



The FCA's Approach to Supervision for fixed portfolio firms

Financial Conduct Authority



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Summary of conduct supervision activity for fixed portfolio firms and groups

This page provides a high-level summary of the interaction you have with the FCA through our conduct supervision work. Full details are in the rest of the guide, with prudential supervision covered in the final section.

Periodic business model and strategy analysis.

Regular meetings between FCA supervisors, senior management and Board members, with further meetings to maintain an understanding of your business as changes happen or risks emerge.

Regular reviews of management information. This can include Board and Executive Committee packs and performance information.

Annual strategy meetings between FCA senior management and your executives.

'Deep dive' assessments as needed during each assessment cycle.

Periodic firm evaluation, explained in a letter to the firm and presentation to the Board.

Regular baseline monitoring of regulatory returns.

Routine and other activities such as transfers, acquisitions and permission changes.

Participation in thematic reviews and market studies.

Introduction

This guide looks at our supervision model, and how it works in practice for you. As a fixed portfolio firm or group you are among the largest we supervise – those with very large numbers of retail customers or wholesale firms with a significant market presence. This is reflected in an intensive level of conduct supervision. You have an ongoing proactive relationship with a dedicated team of FCA supervisors, who are interested in a range of areas at every level of your business. We also interact with the Prudential Regulation Authority where appropriate.

This document brings together previously published information about our model, providing a summary of the supervision activity applicable to your firm and expanding on the details in certain areas. It does not give a step-by-step guide to every aspect of supervision, as this will vary by group and sector. It does, however, explain the reasoning behind our approach – what matters to us – so that you can consider what this means for your business.

We published a new strategy¹ for the FCA in December 2014, and the supervision model has subsequently been revised to implement the new approach. Broadly speaking, these revisions aim to improve the way in which we use our resources by increasing flexibility, taking a more sector-based approach to risk identification and prioritisation, and engaging more widely with market representatives. The changes that have been made have been communicated separately, and are incorporated in this guide.

1 www.fca.org.uk/static/documents/reports/fca-our-strategy-december-2014.pdf

Our objectives

The FCA has an overarching strategic objective to ensure that the markets we regulate work well.

This is embodied in our three operational objectives:

- to secure an appropriate degree of protection for consumers
- to protect and enhance the integrity of the UK financial system
- to promote effective competition in the interests of consumers

These objectives are the foundation for our approach to supervision. In our relationship with you we want to ensure that fair treatment of consumers is at the heart of your business, and that you do not adversely affect market integrity and competition.

Working together

As a regulator we have to strike a balance in how we supervise the financial services industry, allowing it to grow and prosper while ensuring integrity and fair treatment for consumers. We are committed to an open and transparent approach, where we listen to what you tell us, communicate clearly to you, and work together to identify and solve problems before they can cause damage.

**We want to ensure that
fair treatment of
consumers is at the
heart of your business**

Following the financial crisis it became clear that there were issues with culture and business practices in many areas of the financial services industry. However, we have seen a number of firms make changes to better protect consumers and markets, and we believe our approach can help the whole industry continue this evolution. We must all work together to rebuild trust in financial services and provide a stable and fair future for firms and consumers alike.

Our ten supervision principles

Our approach to supervision is built on these ten principles, which form the basis of our interaction with all firms:

- **Ensuring fair outcomes for consumers and markets.** This is the dual consideration that runs through all our work. We assess issues according to their impact on both consumers and market integrity.
- Being **forward-looking and pre-emptive**, identifying potential risks and taking action before they have a serious impact.
- Being **focused on the big issues and causes of problems.** We concentrate our resources on issues that may have a significant impact on our objectives.
- Taking a **judgement-based approach**, with the emphasis on achieving the right outcomes.
- **Ensuring firms act in the right spirit**, which means they consider the impact of their actions on consumers and markets rather than just complying with the letter of the law.
- Examining **business models and culture**, and the impact they have on consumer and market outcomes. We are interested in how a firm makes its money, as this can drive many potential risks.
- **An emphasis on individual accountability**, ensuring senior management understand that they are personally responsible for their actions – and that we hold them to account when things go wrong.
- Being **robust when things go wrong**, making sure that problems are fixed, consumers are protected and compensated, and poor behaviour is rectified along with its root causes.

