

Guidance notes for MIFIDPRU 9 Annex 1R

MIF001 – Adequate financial resources (Own funds)

Introduction

This data item provides the FCA with information on the solvency of an FCA investment firm. It is intended to reflect the underlying adequate financial resources requirements contained in MIFIDPRU and allows monitoring against the requirements set out there, and also against those individual requirements placed on firms. We have provided references to the underlying rules to assist completion of this data item.

This data item applies to all FCA investment firms. In the text below we have identified where particular data elements do not apply to all firms.

Consolidated reports

This form applies to both individual FCA investment firms and to consolidation groups. If completed on behalf of a consolidation group, it should be completed on the basis of the consolidated situation and references to an FCA investment firm should be taken to refer to the situation that would result if the consolidation group were treated as a single large FCA investment firm. Firms should refer to MIFIDPRU 2.5 for further information on how MIFIDPRU applies on a consolidated basis.

Currency

All figures should be reported in Sterling. Figures should be reported in 000s.

Defined Terms

The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology, including, where appropriate, the FCA investment firm's accounting framework, without departing from their full meaning or effect.

The terms used in this guidance note have the same meaning as the terms used in MIFIDPRU. Defined terms are not italicised in this note.

Data elements

These are referred to by row first, then column.

Basis of completion

1A – Basis of completion

Is the MIF001 report on behalf of a consolidation group? Enter 'Yes' in this cell if the report is being completed by a prudential consolidation group.

2A – Details of other firms within the group

If the answer to cell 1A is yes, please list the firm reference numbers (FRN) of all FCA regulated entities in the consolidated situation, and the group reference number, if applicable.

Own funds held

This section applies to all FCA investment firms.

FCA investment firms are required to hold own funds in excess of their own funds threshold requirement. Own funds held to meet the own funds threshold requirement must be made up of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2) capital.

3A – Common Equity Tier 1 capital

FCA investment firms should enter the amount of CET1 capital they hold for their own funds. CET1 capital should be calculated in accordance with Article 50 of the UK CRR as applied and modified by Section 3.3 of MIFIDPRU – Common equity tier 1 capital.

4A – Additional Tier 1 capital

FCA investment firms should enter the amount of AT1 capital they hold for their own funds. AT1 capital should be calculated in accordance with Article 61 of the UK CRR as applied and modified by Section 3.4 of MIFIDPRU – Additional tier 1 capital.

FCA investment firms are not required to hold/issue AT1 capital. If no AT1 has been issued or is held, enter a zero in this cell.

5A – Tier 2 capital

FCA investment firms should enter the amount of T2 capital they hold for their own funds. T2 capital should be calculated in accordance with Article 71 of the UK CRR as applied and modified by Section 3.5 of MIFIDPRU – Tier 2 capital.

FCA investment firms are not required to hold/issue T2 capital. If no T2 has been issued or is held, enter a zero in this cell.

6A – total annual fixed overheads

The fixed overheads requirement is one quarter of the FCA investment firm's previous financial year's annual relevant expenditure after the distribution of profits. The annual relevant expenditure should be calculated in accordance with MIFIDPRU 4.5. The number entered should be the total annual relevant expenditure, not the fixed overheads requirement.

If there has been a material increase to the FCA investment firm's relevant expenditure during the year (as specified in MIFIDPRU 4.5), the revised projected relevant expenditure should be included here.

If there has been a material decrease in the FCA investment firm's relevant expenditure during the year (as specified in MIFIDPRU 4.5), the revised projected relevant expenditure should only be included here if the firm has obtained permission from the FCA to substitute a reduced fixed overheads requirement based on that relevant expenditure.

7A – variation in fixed overheads

FCA investment firms should select 'Yes' if its FOR has changed due to a material change in its business model (as defined in MIFIDPRU 4.5). If this is the case, the number entered into cell A6 should be the equivalent annual relevant expenditure for the FCA investment firm's amended FOR.

8A – Permanent minimum requirement (PMR)

If completed on an individual basis, FCA investment firms should enter one of the following numbers:

- 75 if the firm has a PMR of £75,000
- 150 if the firm has a PMR of £150,000
- 500 if the firm has a PMR of £500,000
- 750 if the firm has a PMR of £750,000
- 4000 if the firm has a PMR of £4,000,000

Where a transitional provision allows an FCA investment firm to substitute an alternative PMR, this figure should reflect its standard requirement (and not the alternative lower figure under the transitional provision).

If completed on a consolidated basis, FCA investment firms should enter the consolidated PMR, calculated in accordance with MIFIDPRU 2.5.27R.

K-factor requirements

This section does not apply to SNI firms and these firms should leave it blank. Where a non-SNI firm does not have permission to carry out the relevant activity, the cell should be left blank.

In this section, non-SNI firms should provide the relevant K-factor requirement. Values should be provided in thousands, rather than units.

For example, if the firm has calculated its average AUM to be £1 million, its K-AUM requirement is £200. The number to be entered in cell 10A is 0.2.

9A – Total K-factor requirement

FCA investment firms should enter the total amount of their K-factor requirement. This figure should be the sum of cells 10A to 23A.

10A – K-AUM

FCA investment firms should input their K-AUM requirement calculated in accordance with MIFIDPRU 4.7.

11A –K-CMH (segregated)

FCA investment firms should enter their K-CMH requirement for segregated accounts, calculated in accordance with MIFIDPRU 4.8.

A segregated account is defined in the Handbook Glossary.

12A – K-CMH (non-segregated)

FCA investment firms should enter their K-CMH requirement for non-segregated accounts, calculated in accordance with MIFIDPRU 4.8.

A non-segregated account is an account that does not satisfy the conditions to be a segregated account.

13A – K-ASA

FCA investment firms should enter their K-ASA requirement calculated in accordance with MIFIDPRU 4.9.

Client orders handled

14A – K-COH (cash trades)

FCA investment firms should enter their K-COH requirement for cash trades calculated in accordance with MIFIDPRU 4.10.

15A – K-COH (derivative trades)

FCA investment firms should enter their K-COH requirement for derivatives trades calculated in accordance with MIFIDPRU 4.10.

Daily Trading Flow

16A – K-DTF (cash trades)

FCA investment firms should enter the value of their K-DTF requirement for cash trades calculated in accordance with MIFIDPRU 4.15.

17A – Adjusted K-DTF (cash trades) coefficient, where used

Under MIFIDPRU 4.15.11R, an FCA investment firm may adjust the coefficient used to calculate the K-DTF requirement if stressed market conditions occurred during the calculation period. Where an FCA investment firm has adjusted the cash trades coefficient in accordance with that rule, it should enter the value of the adjusted cash trades coefficient in this cell. The value entered should be the adjusted coefficient expressed as a decimal value. For example, if the adjusted coefficient for cash trades is 0.0961%, the firm should enter 0.00096 in this cell.

Firms should refer to MIFIDPRU 4.15.13G for a worked example of how to calculate the adjusted coefficient.

18A – K-DTF (derivative trades)

FCA investment firms should enter the value of their K-DTF requirement for derivative trades calculated in accordance with MIFIDPRU 4.15.

19A – Adjusted K-DTF (derivatives trades) coefficient, where used

Under MIFIDPRU 4.15.11R, an FCA investment firm may adjust the coefficient used to calculate the K-DTF requirement if stressed market conditions occurred during the

calculation period. Where an FCA investment firm has adjusted the derivatives trades coefficient in accordance with that rule, it should enter the value of the adjusted derivative trades coefficient in this cell. The value entered should be the adjusted coefficient expressed as a decimal value. For example, if the adjusted coefficient for derivatives trades is 0.00961%, the firm should enter 0.0000961 in this cell.

