

Throgmorton – FCA Investment Firm Prudential Regime Update

Where are we and how can we help?

As the industry awaits final rules and supplementary guidance from the FCA in relation to the upcoming new Prudential Regime, Throgmorton have put in place a taskforce to assist clients with the upcoming requirements and ensure that the transition process over to the new regime is as seamless as possible.

Working with the language and indicated approach set out by the FCA during the latter part of 2020, we are able to analyse firm's systems and controls and start the preparation process in readiness for the new rules.

How we can assist at this stage:

- Calculate the likely impact on capital and liquidity requirements
- Perform a gap analysis of current arrangements and assess likely impacts of the new rules
- Review existing ICAAP documentation, associated stress testing, monitoring and related systems and controls
- Hold training sessions to educate the management team and Board
- Plan scope of works required to ensure compliance within the FCA timelines

Update on the FCA's progress with rulemaking

The FCA published the first of three consultation papers ("CPs") on the 14th December 2020.

Entitled '**CP-20/24: A new UK prudential regime for MiFID investment firms**', the document sets out details of a draft single prudential sourcebook, MIFIDPRU, covering the following areas;

- Applicability (in scope entities and new categorisations) MIFIDPRU1
- Prudential consolidation application and the alternative group capital test MIFIDPRU2
- Own fund requirements and resources MIFIDPRU3/4
- Concentration risk MIFIDPRU5
- Elements of new regulatory reporting requirements MIFIDPRU9
- Reporting templates and supplementary advisory notes

The consultation period for this initial CP closed on 5th February 2021 and the industry awaits the FCA's response. The second and third CPs are due for publication in Q2 and Q3 2021 respectively, ahead of the implementation date in January 2022.

Contact Details

To speak to our team of experts, please get in touch at: compliancesolutions@throgmorton.co.uk.

Useful links:

<https://www.fca.org.uk/publication/consultation/cp20-24.pdf>

<https://www.fca.org.uk/publication/consultation/ifpr-reporting-forms.pdf>

<https://www.fca.org.uk/publication/consultation/ifpr-reporting-instructions.pdf>