

Key changes in final MAIA policy – PS17/25

7/25

Overall, we view the final policy changes as positive for the industry and the PRA have taken on board a lot of the key points of feedback that had concerned the industry as part of the consultation.

Improved Investment flexibility

The removal of a list of asset types that were proposed to be explicitly excluding, create more investment opportunities and flexibilities to use MAIA for firms.

Eligibility risk assessment

Firms can apply a risk-based approach to assessing asset eligibility but means that firms need to take a "more indepth" assessment where greater judgement is required. This will likely lead to firms considering a 2-tier process.

Liquidity risk considerations

A subtle change that the liquidity risks resulting from MAIA assets needing to be removed can be considered as part of their liquidity risk management arrangements, and not necessarily a focus on firms' liquidity ratios.

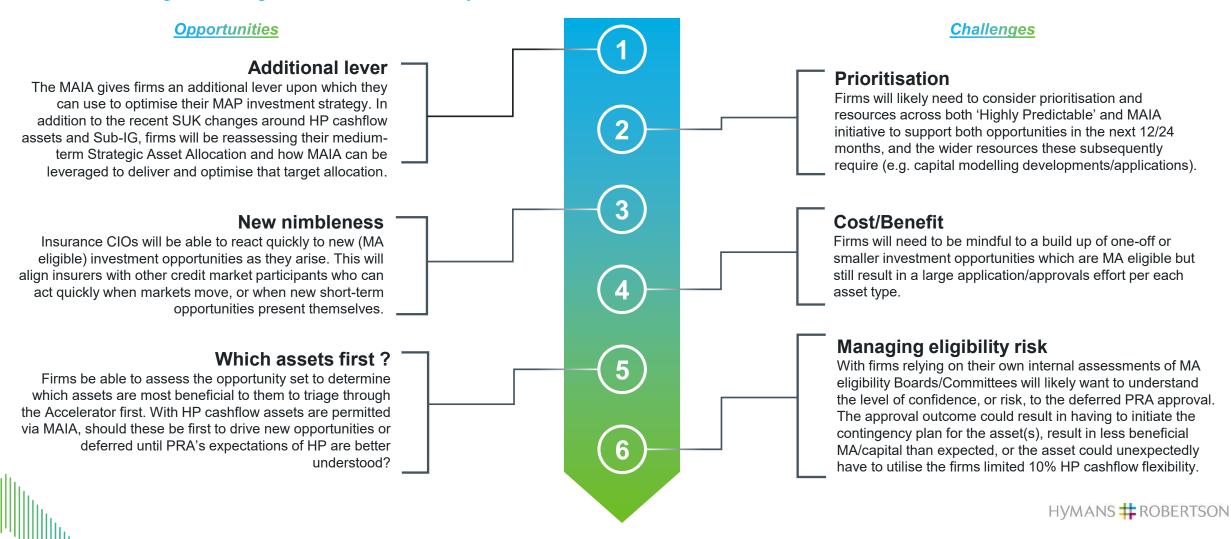
Short-dated assets

Short-dated assets are no longer restricted via MAIA, subject to some sensible policy requirements.

Contingency Plans Improved flexibility in contingency plans. Firms need to plan for arrangements that do not rely on the 'immediate sale' of the asset but no longer have to the assume the asset cannot be sold in the short or medium term.

Opportunities & Challenges

The MAIA adds another regulator change opportunity that firms will need to plan for and leverage as part of their investment plans to optimise their MA Portfolio.





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