Firms should refer to MIFIDPRU 4.15.13G for a worked example of how to calculate the adjusted coefficient.

20A – K-NPR (K-factor requirement)

FCA investment firms should enter the capital requirement calculated for net position risk in accordance with MIFIDPRU 4.12.

21A – K-CMG

FCA investment firms should enter the total capital requirement calculated for K-CMG in accordance with MIFIDPRU 4.13. The value given shall be the sum of the individual K-CMG requirements for each portfolio for which the firm has obtained a K-CMG permission from the FCA.

22A – K-TCD

FCA investment firms should enter their total capital requirement calculated for K-TCD in accordance with MIFIDPRU 4.14.

23A – K-CON

FCA investment firms should enter their total own funds requirement calculated for K-CON in accordance with MIFIDPRU 5.7.

Transitional requirements

This section applies to all FCA investment firms if they are relying on transitional provisions to limit their own funds requirement. Firms that are not relying on transitional provisions should leave these fields blank.

24A – Transitional requirement

FCA investment firms should enter the current amount of any transitional own funds requirement. Where a firm is making use of more than one transitional provision for its own funds requirement, it should enter the highest resulting value.

Note, that where an FCA investment firm changes its permissions during this period in a manner that would result in an increase in its permanent minimum requirement under MIFIDPRU, it will no longer be able to take advantage of any transitional provisions that limit its permanent minimum own funds requirement. Before the FCA will grant any change in permission, it will assess whether the investment firm is able to meet the full permanent minimum own funds requirement and any other additional requirements that may apply as a result of the change.

25A – Basis of transitional

FCA investment firms should identify by reference to the relevant provision in MIFIDPRU the transitional provision or provisions they are relying on for their own funds requirement entered in cell 24A.

Own funds threshold requirement/wind-down trigger

This section applies to all FCA investment firms.

Where MIF001 is being completed on a consolidated basis, the cells in this section should be left blank unless the FCA has specifically required the investment firm group to undertake a consolidated ICARA process.

Groups are reminded that a consolidated ICARA process is different from a group ICARA process. An investment firm group may be subject to prudential consolidation under MIFIDPRU 2.5 (and therefore would be required to complete MIF001 on a consolidated basis) but unless the FCA specifically requires otherwise, there is no obligation to operate a consolidated ICARA process, even where an investment firm group is subject to prudential consolidation.

26A – Own funds threshold requirement

An FCA investment firm should enter the higher of:

- its latest own assessment of its own funds threshold requirement as determined through the ongoing ICARA process (MIFIDPRU 7.6) or
- the amount specified by the FCA to be its own funds threshold requirement

It is possible that both the FCA investment firm and the FCA have determined that no additional own funds are required to that set by the MIFIDPRU 4 requirements. In this case, the FCA investment firm should enter the higher of its PMR, its FOR and its KFR (where this applies).

Where the FCA has specifically required the investment firm group to operate a consolidated ICARA process, this cell should contain the higher of:

- the group's own assessment of its consolidated own funds threshold requirement as determined through the consolidated ICARA process (i.e. in accordance with MIFIDPRU 7.6 as applied on a consolidated basis) or
- the amount specified by the FCA to be the consolidated own funds threshold requirement

27A – Own funds wind-down trigger

An FCA investment firm should enter its Fixed Overhead Requirement unless the FCA has specified an alternative own funds wind-down trigger.

Where the MIF001 is being completed on a consolidated basis, this cell should be left blank.

MIF002 – Adequate financial resources (Liquid assets)

Introduction

This data item provides the FCA with information on the liquidity position of the FCA investment firm. This data item is intended to reflect the underlying adequate financial resources requirements in MIFIDPRU 6 and MIFIDPRU 7. It allows monitoring against these MIFIDPRU requirements and any individual requirements placed on a firm. We have provided references to the underlying rules to assist in its completion.

This data item applies to all FCA investment firms. In the text below we have identified where elements do not apply to all firms.

Additional information on liquid assets held may be required as part of the MIF007 – ICARA reporting form. We would also expect to see additional details in the FCA investment firm's report on its ICARA process, which must be provided to the FCA if requested.

MIFIDPRU 6 provides further information on the basic liquid assets requirement and core liquid assets. MIFIDPRU 7.7 provides further information on the liquid assets threshold requirement and non-core liquid assets.

Consolidated reports

This form applies to both individual FCA investment firms and to consolidation groups. If completed on behalf of a consolidation group, it should be completed on the basis of the consolidated situation and references to FCA investment firm should be taken to refer to the consolidation group.

If a group has obtained the exemption from the consolidated basic liquid assets requirement in MIFIDPRU 2.5.19R, it is not required to submit a consolidated MIF002 return.

Currency

All figures should be reported in Sterling. Figures should be reported in 000s.

Defined Terms

The descriptions in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology without departing from their full meaning or effect.

Data elements

These are referred to by row first, then column.

Basis of completion

1A asks FCA investment firms to specify the basis on which this report is being completed.

2A asks for the FRNs of all the FCA investment firms that form part of the consolidation group.

Basic liquid asset requirement

3A – Basic liquid asset requirement based on fixed overheads

Enter the value of the basic liquid asset requirement that is based on the requirement to hold liquid assets equivalent to one third of the FCA investment firm's fixed overheads requirement. Where the firm is making use of an FOR transitional provision, the basic liquid asset requirement is one third of its transitional FOR.

4A – Basic liquid asset requirement based on client guarantees

Enter the basic liquid asset requirement that is based on the requirement to hold core liquid assets equivalent to 1.6% of the value of guarantees that have been provided to clients.

Core liquid assets held

5A – Core liquid assets held (excluding receivables from trade debtors)

Enter the total core liquid assets held. Trade receivables should not be included in this figure.

6A – Value of trade receivables due within 30 days

This cell should only be completed if the firm is:

- an SNI MIFIDPRU investment firm or
- a non-SNI MIFIDPRU investment firm that does not have permission to carry on dealing on own account or underwriting/placing of financial instruments on a firm commitment basis

An FCA investment firm that does not fall within one of the above categories cannot count trade receivables as core liquid assets and should leave this cell blank.

Enter the total value of receivables from trade debtors that are receivable within 30 days. The value reported should be the total value of such receivables that is due to the firm – i.e. before applying any of the adjustments set out in MIFIDPRU 6.3.3R(3) to (5).

Liquid assets threshold requirement/wind-down trigger

Where MIF002 is being completed on a consolidated basis, cells 7A and 8A should be left blank unless the FCA has specifically required the investment firm group to undertake a consolidated ICARA process.

Groups are reminded that a consolidated ICARA process is different from a group ICARA process. An investment firm group may be subject to prudential consolidation under MIFIDPRU 2.5 (and therefore would be required to complete MIF002 on a consolidated basis, unless the group has obtained the exemption in MIFIDPRU 2.5.19R) but unless the FCA specifically requires otherwise, there is no obligation to operate a consolidated ICARA process, even where an investment firm group is subject to prudential consolidation.

7A – Liquid assets threshold requirement

An FCA investment firm should enter the higher of:

- its own assessment of its liquid assets threshold requirement as determined through the ICARA process as set out in MIFIDPRU 7.7 or
- the amount specified by the FCA to be its liquid assets threshold requirement

Where the FCA has specifically required the investment firm group to operate a consolidated ICARA process, this cell should contain the higher of:

- the group's own assessment of its consolidated liquid assets threshold requirement as determined through the consolidated ICARA process (i.e. in accordance with MIFIDPRU 7.7 as applied on a consolidated basis) or
- the amount specified by the FCA to be the consolidated liquid assets threshold requirement

8A – Liquid assets wind-down trigger

An FCA investment firm should enter its basic liquid assets requirement unless the FCA has specified to the firm an amount that should be its liquid assets wind-down trigger.

