



FIA response to third FCA Consultation Paper on a new UK prudential regime for MiFID investment firms (CP21/26)

(electronic submission to FCA via email - cp21-26@fca.org.uk)

London, 17 September 2021

FIA¹ welcomes the opportunity to respond to the third FCA consultation on a new UK prudential regime for MiFID investment firms (CP21/26) and commends the FCA for the comprehensive work that it has done so far to introduce a new prudential regime for investment firms in the UK (UK IFPR).

Our response to the latest consultation is brief and limited to only a couple of issues that we wanted to raise with you on behalf of our UK investment firm members ahead of finalising the UK IFPR rules.

Question 1: *Do you agree with the proposed scope and process of disclosure set out in this chapter?*

MRT disclosure requirements

We support the principle of increased transparency and note the delicate balance that the FCA needs to strike between the need and benefits of certain details being disclosed to the public on one hand, and the risk of disclosing personal or commercially sensitive data on the other hand. To that end, we note that some investment firms may have very few Material Risk Takers (MRTs), so it is important to ensure that all disclosure requirements are such that they do not allow the public to identify any specific individual/MRT by 'reverse-engineering' the data that has been published in aggregate. For example, the proposed disclosure of quantitative information on remuneration set out in Table 4 in paragraph 3.69 of the consultation paper requires non-SNI firms to disclose total amounts of fixed and variable remuneration split between senior management, other MRTs and other staff. For some non-SNI firms that are relatively small with only one or very few MRTs, the disclosure of the amounts above could in practice mean disclosing personal, confidential or commercially sensitive data that could be attributed to and associated with specific individuals.

¹ [FIA](#) is the leading global trade organization for the futures, options and centrally cleared derivatives markets, with offices in Brussels, London, Singapore and Washington, D.C. FIA's membership includes clearing firms, exchanges, clearinghouses, trading firms and commodities specialists from about 50 countries as well as technology vendors, law firms and other professional service providers.

FIA's mission is to:

- support open, transparent and competitive markets,
- protect and enhance the integrity of the financial system, and
- promote high standards of professional conduct.

As the principal members of derivatives clearinghouses worldwide, FIA's clearing firm members play a critical role in the reduction of systemic risk in global financial markets.



We therefore believe that proportionality of disclosure should be a guiding principle when setting out the disclosure requirements.

Question 12: *Do you agree with our proposals for consequential changes to the non-prudential modules covered in this consultation? If not, please state which specific provisions and provide reasons why you disagree.*

Thresholds for ‘significant SYSC firms’

We note that the FCA is proposing to change the name ‘significant IFPRU firm’ to ‘significant SYSC firm’ without changing the substantive thresholds that underpin that term. The thresholds have remained the same since they were originally introduced on 1 January 2014. We believe that the FCA should take the opportunity of re-naming ‘significant IFPRU firm’ to ‘significant SYSC firm’ to consider increasing the quantitative thresholds currently set out in IFPRU 1.2.3R to reflect the current levels of business activity and economic progress that has been made since 2014 when the thresholds were first set.

Thank you for consideration of these comments. We would be happy to discuss them in more detail with you as required. Please contact the undersigned at +44 (0)20 7519 1831 or msiraj@fia.org in case of any questions or to schedule a follow-up call.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mitja Siraj', is written over a light blue horizontal line.

Mitja Siraj
Vice President of Legal, Europe
FIA