

**PRA RULEBOOK: CRR FIRMS: SIMPLER REGIME (TRANSITIONAL CAPITAL REGIME)
INSTRUMENT 20xx**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) section 144G(1) (Disapplication or modification of CRR rules);
 - (4) section 144H(1) and (2) (Relationship with the CRR);
 - (5) section 192XA (Rules applying to holding companies); and
 - (6) section 192XC (Disapplication or modification of rules in individual cases).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) of the Act (Rule-making instruments).

Pre-conditions to making

- C. In accordance with section 144C(3) and 144E of the Act the PRA consulted the Treasury about the likely effect of the rules on relevant equivalence decisions within the meaning of section 144C(4) of the Act.
- D. In accordance with section 138J(1)(a) of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority.
- E. After consulting the Financial Conduct Authority, the PRA published a draft of the proposed rules in accordance with section 138J(1)(b) of the Act, accompanied by the information listed in section 138J(2) and the explanation referred to in section 144D of the Act (Explanation to accompany consultation on CRR rules).
- F. The PRA had regard to representations made.

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- G. The PRA makes the rules in the Annexes to this instrument.

| Part | Annex |
|--|-------|
| Glossary | A |
| Simpler Regime – General Application | B |
| Simpler Regime – Transitional Capital Regime | C |

Commencement

- H. Annexes A and B come into force on [DATE]
- I. Annex C comes into force on [DATE]

Citation

- J. This instrument may be cited as the PRA Rulebook: CRR Firms: Simpler Regime (Transitional Capital Regime) Instrument 20xx.

By order of the Prudential Regulation Committee
[DATE]

Annex A

Amendments to the Glossary Part

In this Annex, the text is all new and is not underlined. [If inserted into the Glossary, defined terms that appear in Operational Continuity Part, rule 1.5 or Capital Buffers Part, rule 1.2 will be deleted from those Parts and will only appear in the Glossary.]

...

CSD

has the meaning given in Article 2(1)(1) of *CSDR*.

...

CSDR

means Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

...

payment system

has the meaning given in section 182 of the Banking Act 2009.

...

relevant credit exposures

means exposures other than those referred to in points (a) to (f) of Article 112 of the *CRR* that are subject to:

- (a) the *own funds* requirements for credit risk under Part Three, Title II of the *CRR*; or
- (b) where the exposure is held in the *trading book*, *own funds* requirements for specific risk under Part Three, Title IV, Chapter 2 of the *CRR* or incremental default and migration risk under Part Three, Title IV, Chapter 5 of the *CRR*; or
- (c) where the exposure is a *securitisation*, the *own funds* requirements under Part Three, Title II, Chapter 5 of the *CRR*.

...

SSS

has the meaning given in Article 2(1)(10A) of *CSDR*.

...

TCR consolidation entity

has the meaning given in Simpler Regime – General Application 3.2.

TCR firm

has the meaning given in Simpler Regime – General Application 3.1.

...

third-country CSD

has the meaning given in Article 2(1)(2) of *CSDR*.

Annex B

Simpler Regime – General Application Part

In this Annex, the text is all new and is not underlined.

Part

SIMPLER REGIME – GENERAL APPLICATION

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. SIMPLER-REGIME CRITERIA**
- 3. TRANSITIONAL CAPITAL REGIME**

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *firm* that is a *CRR firm*.

1.2 In this Part, the following definitions shall apply:

MLAR

means the Mortgage Lenders and Administrators Return at SUP 16 Annex 19A R of the FCA Handbook.

non-UK credit institution

means a *credit institution* whose registered office or, if it does not have a registered office, whose head office, is outside the *UK*.

operator

in relation to a *payment system* has the meaning given in section 183 of the Banking Act 2009.

Simpler-regime criteria

has the meaning given in 2.1.

total assets

means:

- (1) for a *firm* that is required to submit *data item* template 1.01 of Annex III of Reporting (CRR) Part, the sum of the *firm's* assets as required to be recorded at row 380 of that *data item*; or
- (2) for a *firm* that is required to submit *data item* template 1.01 of Annex IV of Reporting (CRR) Part, the sum of the *firm's* assets as required to be recorded at row 380 of that *data item*.

2 SIMPLER-REGIME CRITERIA

2.1 The *Simpler-regime criteria*, in respect of a *UK bank* or *building society*, are the following criteria.

(1) Either:

- (a) the recent average of the *firm's total assets*, calculated in accordance with 2.2, does not exceed £20 billion, or
- (b) if the *firm* has not yet been required to report its *total assets*, the *firm* reasonably forecasts that its *total assets* will not exceed £20 billion on the first occasion on which it will be required to report them.