Where the MIF002 is being completed on a consolidated basis, this cell should be left blank.

Non-core liquid assets held

Information on what can be counted as a non-core liquid asset and the relevant haircuts is provided in MIFIDPRU 7.7.

9A – Value of non-core liquid assets post-haircut

Enter the total value of any non-core liquid assets that the firm has and is using, to satisfy its liquid assets threshold requirement.

The value reported should be after applying any haircuts. See MIFIDPRU 7.7 for details on assets that are eligible as non-core liquid assets and MIFIDPRU 7.7.11G for more information on haircuts.

MIF003 – Monitoring metrics

Introduction

This data item provides the FCA with information on the size and complexity of an FCA investment firm. The data item is intended to reflect the SNI thresholds in MIFIDPRU and allows monitoring against those thresholds. It also allows the FCA to see any trends in the FCA investment firm's data. We have provided references to the underlying rules to assist in its completion.

This data item applies to all FCA investment firms. In the text below we have identified where particular data elements do not apply to all firms.

This data item should be completed on the basis of an FCA investment firm's MiFID business activities. If an FCA investment firm cannot determine the split between its MiFID activities and any other business activities it undertakes, it should count everything as being a MiFID activity for these purposes.

Consolidated reports

This form applies to both individual FCA investment firms and to consolidation groups. If completed on behalf of a consolidation group, it should be completed on the basis of the consolidated situation and references to an FCA investment firm should be taken to refer to the situation that would result if the consolidation group were treated as a single large FCA investment firm. Firms should refer to MIFIDPRU 2.5 for further information on how MIFIDPRU applies on a consolidated basis.

Currency

All figures should be reported in Sterling. Figures should be reported in 000s.

Defined Terms

The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology, including, where appropriate, the FCA investment firm's accounting framework, without departing from their full meaning or effect.

The terms used in this guidance note have the same meaning as the terms used in MIFIDPRU. Defined terms are not italicised in this note.

Data elements

These are referred to by row first, then column.

Basis of completion

1A – Basis of completion

The FCA investment firm should indicate whether MIF003 is being completed on an individual or on a consolidated basis.

2A – details of other firms within the group

Enter the firm reference numbers of all the FCA regulated entities in the consolidated situation, and the group reference number, where applicable.

Metrics

FCA investment firms should only submit information for the activities they undertake at the time at which the report is submitted (or that they have undertaken in the past, where the historical activities continue to be reflected in the calculation of one or more K-factor metrics). This information must be supplied even if the firm is an SNI and does not currently need to calculate a K-factor requirement.

Where the FCA investment firm does not undertake an activity and there is no historical activity that continues to be reflected in the calculation of the relevant K-factor metric, it should leave the field blank. For example, an FCA investment firm may have ceased discretionary portfolio management on 1 March. As the calculation of average AUM is based on a 15-month period, the firm would report a positive number for its average AUM in cell 3A until 1 June in the following year on the basis of its historical activities.

Unless specified, we are not asking for the K-factor requirement but the value of the underlying activity that is used to calculate the K-factor requirement. For example, a firm with average AUM of £10,000,000 would enter 10,000 in response to question 3A (rather than entering 4, which would reflect the value of the resulting £4,000 K-factor requirement).

Firms should refer to MIFIDPRU 1.2.1R and the basic conditions for being an SNI MIFIDPRU investment firm.

3A – Average AUM

Enter the average AUM as calculated in accordance with:

- MIFIDPRU 4.7 or
- MIFIDPRU 1.2.4R where it is using the alternative approach to measure its average AUM for the purposes of MIFIDPRU 1.2.1R (1)

The next three fields ask for the AUM at a point in time, rather than an average over a specific time period. FCA investment firms should use the value of AUM as at the last business day of each calendar month.

Where an FCA investment firm cannot determine the split of AUM for MiFID and non-MiFID activities, it must report its total AUM here.

4A – AUM at T

Enter the assets under management on the reporting date.

5A – AUM at T-1 month

Enter the total assets under management on the last working day of the month before the reporting date.

6A – AUM at T-2 months

Enter the total assets under management on the last working day of the second month before the reporting date.

7A – Average CMH (segregated)

Enter the average CMH held in segregated accounts as calculated in accordance with MIFIDPRU 4.8. This is the amount of MiFID client money (as defined in the Handbook Glossary) that the firm holds in segregated accounts.

A segregated account is defined in in the Handbook Glossary.

The next three fields ask for the CMH (segregated) at a point in time, rather than an average over a specific time period. FCA investment firms should use the value of CMH on the last business day of each calendar month. Over time this will provide us with a time series of the actual CMH of the FCA investment firm.

Where an FCA investment firm cannot determine the split of CMH (segregated) for MiFID and non-MiFID activities, it must report its total CMH (segregated) here.

8A – CMH (segregated) at T

Enter the amount of MiFID client money in segregated accounts on the reporting date.

9A – CMH (segregated) at T – 1 month

Enter the amount of MiFID client money in segregated accounts on the last working day of the month before the reporting date.

10A – CMH (segregated) at T – 2 months

Enter the amount of MiFID client money in segregated accounts on the last working day of the second month before the reporting date.

11A – Average CMH (non-segregated)

Enter the average CMH held in non-segregated accounts as calculated in accordance with MIFIDPRU 4.8. This is the amount of MiFID client money (as defined in the Handbook Glossary) that the firm holds in non-segregated accounts.

A non-segregated account is an account that does not satisfy the conditions to be a segregated account.

The next three fields ask for the CMH (non-segregated) at a point in time, rather than an average over a specific time period. FCA investment firms should use the value of CMH on the last business day of each calendar month. Over time this will provide us with a time series of the actual CMH of the FCA investment firm.

Where an FCA investment firm cannot determine the split of CMH (non-segregated) for MiFID and non-MiFID activities, it must report its total CMH (non-segregated) here.

12A – CMH (non-segregated) at T

Enter the amount of MiFID client money in non-segregated accounts on the reporting date.

13A – CMH (non-segregated) at T – 1 month

Enter the amount of MiFID client money in non-segregated accounts on the last working day of the month before the reporting date.

14A – CMH (non-segregated) at T – 2 months

Enter the amount of MiFID client money in non-segregated accounts on the last working day of the second month before the reporting date.

15A – Average ASA

Enter the average ASA, calculated in accordance with MIFIDPRU 4.9. ASA is the amount of client assets safeguarded and administered by the firm, where such assets are held in connection with MiFID business. This includes where such assets have been deposited by the firm into accounts opened with third parties.

The next three fields ask for the ASA at a point in time, rather than an average over a specific time period. FCA investment firms should use the value of ASA on the last business day of each calendar month. Over time this will provide us with a time series of the actual ASA of the FCA investment firm.

Where an FCA investment firm cannot determine the split of ASA for MiFID and non-MiFID activities, it must report its total ASA here.

16A – ASA at T

Enter the total amount of assets safeguarded and administered in connection with the FCA investment firm's MiFID business on the reporting date.

17A – ASA at T – 1 month

Enter the total amount of assets safeguarded and administered in connection with MiFID business on the last working day of the month before the reporting date.

18A – ASA at T – 2 months

Enter the total amount of assets safeguarded and administered in connection with MiFID business on the last working day of the second month before the reporting date.

