

INVESTMENT FIRMS PRUDENTIAL REGIME

KEY ACTIONS & TIMELINE

January 2022

The Investment Firms Prudential Regime (the “IFPR”) came into force on 1 January 2022 with the aim of simplifying the prudential requirements for MiFID investment firms regulated by the FCA. In order to help our clients understand their obligations under the new rules, we have outlined in the table below some of the key actions and timelines that firms should be aware of in the coming months.

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If you have any questions about the table or your firm’s IFPR obligations, please do not hesitate to contact us (see our contact details opposite).

No.	TIMELINE	ACTION	IFPR ref.	SNI	Non-SNI	Large Non-SNI ¹
1.	Performance period beginning in 2022	MIFIDPRU Remuneration Code – The general remuneration requirements (e.g. having policies and appropriate governance) together with the standard and enhanced requirements that relate to material risk takers apply from the date of the performance period beginning in 2022.	SYSC 19G.1.30R	☑	☑	☑
2.	20 days from accounting reference date	K-CON concentration risk on trading book report – A Non-SNI firm that deals on own account must submit its first concentration risk report (MIF005) within 20 business days ² of its accounting reference date (“ARD”). Subsequent reports will need to be submitted on a quarterly basis.	MIFIDPRU 9.2.2R		☑	☑
3.	Early 2022	Prudential returns due under the previous regime with a submission deadline after 1 January 2022 but a reference date before 1 January 2022 must still be submitted by that deadline.	MIFIDPRU TP 11	☑	☑	☑
4.	No later than 1 February 2022	GCT waiver – Investment firm groups intending to rely on the group capital test (“GCT”) on a temporary basis before the FCA makes its determination must submit their applications before 1 February 2022.	MIFIDPRU TP 3	☑	☑	☑
5.		Liquidity consolidation waiver – Investment firm groups should also apply to the FCA for an exemption from the consolidated liquidity requirements in the event that the GCT application is not approved by the FCA.	MIFIDPRU 2.5.19R	☑	☑	☑
6.		AT1 transitional – Firms that have issued additional tier 1 instruments (“AT1”) under the UK CRR before 1 January 2022 must notify the FCA whether the instruments meet the conditions under MIFIDPRU 3.4 (or apply to the FCA for a modification) before 1 February 2022.	MIFIDPRU TP 1.1.8R	☑	☑	☑
7.	April 2022	Quarterly financial reporting (SNI) – Firms must submit their first set of quarterly financial reports (MIF001: Own fund report, MIF002: Liquid assets report, and MIF003: Monitoring metrics report) within 20 business days ³ after the last business day in March 2022. Subsequent reports will need to be submitted on a quarterly basis.	MIFIDPRU 9.2.3R to 9.2.4R	☑		
8.		Quarterly financial reporting (Non-SNI) – Firms must submit their first set of quarterly financial reports (MIF001: Own fund report, MIF002: Liquid assets report, MIF003: Monitoring metrics report, and MIF004: Non-K-CON concentration risk reporting) within 20 business days ⁴ after the last business day in March 2022. Subsequent reports will need to be submitted on a quarterly basis.	MIFIDPRU 9.2.1R and 9.2.2R		☑	☑
9.	2022/23	Disclosure (Governance arrangements) – Non-SNI firms must make their first disclosures in relation to their governance arrangements under MIFIDPRU 8.3 on the date they publish their annual financial statements in respect of the financial year ending in 2022.	MIFIDPRU 8.1.1R, 8.1.10R, 8.3 to 8.5		☑	☑
10.		Disclosure (Own funds and own funds requirement) – Non-SNI firms and SNI firms that have AT1 in issue must disclose their own funds (using the template prescribed by the FCA) and own funds requirements under MIFIDPRU 8.4 and 8.5 respectively, on the date they publish their annual financial statements in respect of the financial year ending in 2022.		☑ (AT1 in issue)	☑	☑
11.	2023	ICARA reporting – Firms must submit their first ICARA assessment questionnaire (MIF007) on the date notified to the FCA or such other date as directed by the FCA. Subsequent reports will need to be submitted on an annual basis and whenever an ICARA review is triggered. We expect most firms will submit their first MIF007 in 2023. Firms and groups that were subject to individual capital guidance or individual liquidity guidance on 31 December 2021 must submit their first MIF007 by 31 March 2023.	MIFIDPRU 9.2.1R to 9.2.4R, MIFIDPRU TP 10.3R	☑	☑	☑
12.	2023/24	Disclosure (Risk management) – • Non-SNI firms (and SNI firms with AT1 in issue) with an ARD on 31 December 2022 must make their first disclosures in relation to their risk management objectives and policies under MIFIDPRU 8.2 on the date their annual financial statements in respect of financial year ending in 2022 are published. • Firms with an ARD before 31 December 2022 only need to make their first disclosures on the date their annual financial statements in respect of the financial year ending in 2023 are published.	MIFIDPRU 8.1.1R(2), MIFIDPRU TP 12.6R	☑ (AT1 in issue)	☑	☑
13.		Disclosure (Investment policy e.g. for investments where the shares are traded on a regulated market and the firm holds more than 5% of the voting rights) – • Firms with an ARD on 31 December 2022 must make their first disclosures in relation to their investment policies (using the template prescribed by the FCA) under MIFIDPRU 8.7 on the date their annual financial statements in respect of the financial year ending in 2023 are published. • Firms with an ARD before 31 December 2022 only need to make their first disclosures on the date their annual financial statements in respect of the financial year ending in 2023 are published.	MIFIDPRU 8.1.1R(4), MIFIDPRU TP 12.6R			☑
14.		Disclosure (Remuneration) – • Firms must make their first remuneration disclosures under MIFIDPRU 8.6 on the same date that they publish their annual financial statements after the end of the first performance period to which the MIFIDPRU Remuneration Code applies. • Firms with a performance period that begins before 1 January 2022 and ends on or after 1 January 2022 do not need to make the disclosures under MIFIDPRU 8.6 for that performance period. However, they should still make the relevant remuneration disclosures as required under the previous rules for that performance period (i.e. BIPRU or the UK CRR).	MIFIDPRU 8.6, FCA PS21/17 (para 2.9), MIFIDPRU TP 12.8R	☑	☑	☑
15.		Remuneration reporting – The remuneration reporting requirement (MIF008) will apply to the first full remuneration year beginning on or after 1 January 2022. The report needs to be submitted within four months of the end of the firm’s ARD. Subsequent reports need to be submitted on an annual basis. The earliest MIF008 reports will be submitted in early 2023.	SUP 16.29	☑	☑	☑

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1 A “Large Non-SNI” firm is one that has on- and off-balance sheet assets over the thresholds specified in MIFIDPRU 7.1.4R(1).
2 30 business days for reports relating to the consolidated situation of an investment firm group.
3 See footnote 2 above.
4 See footnote 2 above.