

Appendix 2

PRA STANDARDS INSTRUMENT: THE TECHNICAL STANDARDS (REVOCATION OF MIFID ORG REGULATION) (CONSEQUENTIAL AMENDMENTS) INSTRUMENT 2025

Powers exercised

- A. The PRA makes this instrument in the exercise of powers under section 138P of the Act (Technical Standards).
- B. For the purposes of section 138P of the Act, the power to make regulatory technical standards on which the PRA relies for the purposes of this instrument is conferred on the PRA by Article 51(4) of Regulation (EU) No 600/2014.
- C. Pursuant to section 138P(2)(b) of the Act, the power to make technical standards includes the power to modify, amend or revoke any EU tertiary legislation made by an EU entity under the original EU power which forms part of assimilated law. Commission Delegated Regulation (EU) 2017/589 constitutes EU tertiary legislation (as defined in section 20 of the European Union (Withdrawal) Act 2018) for the purposes of section 138P(2)(b) of the Act.
- D. The powers referred to above are specified for the purpose of section 138Q(2) (Standards instruments) of the Act.

Interpretation

- E. In this instrument, any reference to any provision of direct EU legislation is a reference to it as it forms part of assimilated law.
- F. In this instrument:
 - “the PRA” means the Prudential Regulation Authority; and
 - “the Act” means the Financial Services and Markets Act 2000.

Amendment

- G. The PRA makes the amendments in the Annex to Commission Delegated Regulation (EU) 2017/589 insofar as it applies to PRA-authorized persons.

Commencement

- H. This instrument comes into force on [DATE].

Citation

- I. This instrument may be cited as PRA Standards Instrument: The Technical Standards (Revocation of MiFID Org Regulation) (Consequential Amendments) Instrument 2025.

By order of the Prudential Regulation Committee

[DATE]

AMENDMENTS TO COMMISSION DELEGATED REGULATION (EU) 2017/589

1. In this Annex, new text is underlined and deleted text is struck through.
2. Commission Delegated Regulation (EU) 2017/589 with regard to regulatory technical standards for organisational requirements of investment firms engaged in algorithmic trading, as it forms part of assimilated law, is amended as follows:

Part 2 (PRA)

Article 9

Annual self-assessment and validation

1. An investment firm shall annually perform a self-assessment and validation process and on the basis of that process issue a validation report. In the course of that process the investment firm shall review, evaluate and validate the following:

- (a) its algorithmic trading systems, trading algorithms and algorithmic trading strategies;
- (b) its governance, accountability and approval framework;
- (c) its business continuity arrangement;
- (d) its overall compliance with Article 17 of Directive 2014/65/EU, having regard to the nature, scale and complexity of its business.

The self-assessment shall also include at least an analysis of compliance with the criteria set out in Annex I to this Regulation.

2. The risk management function of the investment firm referred to in 2.2D of the Risk Control Part of the PRA Rulebook~~Article 23(2) of Commission Delegated Regulation (EU) 2017/565~~, shall draw up the validation report and, for that purpose, involve staff with the necessary technical knowledge. The risk management function shall inform the compliance function of any deficiencies identified in the validation report.

3. The validation report shall be audited by the firm's internal audit function, where such function exists, and be subject to approval by the investment firm's senior management.

4. An investment firm shall remedy any deficiencies identified in the validation report.

5. Where an investment firm has not established a risk management function referred to in 2.2D of the Risk Control Part of the PRA Rulebook~~Article 23(2) of Delegated Regulation (EU) 2017/565~~, the requirements set out in relation to the risk management function in this Regulation shall apply to any other function established by the investment firm in accordance with 2.2D of the Risk Control Part of the PRA Rulebook~~Article 23(2) of Delegated Regulation (EU) 2017/565~~.