The next two fields ask for average COH, both cash and derivatives, that the firm will then use to calculate its K-COH requirement. The K-COH requirement should not be input here.

19A – Average COH (cash)

Enter the average COH for cash trades, calculated on the reporting date in accordance with:

- MIFIDPRU 4.10 or
- MIFIDPRU 1.2.4R where it is using the alternative approach to measure its average COH for the purposes of MIFIDPRU 1.2.1R(1)

20A – Average COH (derivatives)

Enter the average COH for derivatives trades, calculated on the reporting date in accordance with:

- MIFIDPRU 4.10 or
- MIFIDPRU 1.2.4R where it is using the alternative approach to measure its average COH for the purposes of MIFIDPRU 1.2.1R(1)

21A – Average DTF (cash)

Enter the average DTF for cash trades, calculated in accordance with MIFIDPRU 4.15 on the reporting date.

22A – Average DTF (derivatives)

Enter the average DTF or derivatives trades, calculated in accordance with MIFIDPRU 4.15 on the reporting date.

DTF in stressed market conditions

This applies where a proportion of the DTF occurred on a trading segment of a trading venue to which stressed market conditions apply. Stressed market conditions are as defined in Article 6 of the Market Making RTS.

Cells 23A and 24A can be left blank where the firm has not experienced stressed market conditions since they previously submitted this form.

23A – DTFexcl (cash)

Enter DTFexcl (cash) calculated in accordance with MIFIDPRU 4.15.10R 3(c).

24A – DTFexcl (derivatives)

Enter DTFexcl (derivatives) calculated in accordance with MIFIDPRU 4.15.10R 4(c).

25A - On- and off-balance sheet total

Enter the sum of the on- and off-balance sheet assets using figures from the last financial year for which accounts have been finalised and approved by the management body.

Where the accounts have not been finalised and approved after 6 months from the end of the previous financial year, provisional figures may be used.

26A – Annual gross revenue from MiFID services and activities

Enter the sum of the annual gross revenues from MiFID services and activities using figures from the last financial year for which accounts have been finalised and approved by the management body.

Where the accounts have not been finalised and approved after 6 months from the end of the previous financial year, provisional figures may be used.

Where an FCA investment firm cannot determine the split of revenue between MiFID and non-MiFID activities, it must report its total revenue here (i.e. effectively, it should assume that all revenue results from MiFID services and activities).

27A – Permission to deal on own account

Indicate if the FCA investment firm has permission to deal on own account.

If the report is being completed on behalf of a consolidation group, enter a 'Yes' in this cell where any FCA regulated entity within the group has permission to deal on own account for MiFID business.

MIF004 – Non-K-CON Concentration risk monitoring

Introduction

This data item provides the FCA with information on where the FCA investment firm may have various types of concentration risk. We have provided references to the underlying rules to assist in its completion.

This data item only applies to a non-SNI FCA investment firm. We have specified where particular data items do not apply to all non-SNIs. Firms should only complete the sections where they undertake the activity. Where a section does not apply to a particular firm, it should enter 'N/A' into each cell in column A in that section. For example, a firm that does not hold client money will put 'N/A' in cells 13A, 14A, 15A, 16A and 17A. Where a firm holds client money at only 3 entities, for example, it should enter N/A in cells 16A and 17A.

Information provided in the section on earnings (Rows 28 to 31) can be taken from quarters based on their most recent accounting reference date.

Consolidated reports

This form applies to both individual FCA investment firms and to consolidation groups. If completed on behalf of a consolidation group, it should be completed on the basis of the consolidated situation and references to an FCA investment firm should be taken to refer to the situation that would result if the consolidation group were treated as a single large FCA investment firm. Firms should refer to MIFIDPRU 2.5 for further information on how MIFIDPRU applies on a consolidated basis.

Currency, figures and percentages

Unless specified as a percentage, all figures should be reporting in Sterling. Figures should be reported in 000s. Percentages should be rounded to the nearest whole number.

Defined Terms

The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology, including, where appropriate, the FCA investment firm's accounting framework, without departing from their full meaning or effect.

The terms used in this guidance have the same meaning as the terms used in MIFIDPRU. Defined terms are not italicised in this note.

Data elements

These are referred to by row first, then column.

In this report, we are asking for the location of the FCA investment firm's client money and client securities, where these relate to its MiFID investment business, and the FCA investment firm's own cash. By location we mean the entities the investment firm uses for these purposes. We are also asking for information about the source of an FCA investment firm's earnings.

This is a broader concept than would generally be considered a concentration risk and that previously used in the CRR for large exposures. However, the potential risk from these areas is something that we require investment firms to monitor.

Basis of completion

1A – Basis of completion

Is the MIF004 report on behalf of a consolidation group? Enter 'Yes' in this cell if the report is being completed by a prudential consolidation group.

2A – details of other firms within the group

If the answer to cell 1A is yes, enter the firm reference numbers (FRN) of all the FCA regulated entities in the consolidated situation, and the group reference number, where applicable.

All positions or exposures (not including intragroup exposures)

This section only applies to FCA investment firms who deal on own account. These firms should report the total value of all exposures or positions to a counterparty, including exposures in and outside of its trading book, such as bilateral loans.

Firms should include positions or exposures to central governments, public sector entities, or other exposures that are excluded from K-CON under MIFIDPRU 5.10.1R, except that they should not include intragroup exposures. Intragroup exposures are captured in a separate data item.

Row 3 will indicate where the largest exposure/position with a counterparty is, followed by rows 3 to 7 in decreasing amounts. If a firm has less than 5 exposures, it should enter 'N/A' in column A of any rows not used.

Where firms have exposures to multiple counterparties who constitute a single group of connected clients under MIFIDPRU 5 (Concentration risk), they should report separately on each counterparty for the purposes of this data item. However, firms are reminded that MIFIDPRU 5.2 requires them to account for groups of connected clients when monitoring and controlling concentration risk.

LEI, FRN and internal reference number

Firms must complete either column A or column B in each row. The other column may be left blank. Firms may complete both columns where they have both a legal entity identifier (LEI) and a firm reference number (FRN) for that entity.

Cells 3A to 7A, inclusive – LEI or internal reference number

Enter the Legal Entity Identifier (LEI) number of up to 5 counterparties that the FCA investment firm has the largest exposures/positions with. The LEI number must be used if available. If the counterparty does not have an LEI number, the FCA investment firm should use its internal reference number for that counterparty. This internal reference number should be consistent over time and across regulatory returns.

Cells 3B to 7B, inclusive – FRN

Enter the FRN of up to 5 counterparties that the FCA investment firm has the largest exposures/positions with. If the counterparty does not have an FRN or the FRN is not known to the reporting firm, either the LEI or an internal reference number must be included in column A.

Cells 3C to 7C, inclusive – value of exposures/positions with that counterparty

Enter the total amount of the exposures/positions held with each counterparty, starting with the largest.

Intragroup exposures

This section only applies to FCA investment firms who deal on own account. By intragroup we mean exposures to other entities within the same group. Group for these purposes is as defined in s.421 of the Financial Services and Markets Act 2000 (FSMA). It is not limited to other entities within the FCA investment firm's consolidated situation.

Where this section is being completed on the basis of the consolidated situation, there may still be intragroup exposures from inside the consolidated situation to entities that are part of the same group, as defined in s.421 FSMA, but are outside of the consolidated situation.

FCA investment firms that are completing the form on a consolidated basis should not include intragroup exposures between firms that are part of the consolidated situation.

Firms should report the total value of all exposures or positions to a counterparty, including exposures in and outside of its trading book, such as bilateral loans.