(2) At least 75% of the *firm's total relevant credit exposures* are located in the *UK*, and either:

- (a) the recent average of the ratio of the *firm's relevant credit exposures* that are located in the *UK* to the *firm's total relevant credit exposures*, calculated in accordance with 2.3, is at least 85%, or
- (b) if the *firm* has not yet been required to report the geographical location of its *relevant credit exposures*, the *firm* reasonably forecasts that, on the first occasion on which it will be required to do so, at least 85% of the *firm's total relevant credit exposures* will be located in the *UK*.

- (3) Subject to 2.6, the size of the *firm's* on- and off- balance-sheet trading book business was less than or equal to both 5% of the *firm's* total assets and £44 million, on the basis of the assessment set out in Article 94(3) of Chapter 3 of Trading Book (CRR) Part:
 - (a) on the last day of at least one of the preceding three *months*, and
 - (b) on the last day of at least six of the preceding twelve *months*.
 - (4) The *firm's* overall net foreign-exchange position, calculated using the method set out in Article 352 of *CRR*, does not exceed 3.5% of its *own funds* and, subject to 2.6, did not on average exceed 2% of its *own funds*:
 - (a) in at least one of the preceding three *months*, and
 - (b) in at least six of the preceding twelve *months*,as determined in accordance with 2.7.
 - (5) The *firm* does not hold positions in commodities or commodity derivatives.
 - (6) The *firm* does not apply the Internal Ratings Based Approach to calculate its risk-weighted exposure amounts for credit risk.
 - (7) The *firm* does not provide clearing, transaction settlement, custody or correspondent banking services to a *UK bank*, a *building society*, or a *non-UK credit institution*, including by acting as an intermediary for a *UK bank*, a *building society*, or a *non-UK credit institution* to access the facilities or services of:
 - (a) a *payment system*, *CSD*, *third-country CSD*, *SSS* or *central counterparty* in which the *firm* is a direct or indirect participant or member, or
 - (b) an exchange, other trading facility, clearing house or any other financial market utility or infrastructure, either directly or indirectly,except that the *firm* may provide clearing, transaction settlement, custody or correspondent banking services in sterling to a *UK bank*, *building society* or *non-UK credit institution* that is a member of the *firm's immediate group*.
 - (8) The *firm* is not an *operator* of a *payment system*.
 - (9) Any *undertaking* of which the *firm* is a *subsidiary* is a *UK undertaking*.
 - (10) If the *firm* is a member of a *consolidation group*:
 - (a) criteria (1) to (6) are satisfied:
 - (i) in respect of the *CRR consolidation entity* on a *consolidated basis*, and
 - (ii) subject to 2.6, in respect of each *UK bank* and *building society* in the *consolidation group*,and for this purpose references in those criteria to the *firm* are to be read accordingly; and
 - (b) criteria (7) and (8) are satisfied in respect of each *UK bank* and *building society* in the *consolidation group*, and for this purpose references in those criteria to the *firm* are to be read accordingly.
- 2.2 The recent average of a *firm's total assets* referred to in 2.1(1)(a) is to be calculated as follows.
- (1) Identify the occasions (due dates) in the preceding 36 *months* by which the *firm* was required to report its *total assets*.
 - (2) Calculate the arithmetic mean of the *total assets* that the *firm* was required to report on those occasions.

- 2.3 The recent average of the ratio referred to in 2.1(2)(a) is to be calculated as follows.
- (1) Identify the occasions (remittance dates) in the preceding 36 *months* by which the *firm* was required to report the geographical location of its *relevant credit exposures* using template C 09.04 of Annex I of Reporting (CRR) Part.
 - (2) For each of those occasions, using the information that the *firm* was required to report subject to any adjustment in accordance with 2.5, calculate the ratio of the amount of *relevant credit exposures* located in the *UK* to the total amount of *relevant credit exposures* across all jurisdictions.
 - (3) Calculate the arithmetic mean of those ratios (expressed as a percentage).
- 2.4 For the purpose of 2.1(2) and 2.3(2), whether a *relevant credit exposure* is located in the *UK* is to be determined in accordance with the instructions in point 3.4.3 of Part II of Annex II of Reporting (CRR) Part for completing template C 09.04 of Annex I of that Part, subject to any adjustment in accordance with 2.5.
- 2.5 A *firm* may treat *relevant credit exposures* as located in the *UK* if they would qualify as 'residential loans to individuals' for the purpose of the *MLAR* (whether or not they would otherwise be treated as located in the *UK*).
- 2.6 The criteria in 2.1(3)(a) and 2.1(4)(a) do not apply in respect of a *UK bank* or *building society* that was not a *firm* on the last day of the preceding *month* and the criteria in 2.1(3)(b) and 2.1(4)(b) do not apply in respect of a *UK bank* or *building society* that was not a *firm* on the last day of each of the preceding six *months*.
- 2.7 For the purpose of 2.1(4), a *firm's* overall net foreign-exchange position does not on average exceed 2% of its *own funds* in a given *month* if the arithmetic mean of the *firm's* daily overall net foreign-exchange positions over the course of the *month* is less than or equal to 2% of the *firm's own funds* on the last day of the *month*.

