

# Chapter 7

## Liquidity

## 7.1 Application

7.1.1 **R** ■ IFPRU 7 applies to an *IFPRU investment firm*.

### Purpose

7.1.2 **G** This section contains *rules* that exercise the discretion afforded to the *FCA* as *competent authority* under article 6(4) of the *EU CRR* (Exemption for certain investment firms).

### Application of BIPRU 12 (Liquidity standards)

7.1.3 **G** The *FCA*'s liquidity regime and liquidity reporting in ■ BIPRU 12 (Liquidity standards) and ■ SUP 16 (Reporting requirements) continue to apply to an *IFPRU investment firm* until the liquidity coverage requirement in article 412 of the *EU CRR* becomes applicable in 2015.

7.1.4 **G** Pending specification of a uniform definition under article 460 of the *EU CRR* (Liquidity) of high and extremely high liquidity and credit quality, a *firm* should be guided by ■ BIPRU 12 (Liquidity standards) when complying with article 416 of the *EU CRR* (Reporting on liquid assets).

### Exemption from Part Six of EU CRR on individual basis

7.1.5 **R** For the purpose of article 6(4) of the *EU CRR*, a *firm* is exempt from compliance with the obligations in Part Six of the *EU CRR* (Liquidity) on an individual basis unless it meets both the following conditions:

- (1) it is an *ILAS BIPRU firm*; and
- (2) it is a *significant IFPRU firm*.

### Exemption from Part Six of EU CRR on consolidated basis

7.1.6 **R** For the purpose of article 11(3) of the *EU CRR*, a *FCA consolidation group* that meets the condition in ■ IFPRU 7.1.7 R is exempt from compliance with the obligations in Part Six of the *EU CRR* (Liquidity) on a *consolidated basis*.

7.1.7 **R** The members of the *FCA consolidation group* comprise only *firms* that are exempt under ■ IFPRU 7.1.5 R.