Firms should provide details of the largest 5 intragroup exposures only. These could be to another group FCA investment firm, or to any other entity within the group. This section can be left blank where there are no intragroup exposures.

Row 8 will indicate where the largest exposure/position with a counterparty is, followed by rows 9 to 12 in decreasing amounts. If a firm has less than 5 exposures, it should enter 'N/A' in column A of any row not used.

LEI, FRN and internal reference number

Firms must complete either column A or column B in each row. The other column may be left blank. Firms may complete both columns where they have both an LEI and an FRN for that entity.

Cells 8A to 12A, inclusive – LEI or internal reference number

Enter the LEI number of up to 5 group entities that the FCA investment firm has the largest exposures/positions with. The LEI number must be used if available. If the counterparty does not have an LEI number, the FCA investment firm should use its internal reference number for that counterparty. This internal reference number should be consistent over time and across regulatory returns.

Cells 3B to 7B, inclusive – FRN

Enter the FRN of up to 5 group entities that the FCA investment firm has the largest exposures/positions with. If the group entity does not have an FRN or the FRN is not known to the reporting firm either the LEI or an internal reference number should be included in column A.

Cells 8C to 12C, inclusive – value of exposures/positions with that counterparty

Enter the total amount of the exposures/positions held with each counterparty, starting with the largest.

Location of client money

This section only applies to FCA investment firms that have permission to hold client money. It only relates to MiFID client money (as defined in the Glossary). If a firm is unable to determine whether an amount of client money is MiFID client money, it must treat it as being MiFID client money for these purposes.

Row 13 will indicate where the largest percentage of the FCA investment firm's MiFID client money is held, followed by rows 14 to 17 in decreasing amounts. If an FCA

investment firm uses less than five entities to hold its MiFID client money, it should enter 'N/A' in column A of any rows not used. In that case, the sum of percentages should be 100%.

LEI, FRN and internal reference number

Firms must complete either column A or column B in each row. The other column may be left blank. Firms may complete both columns where they have both an LEI and an FRN for that entity.

Cells 13A – 17A, inclusive – LEI or internal reference number

Enter the LEI number of up to five entities where MiFID client money is placed, beginning with the largest percentage. The LEI must be used if available. Where cash has been placed with a money market fund (MMF), the LEI of the MMF itself must be reported. If the entity does not have an LEI number or an FRN, the FCA investment firm should use its internal reference number for that counterparty. This internal reference number should be consistent over time and across regulatory returns.

Cells 13B to 17B, inclusive – FRN

Enter the FRN of up to 5 entities where MiFID client money is placed, beginning with the largest percentage. If the entity does not have an FRN or the FRN is not known to the reporting firm, either the LEI or an internal reference number must be included in column A.

Cells 13B – 17B, inclusive – percentage of client money held at that institution

Enter the percentage of MiFID client money held at each institution, starting with the largest. Percentages should be rounded to the nearest whole number.

Cells 13C to 17C, inclusive – MMF (Yes/No)

Specify "Yes" or "No" to indicate if the cash has been placed with a money market fund (MMF) rather than deposited with a credit institution or central bank.

Location of client securities

This section only applies to FCA investment firms that have permission to hold client securities/assets. It relates to client securities/assets held in connection with the FCA investment firm's MiFID business. If a firm is unable to determine whether an amount of client securities/assets is MiFID client securities/assets, it must be treated as MiFID client securities/assets for these purposes.

Row 18 will indicate where the largest percentage of the FCA investment firm's client securities are held, followed by rows 19 to 22 in decreasing amounts. If an FCA investment firm uses less than five entities to hold its client securities, it should enter 'N/A' in column A of any rows not used. In that case, the sum of percentages should be 100%.

LEI, FRN and internal reference number

Firms must complete either column A or column B in each row. The other column may be left blank. Firms may complete both columns where they have both an LEI and an FRN for that entity.

Cells 18A to 22A, inclusive – LEI number

Enter the LEI number of up to five institutions where the firm holds client securities in connection with MiFID business, beginning with the largest percentage. The LEI must be used if available. If the entity does not have an LEI number or an FRN, the FCA investment firm should use its internal reference number for that counterparty. This internal reference number should be consistent over time and across regulatory returns.

Cells 18B to 22B, inclusive – FRN

Enter the FRN of up to 5 entities where MiFID client money is placed, beginning with the largest percentage. If the counterparty does not have an FRN or the FRN is not known to the reporting firm, either the LEI or an internal reference number must be included in column A.

Cells 18C to 22C, inclusive – percentage of client securities held at that institution

Enter the percentage of client securities held at each institution, starting with the largest. Percentages should be rounded to the nearest whole number.

Location of the investment firm's own cash and holdings in MMFs

Row 23 will indicate where the largest percentage of the FCA investment firm's own cash is held, followed by rows 24 to 27 in decreasing amounts. If an FCA investment firm uses less than five entities to hold its own cash, it should enter N/A in column A of any rows not used. In that case, the sum of percentages should be 100%.

For these purposes, FCA investment firms should report their holdings in money market funds (MMFs) alongside their holdings in cash (e.g. on deposit at a credit institution).

LEI, FRN and internal reference number

Firms must complete either column A or column B in each row. The other column may be left blank. Firms may complete both columns where they have both an LEI and an FRN for that entity.

Cells 23A to 27A, inclusive – LEI or internal reference number

FCA investment firms should enter the LEI number of up to five institutions where its own cash is held or MMFs it has holdings in, beginning with the largest percentage. The LEI must be used if available. For holdings in a money market fund (MMF), the LEI of the MMF itself must be reported. If the entity does not have an LEI number or an FRN, the FCA investment firm should use its internal reference number for that institution. This internal reference number should be consistent over time and across regulatory returns.

Cells 23B to 27B, inclusive – FRN

Enter the FRN of up to 5 entities where its own cash is held, beginning with the largest percentage. For holdings in an MMF, the LEI of the MMF itself must be reported. If the counterparty does not have an FRN or the FRN is not known to the reporting firm, either the LEI or an internal reference number must be included in column A.

Cells 23C to 27C, inclusive – percentage of FCA investment firm's own cash/MMF holdings at that institution

FCA investment firms should enter the percentage of its own cash/MMF holdings at each institution, calculated as a proportion of the value of its total combined cash and MMF holdings, and starting with the largest. Percentages should be rounded to the nearest whole number.

Cells 23D to 27D, inclusive – MMF (Yes/No)

Indicate if the cash has been placed with an MMF rather than e.g. deposited with a credit institution.

Earnings

Information provided in this section can be taken from quarters based on the most recent accounting reference date.

Row 23 will indicate where the largest percentage of the FCA investment firm's earnings are from, followed by rows 24 to 27 in decreasing amounts. If an FCA investment firm's earnings are from less than five sources, it should enter 'N/A' in column A of any rows not used. In that case, the sum of percentages should be 100%.

Earnings includes all earnings from regulated or unregulated activities, not just earnings from MiFID business. This should include any earnings from group members, e.g. in exchange for the provision of intragroup services.

LEI, FRN and internal reference number

Firms must complete either column A or column B in each row. The other column may be left blank. Firms may complete both columns where they have both an LEI and an FRN for that entity.

Cells 28A to 32A, inclusive – LEI or internal reference number

FCA investment firms should enter the LEI number of up to five clients from which it generates its earnings, beginning with the largest percentage. The LEI must be used if available. If the client does not have an LEI number or an FRN, the FCA investment firm should use its internal reference number for that client. This internal reference number should be consistent over time and across regulatory returns.

