

MEMO# 33506

April 27, 2021

FCA Issues Second Consultation on the Implementation of the UK Investment Firms Prudential Regime

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TO: ICI Global Members SUBJECTS: MiFID, EMIR, AIFMD, UCITS V RE: FCA Issues Second Consultation on the Implementation of the UK Investment Firms Prudential Regime

On April 19, the UK Financial Conduct Authority (FCA) published the second of three consultations on the implementation of the Investment Firms Prudential Regime (IFPR), with comments due by May 28 (Consultation).^[1] The IFPR - a new prudential regime for investment firms authorized under the Markets in Financial Instruments Directive (MiFID) - creates a single, proportionate regime that is intended to reflect firms' size and business.^[2]

The Consultation seeks views on:

- remaining aspects on own funds requirements (such as the fixed overheads requirement);
- the basic liquid assets requirement;
- remuneration requirements; and
- risk management - the Internal Capital and Risk Assessment (ICARA) process.

The FCA intends to publish near-final rules on the first consultation shortly and to conduct the third consultation on remaining aspects of the IFPR in Q3 2021. Policy statements for the second and third consultations are expected to be published later in 2021. Firms subject to the IFPR will be required to comply with the new regulations beginning January 2022.

We are reviewing the Consultation and expect to prepare a response focused on the remuneration requirements.

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endnotes

[1] The consultation paper is available at <https://www.fca.org.uk/publication/consultation/cp21-7.pdf>.

[2] The first consultation on the IFPR, issued on June 23, 2020, is available at <https://www.fca.org.uk/publications/discussion-papers/dp20-2-prudential-requirements-mifid-investment-firms>. We submitted a response focused on the remuneration provisions, available at <https://www.ici.org/system/files/attachments/32791a.pdf>.

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