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How to avoid the bonus cap - FCA update for investment firms that may qualify to remain under BIRPU rules from 1 January 2014

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Harvey Knight
PARTNER | UK

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The FCA has published a new webpage setting out information for certain investment firms that may qualify to remain under the existing rules in the Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU) from 1 January 2014, rather than moving to the rules under the FCA's new Prudential sourcebook for Investment Firms (IFPRU) (which will transpose the relevant provisions of CRD IV).

If a firm can retain its BIPRU classification it would avoid the application of the controversial bonus cap provisions which are part of CRD IV, (see Regulatory Watch, October 2013).

The information provided on the FCA webpage covers the following areas:

- Which investment firms will qualify to remain under the existing BIPRU regime.
- What these firms need to do now.
- How these firms vary their permissions under Part 4A of the Financial Services and Markets Act 2000 (FSMA).

The FCA confirms that it will assume a firm is subject to IFPRU and the CRR unless the firm confirms it is eligible to remain under BIPRU and CRD III, and makes an application to limit its permissions under Part 4A of the Financial Services and Markets Act 2000 (FSMA) accordingly.
The FCA has published a variation of permission: investment business form for this purpose. Please contact the Withers UK Financial team for further guidance on the variation of permission application process.

Authors

Harvey Knight

PARTNER | LONDON

Litigation

+44 20 7597 6199

harvey.knight@withersworldwide.com