A client may be an institution or a natural person. Where the client is a natural person, the FCA investment firm should use its own internal reference number for that client. This internal reference number should be consistent over time and across regulatory returns.

Cells 23B to 27B, inclusive – FRN

Enter the FRN of up to 5 clients from which it generates its earnings, beginning with the largest percentage. If the counterparty does not have an FRN or the FRN is not known to the reporting firm either the LEI or an internal reference number must be included in column A.

A client may be an institution or a natural person. Where the client is a natural person, the FCA investment firm should enter its own internal reference number for that client in column A. This internal reference number should be consistent over time and across regulatory returns.

Cells 28C to 32C, inclusive – percentage of total revenue earned from the client

FCA investment firms should enter the percentage of its earnings from each client, starting with the largest. Percentages should be rounded to the nearest whole number.

Cells 28D to 32D, inclusive – type of earning

FCA investment firms should indicate the type of earning that they are reporting. It may include more than one type of income stream. Where this is the case, FCA investment firms should list the main income type for that client. Options include:

- Interest and dividend income from trading book positions
- Interest and dividend income from non-trading book positions
- Fee and commission income
- Provision of intragroup services
- Other sources of income

MIF005 – K-CON – concentration risk reporting where the 'soft limit' has been exceeded

Introduction

This data item only applies to non-SNI FCA investment firms who deal on own account. It provides the FCA with information about the FCA investment firm's balance sheet concentration risk and any additional own funds that the firm is required to hold as a result. We have provided references to the underlying rules to assist in its completion.

Consolidated reports

This form applies to both individual FCA investment firms and to consolidation groups. If completed on behalf of a consolidation group, it should be completed on the basis of the consolidated situation and references to an FCA investment firm should be taken to refer to the situation that would result if the consolidation group were treated as a single large FCA investment firm. Firms should refer to MIFIDPRU 2.5 for further information on how MIFIDPRU applies on a consolidated basis.

Currency and figures

All figures should be reporting in Sterling. Figures should be reported in 000s.

Defined Terms

The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology, including, where appropriate, the FCA investment firm's accounting framework, without departing from their full meaning or effect.

The terms used in this guidance have the same meaning as the terms used in MIFIDPRU. Defined terms are not italicised in this note.

Groups of connected counterparties

MIFIDPRU 5 (Concentration risk) requires FCA investment firms to treat exposures to a group of connected counterparties (referred to in the rules as a "group of connected clients") as a concentrated exposure to a single counterparty for the purpose of calculating K-CON. Where an FCA investment firm has a concentrated exposure to a group of connected counterparties, it should report this as a single item, rather than reporting separately on the connected counterparties in the group.

Data elements

These are referred to by row first, then column.

Instructions

This section asks FCA investment firms to provide additional information relating to their trading book exposures that exceed the 'soft limit', which is generally 25% of their own funds but may be the lower of £150 million or 100% of own funds if a client is a MIFIDPRU-eligible institution. Trading book exposures above this limit require K-CON to be calculated and additional own funds to be held.

Cell 1A – Basis of completion

Is the MIF005 report on behalf of a consolidation group? Enter 'Yes' in this cell if the report is being completed by a prudential consolidation group.

Cell 2A – Details of other firms within the group

If the answer to cell 1A is yes, enter the firm reference numbers (FRN) of all the FCA regulated entities in the consolidated situation, and the group reference number, where applicable.

Cell 3A – LEI number

Enter the LEI number of the counterparty, where the 'soft limit', as outlined in MIFIDPRU 5.5, has been exceeded. If the counterparty does not have an LEI number, the FCA investment firm should use its internal reference number for that counterparty. This internal reference number should be consistent over time and across regulatory returns.

For a group of connected counterparties, the FCA investment firm should use an LEI number for one member of the group, but this number should be used consistently over time and across regulatory returns to refer to the relevant group of connected counterparties. If none of the connected counterparties has an LEI number, the FCA investment firm should use its internal reference number for that group of connected counterparties, or if it does not have one for that group, then its internal reference number for an individual counterparty within that group. This internal reference number should be consistent over time and across regulatory returns.

Cell 3B – Exposure Value

Enter the exposure value for that counterparty/group of connected counterparties as calculated in accordance with MIFIDPRU 5.4.

Cell 3C – Exposure Value Excess

Enter the exposure value excess for that counterparty/group of connected counterparties as calculated in accordance with MIFIDPRU 5.5.

Cell 3D – Own funds requirement for that excess

Enter the own funds requirement for the excess for that counterparty/group of connected counterparties as calculated in accordance with MIFIDPRU 5.7.

Cell 3E - £150m/100% limit for MIFIDPRU-eligible institutions used (Yes/No)

Indicate if the counterparty/group of connected counterparties includes a credit institution or an FCA investment firm, and the £150m/100% limit in MIFIDPRU 5.5.1R is being used, where this is higher than 25% of its own funds.

MIF006 – GCT reporting – instructions for completion

The aim of this data item is to ensure that any parent undertaking that has investments in relevant financial undertakings (as defined in the Glossary) in the same investment firm group is holding appropriate amounts and quality of capital to cover the value of those investments.

The quality of capital held by the parent undertaking should be at least equivalent to the quality of capital that has been invested by the parent undertaking in the relevant financial undertakings forming part of the same investment firm group. The template must be completed by the parent undertaking that has to meet the GCT requirement in MIFIDPRU 2.6.5R. The exception is a responsible UK parent which, in accordance with MIFIDPRU 2.6.10R (2)(b)(i), is reporting on the position of one of its subsidiaries that is a parent undertaking of another relevant financial undertaking. In that case, the responsible UK parent must submit two MIF006 reports: one containing data relating to that subsidiary that is a parent undertaking; the other containing data relating to the responsible UK parent itself.

However, if the responsible UK parent has chosen to hold own funds instruments to cover the group capital test requirements in relation to both itself and a subsidiary in accordance with MIFIDPRU 2.6.10R (2)(b)(ii), the responsible UK parent will submit only one MIF006 report. In that case, the responsible UK parent should complete MIF006 by including information relating to its own direct investments in relevant financial undertakings and the relevant investments of its subsidiary.

Currency

All figures should be reporting in Sterling. Figures should be reported in 000s.

Defined Terms

The descriptions in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology, including, where appropriate, the FCA investment firm's accounting framework, without departing from their full meaning or effect.

The terms used in this guidance have the same meaning as the terms used in MIFIDPRU. Defined terms are not italicised in this note.

Cell 1A

The parent undertaking should enter its name – free text.

Cell 2A

The parent undertaking should enter its FCA firm reference number (FRN). If the parent undertaking does not have an FRN, it may be a third country parent or an unregulated UK parent, and it should enter its LEI number.

Identifying the relevant subsidiaries

The relevant subsidiaries for the purposes of the group capital test are:

- FCA investment firms
- Collective portfolio management investment firms
- Financial institutions (including authorised payment institutions, electronic money issuers and AIFMD and UCITS collective portfolio management firms)

- Ancillary services undertakings
- Tied agents – including appointed representatives that meet the definition of tied agent

Capital of the parent undertaking

Cell 3A – CET1

The parent undertaking should input the amount of its own CET1 own funds.

Cell 4A – AT1

The parent undertaking should input the amount of its own AT1 own funds.

Cell 5A – T2

The parent undertaking should input the amount of its own T2 own funds.

Row 6.1

This row will contain the information needed to be able to identify the subsidiary and the types of capital the parent entity has invested in that subsidiary.

Subsidiary company identifier

Cell 6.1A

Enter the firm reference number (FRN) of the subsidiary if this is an authorised firm in the UK.

