

**Application under MIFIDPRU 4.12.4R for permission to use an advanced internal market risk model**

**Full name of applicant firm**

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

This application form should be completed by MIFIDPRU investment firms and consolidating UK parent entities wishing to use an advanced internal market risk model for the purpose of calculating their K-NPR requirement.

Please refer to MIFIDPRU 4.12 and the FCA's IFPR webpage which includes links to all our IFPR related publications to date: <https://www.fca.org.uk/firms/investment-firms-prudential-regime-ifpr>

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.

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)

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| 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).

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

|  |  |
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| First names |  |

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

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| Job title /position |  |

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| Individual reference number (if applicable) |  |

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| 2 | About this permission |

MIFIDPRU 4.12.8R to 4.12.65G set out requirements for internal models and explain the factors that the FCA will consider when deciding whether to grant permission to use an advanced internal model. Please refer to these rules and guidance when completing your application.

**2.1 Please list** **all MIFIDPRU investment firms covered by the model on behalf of which this application is made**

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| **FRN** | **MIFIDPRU investment firm name** |
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**2.2 Please confirm which of the following the applicant firm wishes to calculate using an internal model**

General risk of equity instruments

Specific risk of equity instruments

General risk of debt instruments

Specific risk of debt instruments

Foreign exchange risk

Commodities risk

**2.3 For the risk categories selected, please explain which classes of position within each risk category the applicant firm would like to apply the model to (eg government debt instruments, corporate debt instruments, etc.)**

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**2.4 Please confirm the scope of the consolidated application for the model**

Not applicable, as the model will only be used at solo level

The use of the model at solo and consolidated level will involve the same types of instruments

The consolidated application for a model will include a wider range of instrument types than those covered by the model at solo level ⏵ Give details below

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**2.5 For applications on consolidated basis, please specify the FRN and name of the consolidating UK parent entity**

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| --- | --- |
| FRN |  |

|  |  |
| --- | --- |
| Firm name |  |

**2.6 Please explain how the applicant firm, and other group undertakings in scope of this application (if applicable), meet the relevant conditions for the use of internal model specified in Part Three, Title IV, Chapter 5 of the UK CRR as it applied on 31 December 2021.**

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**2.7 Please explain how the internal model this application relates to covers a significant share of the positions of each relevant risk category.**

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**2.8 Proposed implementation date (date from which the applicant firm propose to start using the model, subject to receiving the necessary approval) (dd/mm/yyyy)**

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**2.9 Please attach the following information to support your application**

1. Organisational charts for all functions that either execute trading activities or execute a control function over trading activities including internal audit.

Attached

1. A list of all policies that govern activities by all of the above functions.

Attached

1. List of all meetings where trading activities and the activities of control functions are discussed (we may request minutes and supporting documentation for some of these meetings).

Attached

1. 6 months of front-office profit/loss (P/L) flashes and all subsequent P/L reporting for the same period.

Attached

1. All management reporting by finance and product control functions for 6 months that:
   1. Provide P/L explanations
   2. Validate trade booking and any necessary adjustments
   3. Contain monthly confirmation of position reconciliations
   4. Contain monthly price testing reports

Attached

1. All management reporting by Risk Management staff, including:
2. A list of all market risk limits currently in place
3. All market risk reporting concerning limits
4. All changes to market risk limits in the past 6 months along with any supporting documentation

Attached

1. All documentation related to the advanced market risk model (VAR), including:
2. Model description
3. Model validation
4. List of all pricing models used within the advanced market risk model
5. List of model validation documents for (iii) and the date of last review
6. List of all risks not captured by the advanced market risk model
7. List of all documentation describing how items in (v) are estimated
8. List of all validation of items in (vi)

Attached

1. Model output and pro-forma reporting for at least 3 months, which provides:
2. A comparison of clean P/L, raw P/L and model output
3. An explanation of significant deviations between clean P/L and raw P/L
4. An explanation of any exceptions
5. An explanation for any significant deviations in the number of exceptions observed

Attached

1. All management reporting by Compliance functions for the past 6 months that:
2. Attests to the adherence to policies and procedures by trading staff
3. Reports any violation of policies and procedures by trading staff

Attached

1. The following documentation from internal audit:
2. A list of all audit activities for the current year
3. All audit reports from the previous year

Attached

1. A status report on all outstanding actions identified by internal audit in trading and control functions.

Attached