- **Communicating openly** with industry, firms and consumers to gain a deeper understanding of the issues they face.
- **Having a joined-up approach**, making sure firms get consistent messages from the FCA. We also engage with the Prudential Regulation Authority to ensure effective independent supervision of dual-regulated firms, and work with other regulatory and advisory bodies including the Payment Systems Regulator, Financial Ombudsman Service, Financial Services Compensation Scheme, Money Advice Service and international regulators.

Conduct classification: fixed portfolio and flexible portfolio firms

We previously used four categories (C1-C4) for the conduct classification of firms. In line with our revised strategy, we have simplified this approach and now differentiate firms as either fixed portfolio or flexible portfolio. It is these categories that determine the nature and intensity of our conduct supervisory approach.

Fixed portfolio firms are a small population of firms (out of the total number regulated by us) that, based on factors such as size, market presence and customer footprint, require the highest level of supervisory attention. These firms are allocated a named individual supervisor, and are proactively supervised using a continuous assessment approach as detailed in this guide.

The majority of firms are classified as **flexible portfolio**. These firms are proactively supervised through a combination of market-based thematic work and programmes of communication, engagement and education activity aligned with the key risks identified for the sector in which the firms operate (for details, please refer to the equivalent supervisory approach document for flexible portfolio firms). These firms use our Customer Contact Centre as their first point of contact with us as they are not allocated a named individual supervisor.

There are also **four prudential supervision categories**. These are independent of the conduct categories: a firm or group can fit into any of the prudential categories regardless of what conduct category they are in. These are explained in the prudential supervision section at the end of this guide.

Supervising the areas that matter

We aim to protect consumers and ensure market integrity by examining the areas that have an impact on them. This means looking at far more than systems and controls and compliance with the rulebooks. We will be in direct contact with a wider range of people in your business, and will examine various parts of it much more closely.

We want to know how your business is really run, rather than just how you control your risks, to find where problems flow from and address them at the source. We are interested in your financial health and how you aim to make money, both now and in the future, and how your culture and strategies support fairness for consumers and markets. We will examine the risks your business poses to our objectives in these areas, and how you respond to these risks.

Our model supports the promotion of effective competition in the interests of consumers. Sector analysis can indicate whether competition is working well in different markets, and helps guide the steps we take to promote competition. If we find firms, groups, products or behaviours that could have an adverse effect on competition – for example, a large, established firm making it difficult for customers to switch to a competitor – we will consider the most appropriate action to take.

Our model supports the promotion of effective competition in the interests of consumers

We examine the following areas to see how you put the integrity of the market and the fair treatment of consumers at the heart of how you do business:

Business model and strategy

Culture

Front-line business processes

Systems and controls

Governance

Business model and strategy

We want firms to be commercially successful. However, this should not come at the expense of customers getting products and services that meet their needs, from firms they have genuine reason to trust. We are proactive in identifying potential risks to consumers or market integrity. To do this, we need to understand your business model and how you make your money.

We have seen in the past that certain aspects of some strategies, such as aggressive growth targets or over-reliance on cross-subsidisation, can drive behaviours that lead to poor customer and often poor market outcomes. We ask about the detail of your strategies and business plans, and expect you to be able to show us how you assess and mitigate the risks these generate.

Culture

We are putting a particular emphasis on understanding the culture within a firm: the way you conduct your business, what you expect of your staff, your attitude towards your customers. Your culture underpins everything you do, setting the tone for the behaviours you promote and reward.

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You must decide what type of culture is suitable for your group, and demonstrate it from the top down. An effective culture will ensure that you treat customers fairly in everything you do, and that you do not abuse the markets you operate in.

Front-line business processes

Your business processes, from product development to complaints handling, should be designed to give customers what they need and meet their expectations. We examine retail and wholesale practices, concentrating on areas where we see the greatest risks to market integrity, consumers and effective competition.

