maintain adequate professional indemnity insurance cover a *firm* should obtain cover which is at least equivalent to the requirements of its *designated professional body* which were in force immediately before commencement.~~
- (2) ~~Compliance with (1) may be relied upon by the FSA as tending to establish compliance with *IPRU(INV)* 2.3.1.~~
- (3) ~~Contravention of (1) may be relied upon by the FSA as tending to establish contravention of *IPRU(INV)* 2.3.1.~~ In assessing the adequacy of a *firms'* professional indemnity insurance cover for the purposes of *IPRU(INV)* 2.3.1R, the *FSA* may have regard to a *firm's* compliance with the professional indemnity insurance requirements of its *designated professional body* in force at the time.