3 TRANSITIONAL CAPITAL REGIME

- 3.1 A *TCR firm* means a *UK bank* or *building society* to which the *PRA* has given a *waiver* modifying the effect of this rule such that the *UK bank* or *building society* is a *TCR firm*.
- 3.2 A *TCR consolidation entity* means a *CRR consolidation entity* in relation to a *consolidation group* in which every *undertaking* that is a *firm* is a *TCR firm*.
- 3.3 If a *firm* consents to a *waiver* modifying 3.1 such that the *firm* becomes a *TCR firm*, the *firm* must:
- (1) certify to the *PRA*:
 - (a) that the *firm* met the *Simpler-regime criteria* on 1 January 2024, or
 - (b) that the *firm* would have met the *Simpler-regime criteria* on 1 January 2024 if a *waiver* modifying the *Simpler-regime criteria* which was given to the *firm* after 1 January 2024 had been in effect on that date; and
 - (2) notify the *PRA* if the *firm* does not meet the *Simpler-regime criteria* on the day on which it consents to the *waiver*.
- 3.4 If a *TCR firm* ceases to meet the *Simpler-regime criteria*, it must notify the *PRA* within the period of 14 days beginning with the day on which the *firm* ceases to meet the *Simpler-regime criteria*.

This is a draft Instrument to accompany CP16/22 'Implementation of the Basel 3.1 standards'

| Term | Definition source |
|-----------------|--------------------------|
| immediate group | Section 421ZA FSMA |
| own funds | Article (4)(1)(118) CRR |
| securitisation | Article (4)(1)(61) CRR |
| trading book | Article (4)(1)(86) CRR |

Annex C

Simpler Regime – Transitional Capital Regime Part

In this Annex, the text is all new and is not underlined.

Part

SIMPLER REGIME – TRANSITIONAL CAPITAL REGIME

Chapter content

1. APPLICATION AND DEFINITIONS
 2. LEVEL OF APPLICATION
 3. REPRODUCED CRR PROVISIONS
 4. REPRODUCED CRR PROVISIONS: MODIFICATIONS
 5. REPRODUCED CRR TECHNICAL STANDARDS
 6. REPRODUCED CRR TECHNICAL STANDARDS: MODIFICATIONS
 7. DISAPPLICATION OF RULEBOOK AMENDMENTS
- ANNEX 1: REPRODUCED CRR PROVISIONS AND SPECIFIC MODIFICATIONS
- ANNEX 2: REPRODUCED CRR TECHNICAL STANDARDS AND SPECIFIC MODIFICATIONS

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *TCR firm*;
- (2) a *TCR consolidation entity*.

1.2 In this Part, the following definitions shall apply:

CRR Amendment Regulations

means [title of Treasury regulations which revoke or amend CRR provisions and CRR technical standards under section 3 of the Financial Services Act 2021].

CRR provision

means a provision of *CRR* as it had effect in the *UK* as part of *retained EU law* immediately before the coming into force of the *CRR Amendment Regulations*.

CRR technical standard

means a technical standard revoked by the *CRR Amendment Regulations* as it had effect in the *UK* as part of *retained EU law* immediately before it was revoked.

remaining CRR provision

means a provision of the *CRR* that has not been revoked by the *CRR Amendment Regulations*.

reproduced CRR provision

means a *CRR provision* reproduced by virtue of this Part subject to any modifications made by this Part.

reproduced CRR technical standard

means a *CRR technical standard* reproduced by virtue of this Part subject to any modifications made by this Part.