Examples of good practice include:

- understanding and catering for the customers at which a product is targeted
- considering at the development stage how a product will achieve good outcomes for consumers
- taking account of customer experience to refine business practices
- ensuring pay structures and incentive schemes do not encourage behaviours that cause poor outcomes for consumers
- taking measures to prevent conflicts of interest

Systems and controls

You can reinforce the right culture and business practices with effective systems and controls designed to identify and deal with conduct risks, as well as effective anti-money laundering measures. In particular, we expect you to have effective, independent controls – usually in the compliance, risk and internal audit functions

– that provide challenge to business units and assurance to senior management and the Board that the group is operating as it should.

You can reinforce the right culture and business practices with effective systems and controls

Governance

Senior management and the Board within a firm play a key role in determining its business model, strategy and business practices, and ensuring appropriate systems and controls are in place. They should be able to explain clearly the conduct risks in their strategies, and we pay close attention to the way they implement consumer and market-focused values. For example, we look at how a Board examines issues like high-return products or business lines, whether it understands strategies for cross-selling products, how quickly growth is achieved, and whether products are being sold to customers and markets for which they were designed.

How our approach affects you

Our three-pillar supervision model

Our supervision work is based around three pillars of activity, which draw on our ongoing analysis of each industry sector and the risks within them. Our issues and products work and our response to specific events feed in to our proactive work with you, and every piece of work adds to and enhances our view of a sector and the firms within it. This cumulative approach allows us to design our supervision strategies to the best effect.

Pillar 1 – Proactive firm or group supervision

We engage with you to assess whether you have the interests of your customers and the integrity of the market at the heart of your business. We take a forward-looking approach and use our judgement to address issues that could lead to damage to consumers or markets, with clear personal accountability for your senior management.

Pillar 2 – Event-driven, reactive supervision

When we become aware of significant risks to consumers or markets, or when damage has already been done, we respond swiftly and robustly. We ensure you mitigate risks, prevent further damage and address the root causes of problems. If necessary, we use our formal powers to hold the firm and individuals to account and gain redress for those who have been treated unfairly.

Pillar 3 – Issues and products supervision

We look at each sector as a whole to analyse current events and investigate potential drivers of poor outcomes for consumers and markets. We do this on an ongoing basis, so we can address risks common to more than one firm or sector before they can cause widespread damage. These could be issues like a trend for a particular business practice, or a problem with a certain product.

Our interaction with you

Our Supervision Divisions are structured around specialist departments for each industry sector, with dedicated supervision teams for fixed portfolio firms and groups. This means we can apply our three-pillar approach appropriately with the right expertise, with the right people maintaining regular contact with you at senior management and Board level. This makes it easier for you to raise and deal with issues before problems can arise, and means our work with you is tailored to your specific circumstances.

In our direct contact with you we will examine your business model, operations and the culture behind them to identify and deal with emerging risks. We engage with people across the business, asking different questions in each area to assess their impact on consumers and markets.

We give you feedback on an ongoing basis through our regular engagement with you, whether this is firm-specific or sector-wide. This helps all firms continually address their risks and conduct issues, with a general expectation that you will act to fix problems yourself.

