DEFINITION OF CAPITAL FOR INVESTMENT FIRMS INSTRUMENT 2026

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 137A (The FCA's general rules);
(2) section 137T (General supplementary powers);
(3) section 138D (Actions for damages);
(4) section 139A (Power of the FCA to give guidance);
(5) section 143D (Duty to make rules applying to parent undertakings); and
(6) section 143E (Powers to make rules applying to parent undertakings).

B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 31 July 2026.

Amendments to the Handbook

D. The Prudential sourcebook for MiFID Investment Firms (MIFIDPRU) is amended in accordance with the Annex to this instrument.

Notes

E. In the Annex to this instrument, the notes (indicated by "*Editor's note*:") are included for the convenience of readers but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Definition of Capital for Investment Firms Instrument 2026.

By order of the Board
30 July 2026

Annex

Amendments to the Prudential sourcebook for MiFID Investment Firms (MIFIDPRU)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 Own funds

…

3.6A General requirements for own funds instruments

3.6A.1 R An *own funds instrument* must not ~~provide or allow for the payment of~~ pay *distributions* in a form other than cash or *own funds instruments*~~.~~ where:

(1) the *firm* has the sole discretion to decide to make such payment; or

(2) a *person* other than the *firm* has the discretion to decide or require such payment to be made.

…

3 Annex 5 Notification under MIFIDPRU 3.6A.6R(2) - intended reduction in own funds instruments where a condition in MIFIDPRU 3.6A.7R applies

3 Annex 5 R This annex consists of a form which can be found at the following link:

[*Editor's note*: insert link]

MIFIDPRU 3 Annex 5R

Notification under MIFIDPRU 3.6A.6R(2) of the intended reduction in own funds instruments where a condition in MIFIDPRU 3.6A.7R applies

Details of Senior Manager responsible for this notification:

...

...

2. Please confirm to which of the following the ~~application~~ notification relates:

a. Carry out a reduction of capital in relation to any of its common equity tier 1 instruments; ☐

b. Reduce, distribute or reclassify as another own funds item the share premium accounts related to any of its own funds instruments; ☐

c. Carry out a reduction of capital in relation to an additional tier 1 instrument, whether on a call date or otherwise; or ☐

d. Carry out a reduction of capital in relation to a tier 2 instrument prior to maturity. ☐

...