

IFPR Support

From January 2022 when the IFPR (Investment Firm Prudential Regime) came into force, all UK MiFID investment firms, as well as CAD exempt firms, faced significant changes to their prudential supervision regime.

The new IFPR regime, which is set out in the MiFIDPRU sourcebook within the FCA handbook, amended the following aspects of prudential supervision for all firms, whether in or out of scope:

- It replaced the previous plethora of prudential supervisory regimes with three regimes: Small and Non-Interconnected MiFIDPRU Investment Firms (SNIs), Non-Small and Non-Interconnected MiFIDPRU Investment Firms (Non-SNIs) and UK MiFID Exempt Investment Firms (article 2 or article 3)
- Part 4A permission and business volume thresholds determine whether an investment firm is designated as an SNI or a Non-SNI
- It changed the previous Permanent Minimum Capital Requirements (PMCR) for investment firms subject to IFPR to three at full implementation of IFPR on 1 January 2027 - £75,000, £150,000 and £750,000
- All Non-SNIs have an additional own funds requirement component to calculate (i.e. K-factor risks)
- All firms subject to MiFIDPRU with Part 4A permission to deal in investments as principal, whether with or without the matched principal brokerage limitation, are deemed to be dealing on own account, and automatically Non-SNIs. Such firms will, therefore, have a PMCR of £750,000 at the end of the Transitional Provisions Regime (TPR). The TPR is in place from 1 January 2022 to 31 December 2026 to smooth out the effect of the increases in PMCR
- All investment firms subject to the IFPR are required to prepare an Internal Capital Assessment and Risk Analysis (ICARA)
- Regulatory reporting has been amended for all MiFIDPRU investment firms
- New remuneration code, potentially more onerous, specifically for MiFIDPRU investment firms
- Previous Pillar 3 disclosure arrangements amended and, in some cases, significantly expanded
- The prudential consolidation perimeter has undergone some changes

How we help

We can assist all investment firms, whether they are contemplating: graduation from AR status to authorisation as principal in their own right, seeking authorisation as principal in their own right without passing via the AR status or an existing principal investment firm, whose activities all fall into scope of IFPR.

The scope of any assistance can range across any or all of the following areas:

- Guiding and assisting firms to undertake the FCA authorisation application process
- Assessing the impact of IFPR, if any, on their proposed or existing business model
 - Whether their business model makes the firm eligible to be out of scope of IFPR
 - If not, assessing:
 - Their categorisation – SNI/Non-SNI (MiFIDPRU chapter 1)
 - Any prudential consolidation perimeter considerations (MiFIDPRU chapter 2)
 - The PMCR and ongoing own funds requirements calculations, including any TPR implications (MiFIDPRU chapter 4 and TP2)
 - Their ICARA obligations (MiFIDPRU chapter 7)

- Regulatory reporting obligations (MiFIDPRU chapter 9)
- MiFIDPRU remuneration code obligations (SYSC 19G)
- MiFIDPRU disclosures obligations (MiFIDPRU chapter 8)

If your firm requires assurance or reassurance that any of the above aspects of its current prudential regulatory arrangements are accurate and compliant, we are happy to facilitate a health check. The scope of the exercise can be as broad or narrow as needed.

Key facts and figures*

People worldwide	Worldwide location	Assets under administration	Minimum senior team experience	Funds under administration
4300⁺	24	\$750⁺ bn	20^{yrs}	800⁺

Key contact/s



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*Information correct as of 30 January 2023

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