

Bank of England PRA

Appendices to CP3/25 – Recognised exchanges policy and transfer of main indices

Consultation paper | CP3/25

March 2025

Draft for consultation



Draft for consultation

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1: Draft PRA Rulebook: CRR Firms: Recognised Exchanges Instrument [2026]

APPENDIX 1: PRA RULEBOOK: CRR FIRMS: RECOGNISED EXCHANGES INSTRUMENT [2026]

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);
 - (3) section 144H(1) (Relationship with CRR); and
 - (4) any other relevant rulemaking powers or related provisions.
- B. The PRA makes the instrument in the exercise of Article 4(1)(72)(c) of the assimilated Capital Requirements Regulation No 575/2013 in respect of matters falling within that paragraph.
- C. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA Rulebook: CRR Firms: Recognised Exchanges Instrument [2026]

- D. The PRA makes the rules in the Annex to this instrument.

Notes

- E. In the Annex to this instrument, the notes (indicated by “[Note:]”) are included for the convenience of readers but do not form part of the legislative text.

Commencement

- F. This instrument comes into force on [1 July 2026].

Citation

- G. This instrument may be cited as the PRA Rulebook: CRR Firms: Recognised Exchanges Instrument [2026].

By order of the Prudential Regulation Committee

[DATE]

Annex

Recognised Exchanges (CRR) Part

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

Part

RECOGNISED EXCHANGES (CRR)

Chapter Content

- 1. APPLICATION**
- 2. CONDITIONS FOR IDENTIFYING RECOGNISED EXCHANGES OR ASSETS TRADED ON SUCH EXCHANGES**

Draft for consultation

1 APPLICATION

- 1.1 This Part applies to:
- (a) a *firm* that is a *CRR firm*; and
 - (b) a *CRR consolidation entity*.

2 CONDITIONS FOR IDENTIFYING RECOGNISED EXCHANGES OR ASSETS TRADED ON SUCH EXCHANGES

- 2.1 A recognised exchange includes an investment exchange (other than a recognised overseas investment exchange) where:
- (1) the market structure condition; and
 - (2) in respect of the relevant asset that is traded or listed on that exchange, the asset liquidity condition;
- are both satisfied.
- (a) the market structure condition is that the investment exchange:
 - (i) brings together or facilitates the bringing together of parties for the purpose of buying and selling interests in financial instruments;
 - (ii) is authorised (or otherwise recognised) and subject to ongoing supervision by a regulator or other public authority;
 - (iii) functions regularly on every *business day* in the relevant jurisdiction;
 - (iv) functions based on non-discretionary rules defining:
 - (1) the conditions for the operation of the investment exchange;
 - (2) access to or membership of the investment exchange;
 - (3) admission of financial instruments to trading; and
 - (4) suspension or removal of financial instruments from trading;
 - (v) has a robust clearing and settlement mechanism consistent with international standards; and
 - (vi) applies margining practices consistent with international standards to contracts listed in Annex II of *CRR*;
 - (b) the asset liquidity condition is:
 - (i) the value of the relevant asset that is traded or listed on the investment exchange must be capable of being determined on the basis of widely disseminated and easily available market prices, and in the absence of market-based prices, the value of the relevant asset must be capable of being determined on the basis of an easy-to-calculate formula that uses publicly available inputs and is not significantly dependent upon strong assumptions; and
 - (ii) the investment exchange provides for an active and sizable market for outright sales of the relevant asset, taking into account:

- (1) historical evidence of market breadth and depth as proven by low bid-ask spreads, high trading volume and a large and diverse number of market participants; and
- (2) the presence of a robust market infrastructure.

[Note: This rule specifies conditions for the purpose of paragraph (c) of Article 4(1)(72) of *CRR*]

Draft for consultation

2: Draft PRA Rulebook: CRR Firms: (CRR) Amendment Instrument [2026]

APPENDIX 2: PRA RULEBOOK: CRR FIRMS: (CRR) AMENDMENT INSTRUMENT [2026]

Powers exercised

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”):

- section 137G (The PRA’s general rules);
- section 137T (General supplementary powers);
- section 144H(1) (Relationship with CRR); and
- any other relevant rulemaking powers or related provisions.

