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MIFIDPRU TP 7 Notification Update

Of particular interest to: MIFIDPRU investment firms, including those that were previously IFPRU firms

In brief

The FCA has published its Quarterly Consultation Paper (CP22/4) which proposes **changes** in relation to notifications under **MIFIDPRU TP 7**. Our November Investment Firms Prudential Regime Alert explained that in advance of MIFIDPRU coming into force, all BIPRU firms and exempt CAD-firms should make an application of notification to the FCA to confirm that the firm's existing Core Tier 1 Capital will count as CET1 after 1 January 2022. Although IFPRU firms were originally excluded from this notification requirement the FCA has reconsidered this position.

Summary

CP22/4 sets out the following proposals:

- Extending the deadline for the MIFIDPRU TP 7.4R(2)(b) notification until **29 June 2022**
- Extending the scope of MIFIDPRU TP 7 to include **former IFPRU investment firms** and **former consolidating UK CRR parent undertakings** where those entities did not obtain approvals under the UK CRR before 1 January 2022
- Allowing firms and parent entities to update the terms of **non-MIFIDPRU 3-compliant** capital instruments **issued before 1 January 2022** to make them compliant. Firms and parent entities would be able to benefit from submitting a notification under MIFIDPRU TP 7, provided that this can be done before the new **29 June 2022** deadline.
- Updating related Handbook guidance to provide further clarity on how these provisions operate

As mentioned in our November Alert, IFPRU firms would not be required to make a notification as their existing capital instruments would already comply with the Capital Requirements Regulation (575/2013) as amended by the Capital Requirements (Amendment) (EU Exit) Regulations 2018 (UK CRR).

However, the FCA has since discovered that in some cases these **IFPRU firms** have **not sought approval**. Therefore, the FCA has proposed to **extend the scope of MIFIDPRU TP 7** to include former IFPRU investment firms and former consolidating UK CRR parent undertakings that **did not obtain IFPRU or UK CRR approval** before 1 January 2022.

IFPRU firms and former consolidating UK CRR parent undertakings that did not previously obtain relevant approvals under IFPRU 3.2 should submit the MIFIDPRU TP 7 notification to the FCA before the new 29 June 2022 deadline.

The proposals will not affect any firm that has already submitted a **valid** MIFIDPRU TP 7 notification, including firms that submitted a valid notification after the 1 January 2022 deadline.

The proposals can be found in Chapter 7 of CP22/4 and may be subject to further amendments.

The consultation will close on 11 April 2022.

Useful Links

[Optima's IFPR Update \(10 November 2021\)](#)

[FCA CP22/4](#)

[FCA IFPR web page](#)

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