Cell 6.1B

Enter the LEI of the subsidiary if the subsidiary is not authorised in the UK.

Firms may complete both the FRN and the LEI. At least one of them must be completed.

Cell 6.1C

A parent undertaking may choose to hold own funds instruments to cover the GCT requirements of a third country undertaking for this subsidiary. In this case, it will indicate in this cell that the firm identified in this row is an indirect subsidiary.

Book value and type of investments/contingent liabilities in subsidiaries

Cell 6.1D

The parent undertaking enters its total CET1 investment in this subsidiary.

Cell 6.1E

The parent undertaking enters its total AT1 investment in this subsidiary.

Cell 6.1F

The parent undertaking enters its total T2 investment in this subsidiary.

Cell 6.1G

The parent undertaking enters its total contingent liabilities to this subsidiary. Note: The parent undertaking must hold CET1 capital against any contingent liabilities it has in respect of this subsidiary.

Where there is more than one subsidiary, please continue with Rows 6.2, 6.3 etc until all subsidiaries have been captured.

MIF007 – ICARA Questionnaire

This data item provides the FCA with information on the overall financial position of the FCA investment firm. This data item is intended to reflect the overall financial adequacy rule (OFAR) requirements contained in MIFIDPRU and allows monitoring against the MIFIDPRU requirements, and also any individual requirements placed on a firm. We have provided references to the underlying rules to assist in its completion.

This data item applies to all FCA investment firms. In the text below we have identified where elements do not apply to all firms.

Further information about the ICARA process is in MIFIDPRU 7.

Group ICARA processes

Under MIFIDPRU 7.9.5R, an investment firm group may operate a group ICARA process if certain conditions are met. In this situation, each individual MIFIDPRU investment firm that is included within the group ICARA process must submit this data item separately, using the conclusions arising from the group process.

Currency

All figures should be reported in Sterling. Figures should be reported in 000s.

Defined Terms

The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology without departing from their full meaning or effect.

Part A: Basis of completion of the ICARA process

1A asks FCA investment firms to specify, using the dropdown list, the basis on which they are submitting the MIF007.

2A asks for the FRNs of all the FCA regulated entities that are covered by the group ICARA process or by the consolidated ICARA process.

4A asks for the ICARA process reference date of the information included in the questionnaire. This is the date at which the information used to complete the ICARA process was prepared. See MIFIDPRU 7.8.6G (1)(a).

5A asks whether the ICARA process and resulting document have been reviewed and signed off by the FCA investment firm's governing body.

6A asks for the date that the ICARA process and resulting document were signed off by the FCA investment firm's governing body.

Part B: Assessing and monitoring the adequacy of own funds

Part B should be completed by all FCA investment firms. It should be completed with information as at the accounting reference date.

Own funds held as at the ICARA accounting reference date

7A – Common Equity Tier 1 capital

FCA investment firms should enter the amount of CET1 capital they hold for their own funds. CET1 capital should be calculated in accordance with Article 50 of the UK CRR as applied and modified by Section 3.3 of MIFIDPRU – Common equity tier 1 capital.

8A – Additional Tier 1 capital

FCA investment firms should enter the amount of AT1 capital they hold for their own funds. AT1 capital should be calculated in accordance with Article 61 of the UK CRR as applied and modified by Section 3.4 of MIFIDPRU – Additional tier 1 capital.

FCA investment firms are not required to hold/issue AT1 capital. If no AT1 has been issued, or is held, a zero should be entered in this cell.

9A – Tier 2 capital

FCA investment firms should enter the amount of T2 capital they hold for their own funds. T2 capital should be calculated in accordance with Article 71 of the UK CRR as applied and modified by Section 3.5 of MIFIDPRU – Tier 2 capital.

FCA investment firms are not required to hold/issue T2 capital. If no T2 has been issued, or is held, a zero should be entered in this cell.

Own funds threshold requirement

10A – Own funds threshold requirement identified through the ICARA process

FCA investment firms should enter their own funds threshold requirement as determined through the ICARA process set out in MIFIDPRU 7.6. This amount should **not** include any additional own funds amount specified by the FCA.

If the FCA investment firm has determined that no additional own funds are required to that set by the MIFIDPRU 4 requirements, it should enter the higher of its PMR, its FOR and its KFR (where this applies).

11A – Own funds to address risks from ongoing activities

FCA investment firms should enter their assessment of the own funds needed to address risks from ongoing activities, as identified through the ICARA process (MIFIDPRU 7.6). For non-SNI firms this amount cannot be lower than the K-Factor requirement.

Where this amount is higher than the own funds necessary for an orderly wind-down it should be equal to the amount entered in cell 10A.

12A – Own funds necessary for an orderly wind-down

FCA investment firms should enter their assessment of the own funds necessary for orderly wind-down, as identified through the ICARA process (MIFIDPRU 7.6). For all firms this amount cannot be lower than the Fixed Overhead Requirement.

Where this amount is higher than the own funds necessary to address risks from ongoing activities it should be equal to the amount entered in cell 10A.

Additional own funds requirement specified by the FCA

This asks FCA investment firms to confirm whether the following have been set by the FCA.

- own funds threshold requirement
- own funds wind-down trigger

13A – Has the FCA specified an own funds requirement for the firm?

FCA investment firms should indicate whether the FCA has specified an own funds requirement amount. This could be as the result of a SREP or through other means.

If the answer is 'Yes', FCA investment firms should put a 'Yes' in at least one of 14A and 15A. Both can be completed if appropriate.

The basis for the FCA specified own funds requirement can be as either an own funds thresholds requirement or an own funds wind-down trigger, or both.

14A – Own funds threshold requirement

FCA investment firms should indicate whether the FCA has specified an own funds threshold requirement. If 'Yes', 16A must be completed.

15A – Own funds wind-down trigger

FCA investment firms should indicate whether the FCA has specified an own funds wind-down trigger. If 'Yes', 17A must be completed.

16A – Own funds threshold requirement set by the FCA

FCA investment firms should state their own funds threshold requirement where this has been set by the FCA.

17A – Own funds wind-down trigger set by the FCA

FCA investment firms should state their own funds wind-down trigger where this has been set by the FCA.

Part B1: Breakdown of additional own funds requirement to address risks from ongoing activities

This section only applies to non-SNI firms. SNI firms should leave this section blank.

This section asks for a breakdown of how the value in cell 11A has been reached. It will explain the difference between its K factor requirement and the own funds to address risks from ongoing activities as entered in cell 11A.

Where a non-SNI firm does not calculate a particular K-factor because it does not carry on the relevant activity, it should leave that entry blank.

The value of cell 11A should not be lower than the K-factor requirement for non-SNI firms.

18A – Additional own funds for asset management activity

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm due to their asset management activity, that is not covered by K-AUM.

19A – Additional own funds for holding client money

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm due to holding client money, that is not covered by K-CMH.

20A – Additional own funds for safeguarding assets

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm due to safeguarding assets, that is not covered by K-ASA.

21A – Additional own funds for reception and transmission of orders, or executing client orders

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm due to reception and transmission of orders, or executing client orders, that is not covered by K-COH.

22A – Additional own funds for market risk

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm to the firm from its market risk, that is not covered by K-NPR.

23A – Additional own funds for positions associated with clearing risk

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm to the firm from its market risk, that is not covered by K-CMG.

24A – Additional own funds for trading activity on the firm's own account

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm to the firm from its trading activity in the market, that is not covered by K-DTF.

25A – Additional own funds for trading activity in clients' names

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm to the firm from its trading activity in the market that is not covered by K-DTF.

