

Chapter 4

Own funds requirements

4.2 Initial capital requirement

- 4.2.1** **R** (1) At the point at which a *firm* is first authorised as a *MIFIDPRU investment firm*, it must hold *initial capital* of not less than the amount in (2).
- (2) The relevant amount is the *permanent minimum capital requirement* that would apply if the *firm* had been granted the *permissions* that it has requested in its application for *authorisation*.
- 4.2.2** **G** (1) The initial capital requirement in **■ MIFIDPRU 4.2.1R** applies only at the point at which the *FCA* first grants *permission* to a *MIFIDPRU investment firm* to carry on *investment services and/or activities*. After a *firm* has been authorised as a *MIFIDPRU investment firm*, the *permanent minimum capital requirement* applies on an ongoing basis instead.
- (2) Where a *MIFIDPRU investment firm* applies to vary its *permissions* to add new *investment services and/or activities* that would result in an increase in its *permanent minimum capital requirement*, the *FCA* would generally expect to refuse the application unless the *firm* demonstrates that it can comply with the new *permanent minimum capital requirement*.
- (3) The *FCA's* approach to the application of the initial capital requirement under *MIFIDPRU* is based on the existence of the *permanent minimum capital requirement for MIFIDPRU investment firms*. For the avoidance of doubt, this *guidance* does not affect the *FCA's* approach to whether the initial capital requirement under another prudential sourcebook applies on an ongoing basis.