Rulebook Amendment Instrument[s]

means [titles of the *PRA rulebook instrument[s]* which make[s] the rule changes to implement *Basel 3.1* and any associated consequential amendments].

1.3 For the purposes of this Part:

- (1) in a *reproduced CRR provision* or a *reproduced CRR technical standard*:
 - (a) any reference to the *CRR* or to any of its divisions is to be read as including each relevant *remaining CRR provision* as it had effect in the *UK* as part of *retained EU law* immediately before the coming into force of the *CRR Amendment Regulations* and each relevant *reproduced CRR provision*;
 - (b) any reference to a *remaining CRR provision* is to be read as a reference to that provision as it had effect in the *UK* as part of *retained EU law* immediately before the coming into force of the *CRR Amendment Regulations*;
 - (c) any reference to a *CRR provision* which is the basis of a *reproduced CRR provision* is to be read as a reference to the *reproduced CRR provision*; and
 - (d) any term used which is defined in a *remaining CRR provision* has the meaning given in the *remaining CRR provision* as it had effect in the *UK* as part of *retained EU law* immediately before the coming into force of the *CRR Amendment Regulations*; and

- (2) any other term used in a *reproduced CRR technical standard* shall have the meaning that it had in the corresponding *CRR technical standard*.

2 LEVEL OF APPLICATION

- 2.1 Title II of Part One (Level of application) of the *CRR* as it had effect immediately before the coming into force of the *CRR Amendment Regulations* applies to Chapters 3 and 4 and Annex 1 of this Part as that Title applied to Part Three (Capital Requirements) of the *CRR* at that point.

3 REPRODUCED CRR PROVISIONS

- 3.1 For the purposes of this Part, the *CRR provisions* referred to in Column 1 of the table in Annex 1 are reproduced (as *PRA rules*) subject to the modifications specified in 4 and apply to:

- (1) a *TCR firm*;
- (2) a *TCR consolidation entity*.

[Note: each *CRR* provision referred to in Column 1, which is reinstated subject to modifications by virtue of this rule, corresponds to the relevant provision of the *CRR* as it applied immediately before revocation by the *Treasury*.]

4 REPRODUCED CRR PROVISIONS: MODIFICATIONS

- 4.1 For the purposes of 3.1, the *CRR provisions* referred to in Column 1 of the table in Annex 1 are subject to any corresponding modification specified in Column 2 of that table and to the following modifications:

- (1) Modification A is that any reference to the *PRA* or the *FCA* being permitted to make technical standards is omitted, together with any provisions concerning the content and purpose of such technical standards.
- (2) Modification B is that any reference to an obligation on the *PRA* is omitted.
- (3) Modification C is that any reference to the *Treasury* making regulations is omitted, together with any provisions concerning the content and purpose of such regulations.
- (4) Modification D is that any provision concerning the granting of a waiver, approval, permission or other form of consent by the competent authority (including as to its content and purpose) is a provision applying section 144G or 192XC of *FSMA* enabling the *PRA* to give a permission to disapply or modify the rule to the extent that the *CRR provision* enabled a waiver, approval, permission or other form of consent to be granted.
- (5) Modification E is that any reference to the Internal Ratings Based Approach is omitted, together with any provisions concerning the application of that approach.

5 REPRODUCED CRR TECHNICAL STANDARDS

- 5.1 For the purposes of this Part, the *CRR technical standards* listed in Annex 2 are reproduced (as *PRA rules*) subject to the modifications specified in 6 and apply to:

- (1) a *TCR firm*;
- (2) a *TCR consolidation entity*.

6 REPRODUCED CRR TECHNICAL STANDARDS: MODIFICATIONS

- 6.1 For the purposes of 5.1, the *CRR technical standards* listed in Annex 2 are subject to the following modifications:

- (1) Modification A is that any reference to an obligation on the *PRA* to assess, confirm or verify a matter in relation to a *TCR firm* or *TCR consolidation entity* shall be treated as an obligation on the *TCR firm* or *TCR consolidation entity* to demonstrate or be able to demonstrate that matter to the *PRA*.
- (2) Modification B is that any provision concerning the granting of a waiver, approval, permission or other form of consent by the competent authority (including as to its content and purpose) is a provision applying section 144G or 192XC of *FSMA* enabling the *PRA* to give a permission to disapply or modify the rule to the extent the *CRR provision* enabled a waiver, approval, permission or other form of consent to be granted.
- (3) Modification C is that any reference to the Internal Ratings Based Approach is omitted, together with any provisions concerning the application of that approach.