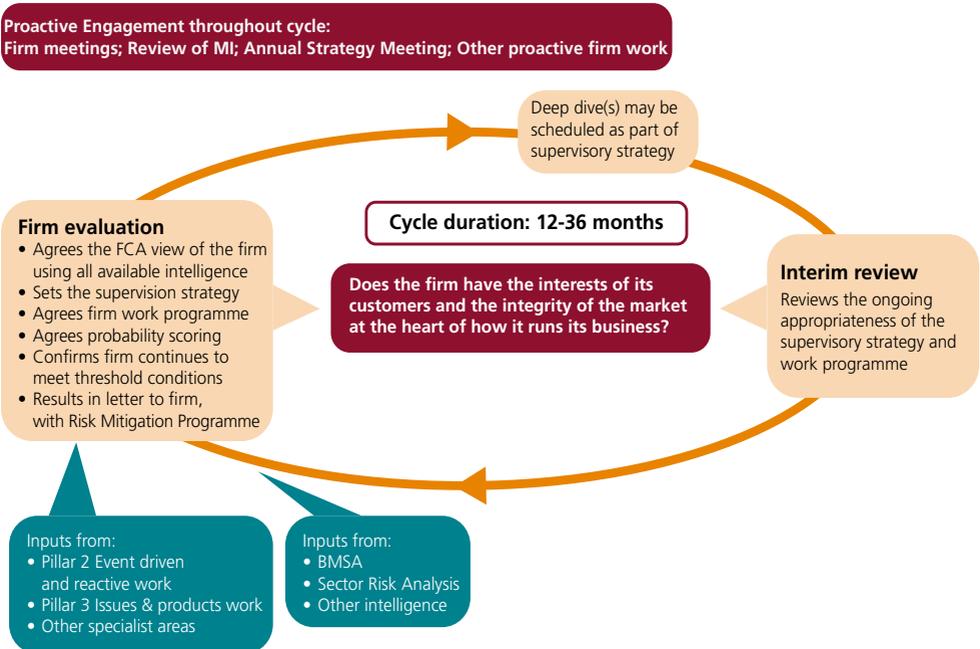
Our three-pillar model in detail

Pillar 1: Proactive firm supervision

This deals with our assessment of your firm or group, and how we address potential risks. We will consider this fundamental question in every aspect of our proactive supervision:

Do you have the interests of your customers and the integrity of the market at the heart of how you run your business?

Figure 1 – Fixed portfolio supervision cycle



Business model and strategy analysis (BMSA)

This is where we look at your business model and strategies in detail, so we can understand the risks they could pose to consumers or market integrity. This informs other aspects of our supervision work.

We pay particular attention where we see common indicators of heightened risk, such as:

- fast growth
- high levels of profitability (especially when concentrated in particular areas, or compared to firms in the same peer group)
- strategies that depend on cross-selling
- products with unclear features or pricing
- products being sold into markets they were not originally designed for
- inherent conflicts of interest

For all fixed portfolio firms **we conduct periodic analysis, normally across a peer group of firms** sharing similar business models or activity. The analysis includes the financials, products and customer data of each firm within the group.

The peer group BMSAs for **wholesale firms** focus primarily on business lines. We take this approach because these firms tend to:

- have complex business models performing diverse activities
- operate through a variety of legal structures
- be managed on a global or regional basis

Proactive firm supervision: key features

- Business model and strategy analysis helps us understand potential risks to consumers and market integrity
- Ongoing proactive engagement
- Deep-dive assessments examine specific risks
- Firm evaluation gives you a summary of our view of the group

For wholesale firms, cross-border services and activities are as relevant to our assessments as individual legal entities.

Proactive engagement

We engage regularly with you to maintain an understanding of key aspects of your operation – including your culture, business model, governance and business processes. This allows us to identify emerging risks and work with you to take pre-emptive action where necessary.

We engage with you regularly to maintain an understanding of key aspects of your operations

This ongoing engagement complements our business model and strategy analysis and informs our use of deep dive assessments.

There are three main elements to proactive engagement:

- **Meetings with key individuals:** you will have a number of regular meetings with your FCA supervisors. These are likely to include your senior management as well as Board members – the senior individuals who are accountable for the conduct of the firm. We also talk to people involved in day-to-day operations at different levels throughout the firm, to help us understand your real working practices. As well as these regular meetings, we engage with you when new issues arise, and to maintain an ongoing understanding of your business. This is a normal part of our ongoing work with you, and can involve further meetings or visits to examine particular areas or emerging risks.
- **Regular reviews of management information:** seeing the information that senior management bases its decisions on is essential for us to understand your culture, performance and approach, and to identify emerging risks. This can include Board and Executive Committee packs and performance information.
- **Annual strategy meeting:** this is a structured opportunity for our senior management to engage with your senior management to discuss key aspects of your business model, strategy and operations.

