

**Supplementary information form for permission under Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part of the PRA rulebook**

This supplementary form should be completed by firms seeking a permission under Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part to apply the risk weights in paragraphs (a) to (b) of Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part to exposures for which a credit assessment by a nominated ECAI is not available (“unrated corporate exposures”).

In accordance with Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part, a firm applying for a permission under Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part shall demonstrate to the satisfaction of the PRA that it has sound, effective and comprehensive strategies, processes, systems and risk management practices that enable it to adequately identify and manage its sources of credit and counterparty risk. PRA Supervisory Statement SS10/13 “Credit Risk: Standardised Approach”, Chapter 3A “Exposures to unrated corporates”, sets out the factors the PRA will take into account when determining whether to grant a permission.

To make an application under Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part, firms should complete the permissions (CRR firms) general application form and provide the information set out in the table below in order to enable the PRA to assess whether the firm has met the requirements of Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part.

|  |  |
| --- | --- |
| PRA EXPECTATIONS | FIRM ANALYSIS  Please demonstrate by providing evidence how the specific requirements of Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part are met.  Where additional documents are provided, firms should clearly state the relevant sections and provide a short explanation of how the documents demonstrate the conditions are met. |
| (a) description of the risk management processes, procedures, and controls at subsidiary level and consolidated level for exposures to corporates;  (If any, please highlight and explain differences between the approach for rated corporate exposures and unrated corporate exposures) | Click or tap here to enter text. |
| (b) description of risk measurement policies and the evaluation of risk measurement and how these are applied at subsidiary level and consolidated level for exposures to corporates; and  (If any, please highlight and explain differences between the approach for rated corporate exposures and unrated corporate exposures) | Click or tap here to enter text. |
| (c) description of the exposure allocation process between investment grade and non-investment grade unrated corporate exposures, including the non-exhaustive list below: | Click or tap here to enter text. |
| (i) a clear explanation of how the exposure allocation process corresponds to the internal risk management rating system and due diligence practices; | Click or tap here to enter text. |
| (ii) key risk information used for the exposure allocation process; | Click or tap here to enter text. |
| (iii) breakdown of exposures to counterparties (investment grade and non-investment grade), including credit risk and counterparty credit risk with relevant exposure information (drawn amount, limit, exposure at default, risk weighted exposure amount);  (This should be produced both for the current book as well as any material anticipated future changes) | Click or tap here to enter text. |
| (iv) analysis on the impact of applying the risk weights in paragraphs (a) to (b) of Article 122(6) of the Credit Risk: Standardised Approach (CRR) Part on own funds requirements; and | Click or tap here to enter text. |
| (v) an attestation, either from the firm’s Internal Audit function or a competent external party, that the firm has sufficient and adequate processes to robustly distinguish between investment and non-investment grade unrated corporates, and to robustly monitor the allocation on an ongoing basis. | Click or tap here to enter text. |