7 DISAPPLICATION OF RULEBOOK AMENDMENTS

7.1 The following provisions of the *PRA* Rulebook apply to a *TCR firm* and a *TCR consolidation entity* as they stood immediately before the commencement of the *Rulebook Amendment Instrument* (and not as amended or modified by the *Rulebook Amendment Instrument* or any provision of a rule-making instrument that comes into force at the same time as, or later than, the *Rulebook Amendment Instrument*):

- (1) Benchmarking of Internal Approaches Part 2.1;
- (2) Counterparty Credit Risk (CRR) Part 1.2;
- (3) Counterparty Credit Risk (CRR) Part Article 274;
- (4) Counterparty Credit Risk (CRR) Part Article 306;
- (5) Counterparty Credit Risk (CRR) Part Article 308;
- (6) Counterparty Credit Risk (CRR) Part Article 309;
- (7) Credit Risk Part 1.2;
- (8) Credit Risk Part 2;
- (9) Credit Risk Part 4;
- (10) Credit Risk Part 6;
- (11) Trading Book (CRR) Part 1.2;
- (12) Trading Book (CRR) Part 2;
- (13) Trading Book (CRR) Part 3;
- (14) Trading Book (CRR) Part Article 103;
- (15) Trading Book (CRR) Part Article 104;
- (16) Trading Book (CRR) Part Article 106;
- (17) Trading Book (CRR) Part Article 17;
- (18) Disclosure (CRR) Part 1.2;
- (19) Disclosure (CRR) Part 6.1 – 6.104;
- (20) Disclosure (CRR) Part Article 14;
- (21) Disclosure (CRR) Part Article 16;
- (22) Disclosure (CRR) Part Article 17;

- (23) Disclosure (CRR) Part Article 433a;
 - (24) Disclosure (CRR) Part Article 433c;
 - (25) Disclosure (CRR) Part Article 439;
 - (26) Disclosure (CRR) Part Article 445;
 - (27) Disclosure (CRR) Part Article 446;
 - (28) Disclosure (CRR) Part Article 454;
 - (29) Disclosure (CRR) Part Article 455;
 - (30) Regulatory Reporting Part 7.1 – 7.3;
 - (31) Regulatory Reporting Part 9.2 – 9.4;
 - (32) Regulatory Reporting Part 16.1 – 16.44;
 - (33) Regulatory Reporting Part 20.19;
 - (34) Regulatory Reporting Part 20.21;
 - (35) Reporting (CRR) Part 1.2;
 - (36) Reporting (CRR) Part Article 1;
 - (37) Reporting (CRR) Part Article 5 – 7;
 - (38) Reporting (CRR) Part Annex 1; and
 - (39) Reporting Pillar 2 Part 2.3.
- 7.2 7.1 does not apply to the extent that an amendment or modification of a rule listed in 7.1 is expressed specifically to apply to a *TCR firm* or a *TCR consolidation entity*.

ANNEX 1: REPRODUCED CRR PROVISIONS AND SPECIFIC MODIFICATIONS

| CRR Provision | Modification |
|------------------------|--|
| Article 92 | |
| Article 107(1) and (2) | [Note: Paragraph (1) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] [Note: Paragraph (1) is subject to Modification E.] |
| Article 108 | [Note: The title of the Article is subject to Modification E.] [Note: Paragraph (1) is subject to Modification E.] Article 108 is modified to omit Paragraph (2). |
| Article 110(1) to (3) | Article 110 is modified to omit Paragraphs (2) and (3). [Note: Paragraph (4) is subject to Modification B.] |
| Article 111 | |
| Article 112 | |
| Article 113 | [Note: Paragraph (6) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 114 | |
| Article 115 | [Note Paragraph (2) is subject to Modification B.] Article 115 is modified to insert the following text at the end of Paragraph (2): “For the purposes of Article 115, a firm may treat exposures to the following regional governments as exposures to the UK central government: (1) The Scottish Government; (2) The Welsh Government; and (3) The Northern Ireland Executive.” [Note: Paragraph (3) is subject to Modification E.] |
| Article 116 | Article 116 is modified to omit Paragraph (4). |
| Article 117 | [Note: Paragraph (2) is subject to Modification C.] |
| Article 118 | |
| Article 119(1) to (4) | |
| Article 120 | |
| Article 121 | [Note: Paragraph (4) is subject to Modification E.] |
| Article 122 | |
| Article 123 | |
| Article 124 | Article 124 is modified to omit the following text from Paragraph (1): “, if rigorous criteria are in force at the time in the United Kingdom for the assessment of the mortgage lending value, the mortgage lending value of the immovable property in question.” [Note: Paragraph (1a) is subject to Modification B.] |

