



# NEWSFLASH

## DNB Consultation on IFR Supervisory Regulation

### Background

On 27 August 2025, the Dutch Central Bank (*De Nederlandsche Bank*, “**DNB**”) opened a consultation on the Supervisory Regulation usage business projections (*Regeling gebruik zakelijke prognoses*, “**SRUP**”) that will last until 8 October 2025. The SRUP will amend the Supervisory Regulation on specific arrangements IFR and IFD (*Regeling specifieke bepalingen IFR en IFD*, “**Supervisory Regulation IFR & IFD**”) by introducing a new art. 3:4 that will be relevant for all investment firms becoming subject to the K-factor requirements of the Investment Firm Regulation (“**IFR**”) for the first time.

In this Newsflash, we summarise the content of the SRUP, the impact for investment firms entering the market and how these parties should incorporate the consulted regulation in their prudential projections.

### Who should take note?

The SRUP is only relevant for firms becoming subject to the requirement to calculate certain K-factors for the first time, these are:

- I. **Newly authorized firms** having to calculate one or more of the following K-factors:
  - i. **K-AUM** (asset management);
  - ii. **K-COH** (order execution and reception & transmission of orders);
  - iii. **K-ASA** (safeguarding client assets);
  - iv. **K-CMH** (holding of client funds); and
  - v. **K-DTF** (executing transactions on own account).
- II. Formerly **small and non-interconnected firms** that crossed the eligibility threshold and that must comply with the K-factors for the first time.

### When is the SRUP relevant?

Investment firms must calculate K-factors using actual data. Since most K-factors require 12+ months of historical data, only firms with sufficient data history can calculate their K-factor requirements based on actual figures.

Firms seeking authorization typically lack such historical data. The IFR requires such firms to use historical data once it becomes available.

Additionally, competent authorities may require firms to use business projections from the authorization process to replace missing historical data.

With the SRUP, DNB consults on codifying this **discretionary power** in art. 3:4 Supervisory Regulation IFR & IFD.

### Impact of the SRUP

Most K-factors listed above are calculated as the arithmetic mean over a certain historical time-frame (“**look-back period**”). Moreover, usually the most recent months of the look-back period are discarded by the calculation, to prevent any shock-effects from sudden increases in the underlying metrics (so-called “**smoothing**”). Due to these aspects, an investment firm can broadly only reliably calculate its K-factor requirement based on actual data after its first year in full operation.

To date, the absence of historical data could be managed by not calculating a K-factor requirement, instead holding a prudent buffer of capital. With the SRUP, DNB legally requires the use of *proxy data* based on **business projections** submitted in the authorisation process pursuant to art. 7 of the Markets in Financial Instruments Directive (“**MiFID II**”).

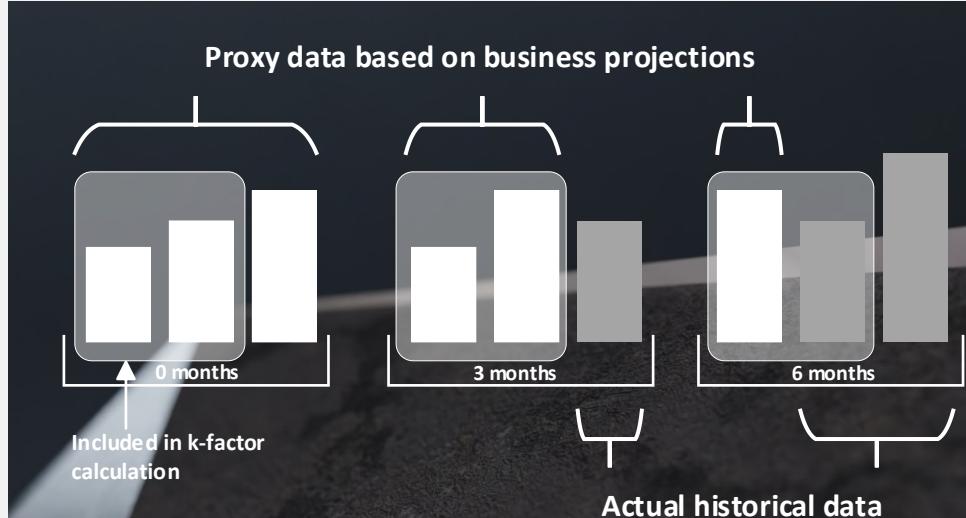
## Incorporation of the SRUP in practice

Concretely, the SRUP means that investment firms applying for authorisation should take due account of the capital requirement that might be produced as a result of the business projections submitted.

On a more operational level, investment firms should be able to demonstrate their ability to calculate the K-factor requirement using the proxy (business projection based) data, thus requiring such operational capacity from the beginning. **Note:** Where these projections are (very) optimistic, a firm should expect a higher capital requirement in line with the projected business.

### Example diagram

In the diagram to the right, we schematically represent the K-factor requirement calculation. The white bars represent proxy data, and the grey bars represent historical data. Together, the bars represent the look-back period. As can be seen, the historical data slowly replaces the proxy data, though influencing the capital requirement only after the smoothing period has passed.



### Remaining uncertainty

In principle, the SRUP does not comprise a very onerous requirement for investment firms. To a certain extent, firms were already required to include forecasts of their capital requirements in their first year of operation as a part of their application for authorisation on the basis of art. 5(a)(iii) of **Commission Delegated Regulation (EU) 2017/1943**. However, some uncertainty remains as the business projections that must be used pursuant to the SRUP cover the first three (3) years of the firm's operations. To which forecasted year DNB would calibrate the capital requirement – where the third year would result in a higher requirement than the first year – remains unknown.



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