

1st March 2010

FAO Ms Victoria Cooley
Prudential Policy Division
Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

London Office
22 City Road
Finsbury Square
London EC1Y 2AJ
Tel: +44 (0) 20 7448 7100
Fax: +44 (0) 20 7638 4636
Email: info@apcims.co.uk

E-mail: cp09_29@fsa.gov.uk

Dear Sirs

Response to CP09/29 Strengthening Capital Standards 3

The Association of Private Client Investment Managers and Stockbrokers (APCIMS) represents firms acting on behalf of investors¹. Member firms deal primarily in stocks and shares as well as other financial instruments for individuals, trusts and charities and offer a range of services from execution only trading (no advice) through to full portfolio management.

Our member firms operate on more than 500 sites in the UK, Ireland, Isle of Man and Channel Islands, employing 25,000 regulated staff. Around £335 billion of the country's wealth is under the management of our members. Our aim is to ensure that the regulatory, tax and other changes across Europe are appropriate and proportionate for the investment community. Our UK firms are subject to BIPRU and the majority are limited licence firms although there are a minority of firms who are full scope firms.

Our response to the questions set out in the CP is on the attached appendix to this letter.

In the event you have any queries on the content of this letter and accompanying appendix please contact us.

Yours faithfully



Ian Cornwall
Director UK Regulation

¹ APCIMS has around 180 members, over 125 are private client investment managers and stockbrokers and the rest are associate members providing related services to our firms.

Chapter 3 Hybrid capital

Enquires of our member firms reveal that most have “simple” capital structure comprised of equity and accumulated reserves. We do not believe the proposals on hybrid capital will have an impact on our firms. We have not therefore responded to questions 1 to 6 inclusive.

Chapter 4 Large exposures

Q7: Do you agree that we should implement this exemption (if we do not implement this exemption we would be superequivalent)?

We fully support the exemption from the large exposure regime for ‘limited licence’ and ‘limited activity’ investment firms.

Q8: Do you agree that setting a lower limit for the smaller firm exemption is both prudent and will reduce financial contagion in the banking sector?

A limited number of APCIMS firms who are also banks, will benefit from the proposal to for an exemption to allow for firms to have exposures to other institutions greater than 25% of their capital resources, as long as the exposure is below €100m. However, we are unclear from the content of the CP why the UK has adopted an exemption limit of €100m when the limit set by the European Commission is €150m. We cannot see any rationale for the FSA ‘goldplating’ the limit and would urge the FSA to set the limit at €150m

We have no comment on questions 9 to 22.

Chapter 5 Securitisation

Securitisation is not an activity undertaken by our member firms we therefore have no comments on questions 23 to 34.

Chapter 6 Trading book

Our member firms do have the Var model permission consequently we have not responded to questions 35 to 44.

Chapter 7 Prudent valuation

Q45: Do you have any observations on the amendments to the prudent valuation framework?

No comment.

Chapter 8 Pillar 2 and Pillar 3

We have no comment on questions 46 to 48.