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| | <p>Article 124 is modified to omit Paragraphs (2) and (3). [Note: Paragraph (4) is subject to Modification A.]</p> |
| Article 125 | <p>Article 125 is modified to omit the following text from Paragraph (1): “Unless otherwise decided by the competent authorities in accordance with Article 124(2),” Article 125 is modified to omit Paragraphs 2(b), (3) and (4).</p> |
| Article 126 | <p>Article 126 is modified to omit the following text from Paragraph (1): “Unless otherwise decided by the competent authorities in accordance with Article 124(2),” Article 126 is modified to omit Paragraphs (3) and (4).</p> |
| Article 127 | |
| Article 129 | <p>[Note: Paragraph (1) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] Article 129 is modified to substitute for Paragraph (7): “Exposures in the form of CRR covered bonds are eligible for preferential treatment under this Article, provided that the institution investing in the CRR covered bonds: (a) receives portfolio information at least on: (i) the value of the cover pool and outstanding CRR covered bonds; (ii) the geographical distribution and type of cover assets, loan size, interest rate and currency risks; (iii) the maturity structure of cover assets and CRR covered bonds; and (iv) the percentage of loans more than 90 days past due; and (b) the issuer makes the information referred to in point (a) available to the institution at least semi-annually.”</p> |
| Article 131 | |
| Article 133 | |
| Article 134 | |
| Article 135 | [Note: Paragraph (2) is subject to Modification B.] |
| Article 137 | |
| Article 138 | <p>Article 138 is modified to omit the following text: “Credit assessments shall not be used selectively. An institution shall use solicited credit assessments. However it may use unsolicited credit assessments if the competent authority has confirmed that unsolicited credit assessments of an ECAI do not differ in quality from solicited credit assessments of this ECAI. The competent authority must refuse or revoke this confirmation in particular if the ECAI has used an unsolicited credit assessment to put pressure on the rated entity to place an order for a credit assessment or other services.” Article 138 is modified to insert the following text at the end of Article 138: “An institution may only use unsolicited credit assessments if:</p> |

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| | <p>(a) the unsolicited credit assessments of an ECAI do not differ in quality from solicited assessments of that ECAI; and</p> <p>(b) the ECAI has not used an unsolicited credit assessment to put pressure on a rated entity to place an order for a credit assessment or other services,</p> <p>otherwise, an institution must only use solicited credit assessments.”</p> |
| Article 139 | |
| Article 140 | |
| Article 141 | |
| Article 178 | [Note: This Article is subject to Modification E.] |
| Article 192 | |
| Article 193 | [Note: Paragraph (3) is subject to Modification E.] |
| Article 194 | [Note: Paragraph (10) is subject to Modification A.] |
| Article 195 | |
| Article 196 | |
| Article 197(1) to (7) | <p>Article 197 is modified to omit from Paragraphs (1)(b) - (e) “has been determined by the competent authority to be” and to insert “is”.</p> <p>[Note: Paragraph (8) is subject to Modification A.]</p> <p>Article 197 is modified to insert the following text at the end of Paragraph (8)(a):</p> <p>“are to an index listed in Annex I to Commission Implementing Regulation 2016/1646/EU of 13 September laying down implementing technical standards with regard to main indices and recognised exchanges in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.”</p> <p>Article 197 is modified to insert the following text at the end of Paragraph (8)(b):</p> <p>“are to an exchange listed in Annex II to Commission Implementing Regulation 2016/1646/EU of 13 September laying down implementing technical standards with regard to main indices and recognised exchanges in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.”</p> |
| Article 198 | |
| Article 200 | |
| Article 201 | Article 201 is modified to omit Paragraphs (1)(g)(ii) and (2). |
| Article 203 | |
| Article 204 | |
| Article 205 | |
| Article 206 | |
| Article 207 | |
| Article 208 | |
| Article 209 | |
| Article 211 | Article 211 is modified to omit from Paragraph (a) the reference to |