Deep-dive assessments

These are in-depth assessments examining particular risks we have identified through your business model and strategy analysis (BMSA) and other engagement with you. We use them to identify the root causes of risks, and test how you manage and mitigate these at every level of the business.

The frequency and intensity of deep dives will be determined as part of our firm evaluation process (see below).

Each deep dive focuses on one of four risk groups:

- culture and governance
- product design
- sales and transaction processes
- post-sales/services and transaction handling

Deep dives look at how your business works in practice. We focus on an area of the business where we believe there may be significant risks, or issues that illustrate problems throughout a firm. Our findings from a deep dive in one part of the business can inform our view of the firm or group as a whole.

We aim to be open and transparent and talk to you about our work and what we want to achieve

Activities can involve desk-based analysis, on-site testing, walk-through discussions, call listening and staff interviews at all levels, as well as interviews with senior management. We will be open and transparent and talk to you about our work and what we want to achieve. We may adapt our work programme as the deep dive develops, but we will ensure you are regularly updated on our progress and priorities.

We write to you after a deep dive, setting out our key findings and what outcomes we want you to achieve. It will usually be for you as a firm to decide the appropriate approach, with senior management being personally accountable.

Firm evaluation

The firm evaluation is a summary of our view of your firm or group, where we examine all the information we have about it, including all the work we have done in relation to the firm since the previous evaluation. This includes the BMSA, deep dives, thematic issues and products work, events-based reactive work, sector analysis, and any specific risks relating to financial crime and client assets. We also assess whether you are meeting your threshold conditions.²

Taking all this into account, we can judge and explain our view of:

- the risks the firm poses, and our view of their root causes
- our strategy and work programme for your next supervision cycle, to address and mitigate these risks

We give you these key messages in a letter to the Board of Directors. We aim to discuss our view with the Board and senior management, and will usually attend a Board meeting to present our evaluation and understand your view.

We undertake firm evaluations in a cycle ranging from 1-3 years, depending on the scale of the firm/group's activities and our assessment of risk. Unlike previous regulatory models, the evaluation will not follow directly from one specific piece of assessment work. Instead, it will be based on all our work with you in the preceding supervision cycle.

We carry out interim reviews of the firm evaluation during the cycle, and communicate with you if we need to amend our supervision work.

² www.handbook.fca.org.uk/handbook/COND/

Pillar 2: Event-driven, reactive supervision

Our approach to supervision has a pre-emptive focus, aiming to identify and prevent consumer detriment and threats to market integrity before they happen. However, when things go wrong we take quick and robust action, including securing redress for consumers. We prefer firms to work with us voluntarily, but will enforce our decisions if necessary.

We can discover risks or problems through a number of sources, including information from the firm as well as data analysis, whistleblowers and consumer complaints. You have a duty to tell us about any risks or problems that emerge that might have an impact on our objectives, such as consumer detriment.

Our response to an event depends on the nature and size of the problem. We have a large range of tools available, including formal powers such as skilled persons reports. Where we are aware the same risk is evident in more than one firm, we can engage with the industry as a whole to ensure firms mitigate the risk, consumers are protected and poor behaviour is rectified.

Our focus is on addressing the most important issues that affect our objectives. We expect you as a firm to fix the root causes of problems as well as the symptoms. Instead of using our resources to carry out extensive follow-up work, we expect your senior management to have a comprehensive and credible plan of action to mitigate risks. In some cases they will have to formally attest that risks have been addressed and demonstrate that appropriate outcomes have been achieved.

If issues arise that mean you are no longer meeting your threshold conditions, we respond accordingly.

Event-driven, reactive supervision: key features

- We will respond quickly and robustly when things go wrong
- Our responses will be proportionate to the problems
- We will focus on the most important issues affecting our objectives
- We expect you to have comprehensive and credible plans of action to mitigate risks

Baseline monitoring and other supervision tasks

Baseline monitoring involves reviewing the regulatory data you submit. This is a vital source of information which allows us to detect risks, including the financial drivers that may result in firms behaving in ways that harm consumers and markets.

