

**MEMO# 33702**

July 26, 2021

## **UK Financial Conduct Authority Issues Second Policy Statement on the UK Investment Firms Prudential Regime**

[33702]

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TO: ICI Members

ICI Global Members SUBJECTS: International/Global RE: UK Financial Conduct Authority Issues Second Policy Statement on the UK Investment Firms Prudential Regime

On July 26, the UK Financial Conduct Authority (FCA) issued PS21/9 on the implementation of the investment firms prudential regime (IFPR).<sup>[1]</sup> 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.

In April 2021 the FCA consulted, in CP21/7, on the second set of proposals to introduce the IFPR.<sup>[2]</sup> That consultation addressed: (1) remuneration requirements; (2) remaining aspects on own funds requirements (such as the fixed overheads requirement); (3) the basic liquid assets requirement; and (4) risk management - the Internal Capital and Risk Assessment (ICARA) process.

PS21/9 summarizes the feedback the FCA received to CP21/7, the FCA's response, and sets out near-final rules. The FCA expects the IFPR to take effect in January 2022.

We will follow up with a more detailed member memorandum shortly.

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### **endnotes**

<sup>[1]</sup> PS21/9 is available at <https://www.fca.org.uk/publication/policy/ps21-9.pdf>.

<sup>[2]</sup> The consultation paper is available at

<https://www.fca.org.uk/publication/consultation/cp21-7.pdf>. ICI Global's response to the consultation is *available* at <https://www.ici.org/system/files/2021-06/33565a.pdf>.

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