**Application under MIFIDPRU 2.5.40R for permission to include a portfolio of a designated investment firm in a consolidated K-CMG requirement**



**Full name of applicant firm**

|  |
| --- |
|  |

**Important information you should read before completing this form**

We require all applicant firms seeking permission to include a portfolio of a designated investment firm in their consolidated K-CMG requirement to complete this application form. You must ensure you include all relevant information in the form and provide supporting information if required. If you do not, your application will be delayed while you answer further questions from us.

The application needs to be made by the UK parent entity or a MiFIDPRU investment firm within the same investment firm group that does not contain a credit institution.

If the application relates to more than one portfolio, please complete the form for each portfolio separately and attach with the application.

Please keep a copy of the form you complete and the supporting documents that you include with this application form for future reference.

The FCA process personal data in line with the requirements of The General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018. For further information about the way we use the personal data collected in this form, please read our privacy notice available on our website: FCA : [www.fca.org.uk/privacy](http://www.fca.org.uk/privacy)

|  |  |
| --- | --- |
| 1 | Contact details |

**1.1 Details of Senior Manager responsible for this application**

If the application is being made in respect of a MIFIDPRU investment firm or another SMCR firm, we would expect the individual responsible for it to hold a senior management function (SMF).

|  |  |
| --- | --- |
| Title |  |

|  |  |
| --- | --- |
| First names |  |

|  |  |
| --- | --- |
| Surname |  |

|  |  |
| --- | --- |
| Job title /position |  |

|  |  |
| --- | --- |
| Individual reference number (if applicable) |  |

|  |  |
| --- | --- |
| 2 | About the relevant portfolio |

**2.1 Please specify the FRN and name of the designated investment firm**

|  |  |
| --- | --- |
| FRN |  |
| Name |  |

**2.2 Please specify the FRN and name of the consolidating UK parent entity**

|  |  |
| --- | --- |
| FRN |  |
| Name |  |

**2.3 Please confirm that the consolidating UK parent entity and the designated investment firm are not part of a group containing a credit institution.**

Yes

**2.4 Please list the portfolios to which this application relates. Please allocate a different name to each portfolio, and then complete the remaining questions below separately in relation to each portfolio.**

|  |  |
| --- | --- |
|  | **Portfolio name** |
| **Portfolio 1** |  |
| **Portfolio 2** |  |
| **Portfolio 3** |  |
| **Portfolio 4** |  |

**The questions that follow must be completed separately for each portfolio this application relates to.**

If you have used separate sheets of paper you must indicate how many below.

|  |  |
| --- | --- |
| Number of additional sheets |  |

**2.5 Please state the name of the portfolio for which a K-CMG permission is requested.**

|  |
| --- |
|  |

**2.6 Please list all types of positions within the portfolio.**

|  |
| --- |
|  |

**2.7 Please list all models used to value the positions within the portfolio.**

|  |
| --- |
|  |

**2.8 Does the portfolio cover all of the designated investment firm’s trading book positions?**

If the designated investment firm has positions outside of the trading book that give rise to foreign exchange or commodities risk, the FCA would generally expect K-NPR to be calculated in relation to these positions.

Yes

No ⏵Give details below

|  |
| --- |
|  |

**2.9 Please confirm that the clearing and settlement of transactions in the relevant portfolio take place under the responsibility of a clearing member of an authorised or recognised central counterparty.**

Yes

**2.10 Please confirm which of the following applies**

|  |  |
| --- | --- |
| a) The designated investment firm itself is the clearing member | Yes  No |
| b) The designated investment firm is a direct client of the clearing member | Yes  No |
| c. The designated investment firm is an indirect client of the clearing member | Yes  No |

**2.11 Where the designated investment firm is not itself the clearing member, please provide the following information**

