

MIFIDPRU 4 Annex 1R

Application under MIFIDPRU 4.11.9R for permission to exclude positions taken to hedge against the adverse effect of the exchange rate on the own funds or an item deducted from capital from net open currency positions for the purpose of article 352 of the UK CRR

Details of Senior Manager responsible for this application:

If the application is being made in respect of a MIFIDPRU investment firm or another SMCR firm, we would expect the individual responsible for it to hold a senior management function (SMF).

Name of individual	
Job title / position	
Individual reference number (if applicable)	

1. Please confirm in respect of which of the following this application is made:
 - exclusion of a position or positions from the individual net FX requirement of one or more MIFIDPRU investment firm in the same group only
 - exclusion of a position or positions from the consolidated net FX requirement only
 - exclusion of a position or positions from both the individual and consolidated net FX requirement
2. Please list all MIFIDPRU investment firms in respect of whose individual net FX requirement this application is made.

FRN	MIFIDPRU investment firm name

For group applications, the section of the form that follows must be completed separately for each entity requiring the permission, including for the consolidated situation of the consolidating UK parent if the application is also being made on a consolidated basis.

3. Please confirm the FRN and name of the MIFIDPRU investment firm or consolidating UK parent this section relates to:

FRN	
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Firm	
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4. Please confirm to which of the following this application relates:

- a. Positions which are deliberately taken in order to hedge against the adverse effect of the exchange rate on the firm's (or for an application on a consolidated basis, the group's) own funds requirement
- b. Positions which are deliberately taken in order to hedge against the adverse effect of the exchange rate on an item which the firm (or for an application on a consolidated basis, the group's) has deducted from its own capital

5. Please describe the positions requested to be excluded:

6. For each of the statements in the below table, please confirm whether it is met and provide further information to demonstrate how it is met:

Statement	Meets Statement? (Yes/No)	Rationale <i>Please demonstrate how the statement is met by providing supporting commentary and evidence.</i>
a. Structural FX positions are deliberately taken in order to protect capital adequacy ratios against adverse movements in FX rates.		
b. Positions are of a non-trading or structural nature.		
c. Mismatches resulting in an open position are avoided as much as possible.		
d. Positions are monitored proactively and on a regular basis to detect and remediate mismatches, where applicable.		
e. Positions are accounted for so that capital ratios are protected.		
f. Any residual risks arising from structural FX positions are considered and		

capitalised in the ICARA assessment of the firm.		
g. Any residual risks arising from structural FX positions are avoided as far as possible.		
h. Policies and procedures are clearly articulated and are made available to the Board and to regulators on an annual basis.		
i. The structural FX hedging strategy is clearly articulated to investors and is included in MIFIDPRU 8 disclosures.		
j. Books containing structural FX positions are segregated from other trading activities.		
k. Traders' remuneration structures do not in any way incentivise structural FX positions becoming a profit centre.		
l. Oversight of structural FX positions is carried out by the appropriate committees of the Boards of both the foreign entity and the group on at least a quarterly basis.		