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| | "Article 210". |
| Article 212 | |
| Article 213 | Article 213 is modified to omit the following text from Paragraph (1)(c)(iii): " and 166(4)" |
| Article 214 | |
| Article 215 | |
| Article 216 | |
| Article 218 | |
| Article 219 | |
| Article 220 | [Note: Paragraph (3) is subject to Modification E.] [Note: Paragraph (4) is subject to Modification E.] |
| Article 221 | [Note: This Article is subject to Modification E.] [Note: Paragraphs (1), (2) (3) and (4) are subject to Modification D.] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] [Note: Paragraph (9) is subject to Modification A.] |
| Article 222 | Article 222 is modified to omit the following text from Paragraph (1): ", except for the purposes of Articles 148(1) and 150(1)"; and "Institutions shall not use this exception selectively with the purpose of achieving reduced own funds requirements or with the purpose of conducting regulatory arbitrage." [Note: Paragraph (3) is subject to Modification E.] |
| Article 223 | [Note: Paragraphs (4)(b) and (6) are subject to Modification E.] |
| Article 224 | |
| Article 225 | [Note: Paragraph (1) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 226 | |
| Article 227 | [Note: Paragraph (3)(c) is subject to Modification E.] |
| Article 228 | Article 228 is modified to omit Paragraph (2). |
| Article 229 | Article 229 is modified to omit the following text from Paragraph (1): "If rigorous criteria are in force at the time in the United Kingdom for the assessment of the mortgage lending value the immovable property may instead be valued by an independent valuer at or at less than the mortgage lending value. Institutions shall require the independent valuer not to take into account speculative elements in the assessment of the mortgage lending value and to document that value in a transparent and clear manner." |
| Article 232 | [Note: Paragraph (2)(b) is subject to Modification E.] |
| Article 233 | |
| Article 234 | |
| Article 235 | [Note: Paragraph (1) is subject to Modification E.] |

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| Article 237 | Article 237 is modified to omit the following text from Paragraph (2): “either of the following conditions is met”. Article 237 is modified to omit Paragraph (2)(b). |
| Article 238 | |
| Article 239 | |
| Article 240 | [Note: The Article is subject to Modification E.] |
| Article 241 | |
| Article 299(2)(c) | |
| Article 312 | [Note: Paragraphs (1) and (2) are subject to Modification D.] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] [Note: Paragraph (4) is subject to Modification A.] |
| Article 313 | [Note: Paragraphs (2) and (3) is subject to Modification D.] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 314 | [Note: Paragraphs (1), (2) (3) and (4) are subject to Modification D.] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] [Note: Paragraph (5) is subject to Modification A.] |
| Article 315 | [Note: Paragraph (3) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 317 | [Note: Paragraph (4) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 318 | [Note: Paragraph (3) is subject to Modification A.] |
| Article 319 | [Note Paragraph (2) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 320 | |
| Article 321 | |
| Article 322 | |
| Article 323 | [Note: Paragraph (1) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] Article 323 is modified to omit the following text from Paragraph (2): “which has been determined by the competent authority to be” and to insert “is”. |
| Article 324 | |
| Article 325 | |
| Article 325b | [Note: This Article is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to |

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| | which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 326 | |
| Article 327 | Article 327 is modified to omit Paragraph (2). |
| Article 328 | |
| Article 329 | [Note: Paragraph (1) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] [Note: Paragraph (3) is subject to Modification A.] |
| Article 330 | |
| Article 331 | [Note: Paragraph (1) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 332 | |
| Article 333 | |
| Article 334 | |
| Article 335 | |
| Article 336 | [Note: Paragraph (2) is subject to Modification E.] |
| Article 337 | [Note: Paragraph (2) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] [Note: Paragraph (2) is subject to Modification E.] |
| Article 338 | |
| Article 339 | |
| Article 340 | |
| Article 341 | [Note: Paragraph (3) is subject to Modification A.] |
| Article 342 | |
| Article 343 | |
| Article 344 | [Note: Paragraph (1) is subject to Modification A.] |
| Article 345 | |
| Article 346 | |
| Article 347 | |
| Article 348 | |
| Article 349 | |
| Article 350 | |
| Article 351 | |
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| Article 352 | [Note: Paragraphs (1) and (2) are subject to Modification D.] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |

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| | [Note: Paragraph (6) is subject to Modification A.] |
| Article 353 | |
| Article 354 | <p>Article 354 is modified to insert the following text at the end of Paragraph (1):</p> <p>“An institution may determine the list of currencies for which the treatment set out in this paragraph is available, based on the following criteria:</p> <p>(a) daily percent currency movement shall be calculated on the basis of the following formula:</p> $\% \text{ Change} = \ln(\text{exchange}_t) - \ln(\text{exchange}_{t-1})$ <p>where:</p> <p>exchange = relevant currency pair</p> <p>(b) the resulting percentage shall be compared to the threshold of the maximum daily change in value within a pair of currencies of 1.265%. Any values exceeding this threshold shall be treated as breaches of the 4%, 10-day maximum loss;</p> <p>(c) only the unmatched positions in currencies shall be incorporated into the overall net open position in accordance with paragraph 4 of Article 352.”</p> <p>[Note: Paragraph (3) is subject to Modification A.]</p> <p>[Note: Paragraph (6) is subject to Modification D.]</p> <p>[Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.]</p> |
| Article 355 | |
| Article 356 | |
| Article 357 | |
| Article 358 | <p>[Note: Paragraph (3) is subject to Modification D.]</p> <p>[Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.]</p> <p>[Note: Paragraph (4) is subject to Modification A.]</p> |
| Article 359 | |
| Article 360 | |
| Article 361 | |
| Article 362 | |
| Article 363 | <p>[Note: Paragraphs (1), (2) and (3) are subject to Modification D.]</p> <p>[Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.]</p> <p>[Note: Paragraph (4) is subject to Modification A.]</p> |
| Article 364 | |
| Article 365 | |
| Article 366 | Article 366 is modified to omit Paragraph (4). |
| Article 367 | |

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| Article 368 | |
| Article 369 | |
| Article 370 | |
| Article 371 | |
| Article 372 | |
| Article 373 | [Note: This Article is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 374 | |
| Article 375 | |
| Article 376 | |
| Article 377 | [Note: Paragraph (1) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |
| Article 381 | |
| Article 382 | Article 382 is modified to omit the following text from Paragraph (2) “the competent authority determines that the institution’s” and to insert “its”. Article 382 is modified to omit the following text from Paragraph (4)(b): “unless the competent authority requires intragroup transactions between structurally separated entities to be included in the own funds requirements”. [Note: Paragraph (5) is subject to Modification A.] |
| Article 383 | [Note: Paragraph (4) is subject to Modification D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] [Note: Paragraph (7) is subject to Modification A.] |
| Article 384 | [Note: Paragraph (1) is subject to Modification E.] |
| Article 386 | Article 386 is modified to omit the following text from Paragraph (1): “If the basis between any individual counterparty spread and the spreads of index credit default swap hedges is not reflected to the satisfaction of the competent authority, then an institution shall reflect only 50 % of the notional amount of index hedges in the value-at-risk and the stressed value-at-risk.” |
| Article 501 | [Note: Paragraph (1) is subject to Modification E.] |
| Article 501a | |
| Annex I | |
| Article 92 | |
| Article 107(1) and (2) | [Note: Paragraph (1) is subject to Modifications D.] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] [Note: Paragraph (1) is subject to Modification E.] |

ANNEX 2: REPRODUCED CRR TECHNICAL STANDARDS AND SPECIFIC MODIFICATIONS

Commission Delegated Regulation (EU) No 2018/959

| CRR Technical Standard | Modification |
|-------------------------------|--|
| Article 1 | [Note: This Article is subject to Modification A.] |
| Article 2 | |
| Article 3 to 44 | [Note: These Articles are subject to Modification A.] |
| Article 7 | Article 7 is modified to omit Paragraph (2). |
| Article 15 | [Note: Paragraph (2) is subject to Modification B.] [Note: This is a permission under section 144G and 192XC of FSMA to which Part 9 of the <i>Capital Requirements Regulations</i> applies.] |

Commission Delegated Regulation (EU) No 529/2014

| CRR Technical Standard | Modification |
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| Article 3 | Article 3 is modified to omit the following text from Paragraph (6): “ within a period to be agreed with the competent authority”. |
| Article 4 | This Article is omitted. |
| Article 5 | This Article is omitted. |
| Article 6 | |
| Article 7 | |
| Article 8 | [Note: This Article is subject to Modification C.] |
| Annex I | This Annex is omitted. |

Commission Delegated Regulation (EU) No 183/2014

Commission Delegated Regulation (EU) No 2016/1799

Commission Implementing Regulation (EU) 2016/1646

Commission Delegated Regulation (EU) 528/2014

Commission Implementing Regulation (EU) 2197/2015

Commission Implementing Regulation (EU) 2091/2019

Commission Delegated Regulation (EU) 2018/728

Commission Delegated Regulation (EU) 526/2014

Commission Implementing Regulation (EU) No 2016/2070