Name of clearing member

|  |
| --- |
|  |

Status of clearing member (select one of the following)

a MIFIDPRU investment firm

other designated investment firm

a third country investment firm

a UK credit institution

a third country credit institution

FRN / LEI of clearing member

|  |
| --- |
|  |

**2.12 Where the designated investment firm is an indirect client of the clearing member, please provide the following information.**

Name of intermediary

|  |
| --- |
|  |

Status of intermediary (select one of the following)

a MIFIDPRU investment firm

other designated investment firm

a third country investment firm

a UK credit institution

a third country credit institution

FRN / LEI of intermediary

|  |
| --- |
|  |

**2.13 Where the clearing member and/or the intermediary do not have an FRN or LEI, please explain why and provide alternative details.**

|  |
| --- |
|  |

**2.14 One of the conditions of the K-CMG permission is that transactions in the relevant portfolio are either:**

1. centrally cleared in an authorised or recognised central counterparty; or
2. settled on a delivery-versus-payment basis under the responsibility of the clearing member.

Please explain show this specific condition is satisfied

|  |
| --- |
|  |

**2.15 In order to meet the conditions of the K-CMG permission, the designated investment firm is required to provide total margin calculated on the basis of a margin model that meets the criteria set out in MIFIDPRU 4.13.14R.**

1. Please confirm whether the margin model is operated:

* By the authorised or recognised central counterparty  Yes

(applies to self-clearing firms)  No

* By the relevant clearing member  Yes

(applies to firms other than self-clearing firms)  No

1. Please provide further details of the margin model, including how it satisfies the specific criteria in MIFIDPRU 4.13.14R

|  |
| --- |
|  |

1. Please confirm whether the parameters of the margin model meet the EMIR standards.

Yes

No ⏵Give details below of the mathematical adjustments that have been applied to produce an alternative margin requirement (see MIFIDPRU 4.13.14R(2))

|  |
| --- |
|  |

1. Please explain how this alternative requirement is at least equivalent to the margin requirement that would be produced by a margin model that meets the EMIR standards.

|  |
| --- |
|  |

1. Please attach a copy of the agreement with the clearing member concerning the margin model and collateral used.

Attached

**2.16 Please explain the rationale for the decision to calculate a consolidated K-CMG requirement in relation to the portfolio to which this application relates. In your response, please demonstrate that you have taken adequate account of the nature of, and risk arising from, the designated investment firm’s trading activities, including whether:**

1. the main activities of the designated investment firm are essentially trading activities that are subject to clearing and margining under the responsibility of a clearing member; and
2. other activities performed by the designated investment firm are material in comparison to those main activities.

|  |
| --- |
|  |

**2.17 Please confirm that the rationale for the decision has been clearly documented and approved by the relevant management body or risk management function.**

Yes

**2.18 Please show how the consolidated capital requirement calculated using K-CMG compares with that calculated using K-NPR.**

|  |
| --- |
|  |

**2.19 Please confirm who within the designated investment firm is accountable for the operation of the margin model used. Please provide details of the specific role or function where the knowledge about the margin model sits within the firm (eg Head of Risk Management, Head of Models, etc.), rather than an individual’s name.**

|  |
| --- |
|  |

**2.20 In order to meet the conditions for the K-CMG permission, the designated investment firm must have in place ongoing processes and systems for assessing the nature and level of risks to which it is, or might be, exposed, which take into account the understanding of relevant individuals within the firm of the margin model to determine whether:**

1. the resulting consolidated K-CMG requirement for the portfolio is sufficient to cover the relevant risks to which the designated investment firm is exposed; and
2. the K-CMG permission remains appropriate in relation to the portfolio for which it was granted.

Please confirm that the designated investment firm’s ongoing processes and systems satisfy these requirements.

Yes

**2.21 Please confirm your understanding that you must notify the FCA immediately if any of the conditions in MIFIDPRU 4.13.9R (as modified by MIFIDPRU 2.5.40R(3)) are no longer met by any of the portfolios to which this application relates**.

Yes