26A – Additional own funds for trading counterparty risk

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm to the firm from its activity in the market that is not covered by K-TCD.

27A – Additional own funds for concentration risk

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm to the firm from any concentration risk that is not covered by K-CON.

28A – Additional own funds for other risks from ongoing activities

FCA investment firms should enter the amount of the additional own funds that they have identified as a result of the ICARA process as being required to cover material harm from ongoing activities, that are not covered by the own funds amounts in rows A18 to A26.

29A – Description of the risks captured in 28A

FCA investment firms should enter a description of the risks that have led to the additional own funds requirement stated in 28A. This only needs to be at a very high level. We expect full details to be provided in the ICARA document.

Part B2: Breakdown of additional own funds requirement necessary for orderly wind-down

This section only applies to non-SNI firms if the amount entered in 12A is higher than the FOR. SNI firms should leave this section blank.

30A – Description of risks

FCA investment firms should enter a description of the risks that have led to the additional own funds identified as necessary. This only needs to be at a very high level. We expect full details to be provided in the ICARA document.

Part C: Assessing and monitoring the adequacy of liquid assets held

Part C must be completed by all FCA investment firms.

Liquid assets held as at the ICARA accounting reference date

FCA investment firms are reminded that:

- their basic liquid asset requirement must be met from core liquid assets
- they are not obliged to hold any non-core liquid assets and they can meet their base and additional liquid asset requirements using core liquid assets
- non-core liquid assets can only be counted towards any additional liquid asset requirement an FCA investment firm has identified and a haircut must be applied

31A – Core liquid assets held

FCA investment firms should enter the total value of the core liquid assets they hold. The definition of core liquid assets is in MIFIDPRU 6.3.

32A – Non-core liquid assets – post-haircut

FCA investment firms should enter the total post-haircut value of any non-core liquid assets that they are using to satisfy any additional liquid assets requirement. See MIFIDPRU 7.7 for details on assets that are eligible as non-core liquid assets and MIFIDPRU 7.7.11G for more information on haircuts.

Liquid assets required as identified through the ICARA process

33A – Liquid assets threshold requirement

FCA investment firms should enter their liquid assets threshold requirement from their ICARA assessment here.

This will be the sum of the firm's basic liquid asset requirement; and the higher of

- the amount of liquid assets the firm requires at any given point in time to fund its ongoing business operations
- the additional amount of liquid assets the firm requires to start its wind-down (cell 38A)

This amount should **not** include any additional liquid assets amount specified by the FCA.

34A to 37A – Breakdown of liquid assets estimate to fund ongoing business operations by quarter

As part of the ICARA process to estimate funding needs for ongoing business operations, FCA investment firms must produce a reasonable estimate of the amount of liquid assets they would require to fund their ongoing business during each quarter over the next 12 months from the ICARA assessment date. FCA investment firms should enter those quarterly values into cells 34A to 37A. See MIFIDPRU 7.7 and particularly MIFIDPRU 7.7.4G, for more information and guidance on this assessment.

34A – Quarter 1

Enter the maximum amount of liquid assets required at any point during the first quarter after the ICARA assessment.

35A – Quarter 2

Enter the maximum amount of liquid assets required at any point during the second quarter after the ICARA assessment.

36A – Quarter 3

Enter the maximum amount of liquid assets required at any point during the third quarter after the ICARA assessment.

37A – Quarter 4

Enter the maximum amount of liquid assets required at any point during the fourth quarter after the ICARA assessment.

38A – Liquid assets required to begin an orderly wind-down

FCA investment firms should enter their assessment of the liquid assets they need to hold to begin an orderly wind-down, as determined through the ICARA process (MIFIDPRU 7.7).

Meeting debts as they fall due

39A – Has the firm at any point not been able to meet its debts as they fall due?

FCA investment firms should indicate if at any point during the previous accounting period they have been unable to meet their debts as they fall due.

40A – Please provide details

FCA investment firms should provide full details of issue(s) referred to in 39A, including:

- reasons they were unable to meet their debts as they fell due
- what action they took to remedy the situation
- what changes have been made to systems and controls to prevent this from re-occurring

Additional liquid assets requirement set by the FCA

This section asks the FCA investment firm to indicate whether the FCA has set a liquid assets requirement for it. This could be the liquid assets threshold requirement or the liquid assets wind-down trigger.

41A– Has the FCA specified a liquid asset requirement for the firm?

FCA investment firms should indicate whether the FCA has specified a liquid asset requirement amount. This could be as the result of a SREP or through other means. If the answer is 'Yes', FCA investment firms must also answer 'Yes' to at least one of 42A and 43A. Both can be completed if appropriate.

42A –Liquid assets threshold requirement

FCA investment firms should indicate whether the FCA has specified a liquid assets threshold requirement. If 'Yes', 44A must be completed.

43A – Liquid assets wind-down trigger

FCA investment firms should indicate whether the FCA has specified liquid assets wind-down trigger. If 'Yes', 45A must be completed.

44A – Liquid assets threshold requirement set by the FCA

FCA investment firms should state their liquid assets threshold requirement where this has been set by the FCA.

45A – Liquid assets wind-down trigger set by the FCA

FCA investment firms should state their liquid assets wind-down trigger where this has been set by the FCA.

Part D: MiFID investment services and activities and business model information

Part D should be completed by all FCA investment firms.

46A to 54A – MiFID investment services and activities

FCA investment firms should put a 'Yes' for each MiFID service they provide. Where a service is not provided, please put a 'No'.

NB. FCA investment firms must have the relevant FSMA permissions for the services they provide.

Other business activities

55A – 60A

FCA investment firms should put a 'Yes' for each business activity they carry on. Where a service is not provided, please put a 'No'.

61A – Financial conglomerate

The FCA investment firm should put a 'Yes' where it is part of a financial conglomerate. They should put a 'No' where they are not.

Firms should refer to the financial conglomerate decision tree in GENPRU 3 Annex 4R.

All firms are reminded that they should inform us where their group structure changes.

62A – delegation of discretionary portfolio management to other firms

FCA investment firms should put a 'Yes' if they delegate the discretionary portfolio management of assets to another firm. They should put a 'No' where they do not.

63A should only be completed where 62A has been answered 'Yes'. It should be left blank otherwise. Firms should enter the amount **delegated to** other firms.

64A – delegation of discretionary portfolio management from other firms

FCA investment firms should put a 'Yes' if they undertake the discretionary portfolio management of assets on a delegated basis on behalf of other firms. They should put a 'No' where they do not.

65A should only be completed where 64A has been answered 'Yes'. It should be left blank otherwise. Firms should enter the amount of assets **delegated from** other firms.

66A – provision of advice on an ongoing nature

FCA investment firms should put a 'Yes' if they provide advice of an ongoing nature. They should put a 'No' where they do not.

67A should only be completed where 66A has been answered 'Yes'. It should be left blank otherwise. Firms should enter the amount of assets under ongoing advice they have included within their K-AUM calculation.

68A - Calculation of AUM at ICARA accounting reference date excluding offsetting

FCA investment firms should enter 'Yes' if at the ICARA accounting reference date they have calculated their AUM and applied any offsetting of negative values or liabilities

attributed to positions (see MIFIDPRU 4.7.5R to 4.7.7R). They should enter a 'No' where they have not.

69A should only be completed where 68A has been answered 'Yes'. It should be left blank otherwise.

FCA investment firms should enter the value of AUM according to MIFIDPRU 4.7.5R at the ICARA accounting reference date **without** applying any offsetting according to MIFIDPRU 4.7.7(2)R.

NB. FCA investment firms must have the relevant FSMA permissions for the services they provide.