We also deal with a variety of other supervisory work that firms may generate from time to time, such as Part VII transfers, acquisitions or permission changes.

Pillar 3: Issues and products supervision

This work is based around our thematic reviews, where we examine emerging risks, new products and other issues that are common to multiple firms or sectors. We identify these through our analysis of each sector and ongoing proactive supervision work. This is a key element of our forward-looking and pre-emptive approach.

Where we find a significant risk, we carry out thematic work with a number of firms to assess the issues and respond appropriately. The scope and intensity of thematic work is designed to be proportionate to the nature of the risk, and may include assessment of a combination of fixed and flexible portfolio firms to ensure appropriate coverage.

We also carry out studies to analyse the effectiveness of competition in different markets, and identify areas where we can intervene to promote more effective competition. This is an important tool in improving financial services for consumers.

This thematic and competition work is designed to address root causes of risks to consumers and market integrity exhibited by multiple firms, and the structural and behavioural barriers to competition working in consumers' interests.

Issues and products supervision: key features

- Centred around thematic reviews
- Our focus is on achieving sector-wide outcomes
- Greater emphasis on understanding customers' experiences

Thematic work focuses on achieving sector-wide outcomes and mitigation of risks, rather than on providing guidance to individual firms or groups. Recent examples include work on structured products, high-cost short-term credit, the handling of insurance claims for SMEs, governance over mortgage-lending strategies, and adviser charging.

Thematic work focuses on achieving sector-wide outcomes and mitigating risks

Our emphasis is on understanding customers' experience, and we use tools such as mystery shopping, consumer research and market surveys to support our work. We also have a behavioural economics focus, looking at how customers interact with products, services and firms in practice.

Assessing multiple firms in this way allows peer comparison and a more nuanced, specialist analysis of the drivers of risks. We adapt our work to take account of different business models or multiple issues. This ensures that we make consistent assessments and take proportionate action against individual firms, tailored to fit the priority of the risk and the resources available to mitigate it.

We are transparent about the areas we are interested in and why, and engage with the industry at an early stage when we examine issues and products.

If you are likely to be affected you can then start considering what it means for you, and take early action ahead of our formal conclusions.

When we decide that action is needed to reduce a risk to consumers or market integrity, we address our response to all firms in the relevant market, not just those that have been involved in the assessment work. Our responses may include guidance to the industry, policy changes, targeted firm communications or consumer communications. We generally publish the results of our thematic work, and use it to highlight good practices as well as areas of concern. In this way, we can address issues and drive improvements across the industry rather than concentrating on individual firms.

Prudential supervision

The FCA is the prudential supervisor for a wide range of firms across the financial services industry, such as asset managers, independent financial advisers, and mortgage and insurance brokers. These include individual entities that are contained within groups.

Our approach aims to minimise the harm to consumers, wholesale market participants and market stability when firms experience financial stress or fail in a disorderly manner. Our starting principle, however, is that if firms are failing they should be allowed to do so in an orderly manner, regardless of their size.

Where we are the sole prudential supervisor for a firm, we ensure that minimum prudential requirements are met, and monitor your compliance with applicable rules and requirements. We carry out detailed analysis and set financial resource requirements for the most prudentially significant firms, and engage with you proactively at signs of strain or crisis. This can include forming a crisis-management group representing relevant areas of expertise, to explore suitable courses of action.

We may also challenge you to consider and develop your wind-down plans, including recovery options, and whether you would need to hold additional capital to enable an orderly resolution.

Prudential categories

Firms that are prudentially regulated by the FCA fall into four prudential categories: **P1**, **P2**, **P3** and **P4**. These categories reflect the impact that the disorderly failure of a firm could have on markets and consumers.

For groups (including dual-regulated groups that include entities where the FCA is the prudential regulator, even if the Prudential Regulation Authority (PRA) is the lead prudential regulator), we assign a category

Prudential supervision: key features

- We aim to minimise damage when firms experience financial stress
- We will allow firms to fail in an orderly manner
- Firms are grouped into prudential categories which determine their level of prudential supervision

based on the highest prudential categorisation of an FCA-regulated entity within the group – i.e. a group incorporating one or more P2 entities would be classified as P2 for our purposes.

