

Chapter 5

Concentration risk

5.8 Procedures to prevent investment firms from avoiding the K-CON own funds requirement

- 5.8.1** **R** A *firm* must not deliberately avoid the *K-CON requirement* by:
- (1) undertaking artificial transactions to close out an exposure and create a new exposure; or
 - (2) temporarily transferring an exposure to another *undertaking*, whether within the same group or not.
- 5.8.2** **R** A *firm* must maintain systems which ensure that any closing out or transfer that is prohibited by **■ MIFIDPRU 5.8.1R** is immediately reported to the *FCA* in accordance with **■ MIFIDPRU 1.1.10R**.