

Bank of England PRA

DIRECTION

To: [Name of firm] (FRN []) (“the firm”)

Of: [Address of firm]

Ref: [Insert reference]

Date: [Issue date]

PRA Rulebook - Housing

Power

1. This direction is given by the *PRA* under section 138A of *FSMA*.

Duration

2. This direction takes effect at the beginning of [*insert date*]
3. This direction ceases to have effect at the end of 30 June 2026 or, if earlier, the date on which the rules in Chapter 2 of the Housing part of the *PRA* Rulebook are amended or revoked.

Rules waived and modified

4. The *PRA* directs that rules listed below apply to the firm with the modifications shown (new text underlined).

Rule	Modification
Housing 2	<p>2.1 to 2.6 are disapplied and replaced with the following:</p> <p><u>2.1 A firm must, within one month from the date this waiver takes effect for that firm, submit to the PRA:</u></p> <p><u>(1) the percentage of regulated mortgage contracts the firm expects to approve in each of the four</u></p>

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	<p><u>quarters following the date this waiver takes effect that are <i>high loan to income mortgage contracts</i>; and</u></p> <p><u>(2) details of any material changes to the <i>firm's</i> business plan, risk appetite and risk management framework in respect of any increase in the percentage of the <i>firm's regulated mortgage contracts</i> that are <i>high loan to income mortgage contracts</i>.</u></p> <p><u>2.2 A <i>firm</i> must submit to the PRA once every month:</u></p> <p><u>(1) the number of <i>high loan to income mortgage contracts</i> it has entered into in each of the categories in 2.3;</u></p> <p><u>(2) the number of <i>high loan to income mortgage contracts</i> it has approved in each of the categories in 2.3;</u></p> <p><u>(3) the percentage of the total amount of <i>regulated mortgage contracts</i> that it has entered into that are <i>high loan to income mortgage contracts</i>; and</u></p> <p><u>(4) the percentage of the total amount of <i>regulated mortgage contracts</i> that it has approved that are <i>high loan to income mortgage contracts</i> in the immediately preceding month.</u></p> <p><u>2.3 The categories referred to in 2.2 are where the credit provided, or expected to be provided, by the <i>firm</i> to an individual, or individuals jointly, is a multiple of:</u></p> <p><u>(1) between 4.5 to 5;</u></p> <p><u>(2) between 5 to 5.5;</u></p> <p><u>(3) between 5.5 to 6; and</u></p> <p><u>(4) greater than 6;</u></p> <p><u>times the individual's income or joint income.</u></p> <p><u>2.4 A <i>firm's</i> first submission to the PRA of the information required by 2.2 must include information in relation to the preceding 3 months.</u></p> <p><u>2.5 Chapter 7 of the Notifications part of the PRA's Rulebook applies to 2.1 to 2.4 as if they were notification rules.</u></p>
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Interpretation

5. Interpretative provisions (including definitions) of the *PRA* Rulebook apply to this direction in the same way they apply to the *PRA* Rulebook.

Notes

6. The *PRA* expects the firm to effectively manage the risk relating to its high loan to income lending in accordance with general regulatory requirements.

Prudential Regulation Authority