Our prudential categorisation takes account of:

- size
- trading activity
- key or dominant positions as intermediary or provider
- the impact a firm's failure would have on its customers and the markets in which it operates
- significant holdings of client money or assets
- other relevant considerations

P1 firms and groups are those whose failure could cause significant, lasting damage to the marketplace, consumers and client assets, due to their size and market impact.

P2 firms and groups are those whose failure would have less impact than P1 firms, but would nevertheless damage markets or consumers and client assets.

P3 firms and groups are those whose failure, even if disorderly, is unlikely to have a significant market impact. They have the lowest intensity of prudential supervision.

P4 firms are those with special circumstances – for example, firms in administration – for which bespoke arrangements may be necessary.

Like the conduct categories, the prudential categories determine the intensity of our prudential supervision for each firm.

Through our prudential activities we ensure that:

- you maintain adequate financial resources in line with legal requirements
- we have early warning of financial issues that could drive behaviours that endanger your compliance with conduct, financial crime, client assets and other core regulatory standards
- any wind-down of a firm could happen with little or no damage to markets and consumers

Prudential risk analysis for P1 and P2 firms

For P1 and P2 firms, we carry out comprehensive capital and liquidity analysis and assess their risk -management capability.

Prudential risk analysis and monitoring, including assessment and setting of financial resource requirements, is part of the end-to-end supervisory framework and is an important early warning system. We also monitor your prudential returns to identify early warning signs as well as checking for errors or inconsistencies.

We also monitor your prudential returns to identify early warning signs as well as checking for errors or inconsistencies

This helps us target supervisory work where risks have been identified that could lead to consumer detriment, or where a firm is failing and we need to consider the issues raised by its wind-down. We also consider the potential for one legal entity to contaminate other members of a group, or the rest of the sector.

Financial resources requirements (FRR)

The FCA Handbook specifies minimum FRR for all firms. You must maintain sufficient resources to meet your financial obligations at all times, and must be able to show how you have determined what is sufficient. This is the starting point for any prudential supervisory review.

The specific scope and nature of FRR varies by firm type and permissions:

- P1 firms have a capital and (if applicable) liquidity assessment every two years.
- P2 firms have a capital and (if applicable) liquidity assessment every three to four years.

These involve examining your own assessment of your position and requirements, along with data and documents we have requested and any other information our supervisors have. We then provide firm-specific guidance for maintaining capital and liquidity levels until the next assessment period.

We also expect you to have suitable wind-down plans in place, so that if you were to fail you would be able to do so in an orderly way without adversely affecting the market or your consumers.

When we do see the signs of financial distress in any P1 or P2 firm, we form a crisis-management group to assess all realistic actions and options.

For **P3 firms** we do not typically carry out prudential assessments, or proactively review or challenge how these firms calculate and meet their financial resources requirements. This applies unless the firm is captured by the Capital Requirements Directive (CRD IV), in which case it is treated in a manner similar to P2 firms. We monitor P3 firms in two ways:

- reactively, through an alerts-based system that enables us to identify and deal with firms that have breached their prudential regulatory requirements
- through targeted cross-firm work assessing whether firms in a peer group are meeting their financial resources requirements

Interaction with the PRA

All firms prudentially regulated by the PRA – deposit-takers, insurers and designated investment firms – are regulated for conduct purposes by the FCA. The two regulators will interact for these dual-regulated firms.

If you are a group that includes entities that are prudentially regulated by the PRA, the PRA will typically be the lead consolidating supervisor and will conduct a group-level assessment of capital and liquidity requirements, sharing its results with us. We will be responsible for any entities in the group for which we are the sole regulator. You must assure us that capital and liquidity requirements for these entities are adequate, independently of the group consideration. In these cases, although we may rely on data we receive via the PRA, we may need further, more detailed information and make specific data and information requests to be able to discharge our duties.

Financial Conduct Authority



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