

Key changes in final MAIA policy – PS17/25



Overall, we view the final policy changes as positive for the industry and the PRA has taken on board a number of key points of feedback that concerned the industry during the consultation.

Improved Investment flexibility

Removing the proposed list of excluded asset types gives firms more investment options and greater flexibility to use MAIA.

Eligibility risk assessment

Firms can apply a risk-based approach to assessing asset eligibility, but firms will need to take a "more in-depth" 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 from removing MAIA assets can be managed as part of firms' overall liquidity risk processes, rather than a focus on firms' liquidity ratios.

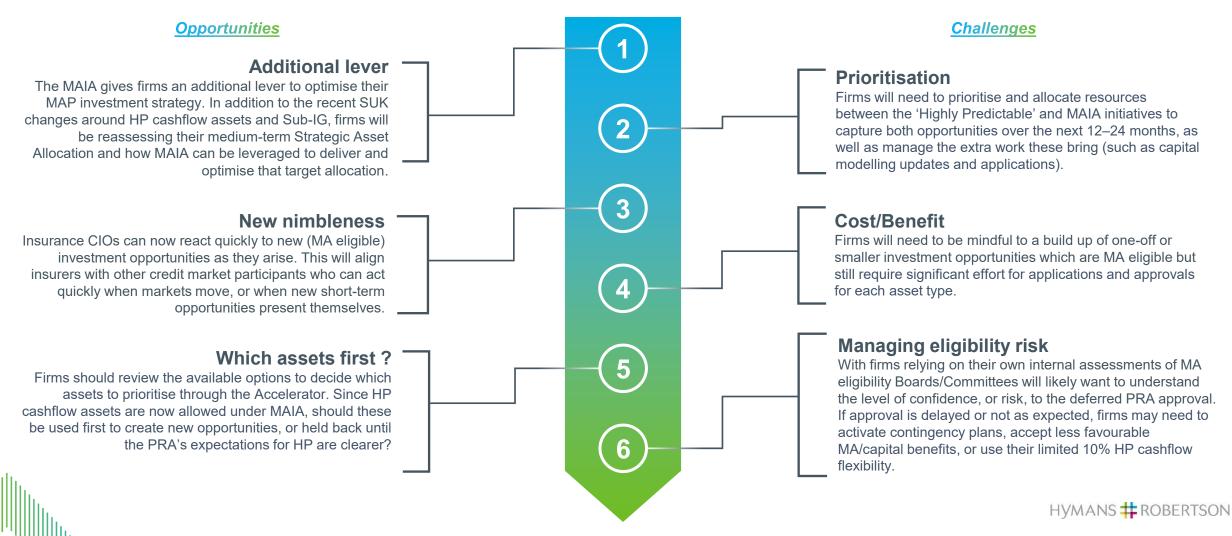
Short-dated assets

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 introduces another regulatory change that firms should plan for and use to improve their investment strategies and optimise their MA portfolio.



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