The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA Rulebook: CRR Firms: (CRR) Amendment Instrument [2026]

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

Part	Annex
Glossary	Annex A
Counterparty Credit Risk (CRR)	Annex B
Credit Risk Mitigation (CRR)	Annex C
SDDT Regime – Interim Capital Regime	Annex D

Commencement

This instrument comes into force on [1 January 2027]

Citation

This instrument may be cited as the PRA Rulebook: CRR Firms: (CRR) Amendment Instrument [2026]

By order of the Prudential Regulation Committee

[DATE]

Annex A

Amendments to the Glossary Part

The baseline for the draft rules in this Annex is the PRA Rulebook as it would stand on 1 January 2027, on the basis of rules made to date and on the basis that the draft near final rules published in the following instrument will have been made:

- the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24.

Please note that the PRA is also proposing to bring the draft rules in this annex into effect on 1 January 2027 and may in the meantime make changes to the baseline rules.

In this Annex new text is underlined and deleted text is struck through.

...

higher risk equity exposure

means an *equity exposure* that is:

- (1) not listed on a recognised exchange or an exchange that would meet the definition of a recognised exchange if the asset liquidity condition were disapplied; and
- (2) to an *undertaking* ('A') whose business has existed for a period of less than five years, beginning on:
 - (a) where the business was first established within A, the date A was first established;
 - (b) where the business was first established within a different *undertaking* ('B') and either:
 - (i) the risk profile and nature of the business did not substantially change as a result of the transfer of the business to A, the date B was first established; or
 - (ii) the risk profile or nature of the business substantially changed as a result of the transfer of the business to A, the date the business was transferred to A.

...

main index

means an equity index listed in Table 1 or a convertible bond index listed in Table 2:

Table 1 Equity indices

<u>Index</u>	<u>Country/Area</u>
<u>STOXX Asia/Pacific 600</u>	<u>Asia/Pacific</u>
<u>ASX100</u>	<u>Australia</u>
<u>ATX Prime (includes the ATX)</u>	<u>Austria</u>
<u>BEL20</u>	<u>Belgium</u>
<u>IBOVESPA</u>	<u>Brazil</u>
<u>TSX60</u>	<u>Canada</u>
<u>CETOP20 Index</u>	<u>Central Europe</u>
<u>Hang Seng Mainland 100 Index (China)</u>	<u>China</u>
<u>NYSE ARCA China Index</u>	<u>China</u>
<u>Shanghai Shenzhen CSI 300</u>	<u>China</u>
<u>PX Prague</u>	<u>Czech Republic</u>
<u>OMX Copenhagen 20</u>	<u>Denmark</u>
<u>FTSE RAFI Emerging Markets</u>	<u>Emerging Markets</u>
<u>MSCI Emerging Markets 50</u>	<u>Emerging Markets</u>
<u>FTSE Europe Index</u>	<u>Europe</u>
<u>STOXX Europe 600</u>	<u>Europe</u>
<u>MSCI AC Europe & Middle East</u>	<u>Europe and Middle East</u>
<u>OMXH25</u>	<u>Finland</u>
<u>SBF120 (includes the CAC40, CAC Next 20 and CAC Mid Cap)</u>	<u>France</u>
<u>S&P BMI France</u>	<u>France</u>
<u>HDAX (includes the DAX and MDAX)</u>	<u>Germany</u>
<u>FTSE All World Index</u>	<u>Global</u>

<u>MSCI ACWI</u>	<u>Global</u>
<u>FT ASE Large Cap</u>	<u>Greece</u>
<u>Hang Seng</u>	<u>Hong Kong</u>
<u>Hang Seng Composite Index</u>	<u>Hong Kong</u>
<u>CNX 100 Index</u>	<u>India</u>
<u>S&P BSE 100 Index</u>	<u>India</u>
<u>ISEQ 20</u>	<u>Ireland</u>
<u>FTSE MIB</u>	<u>Italy</u>
<u>Nikkei 300</u>	<u>Japan</u>
<u>TOPIX mid 400</u>	<u>Japan</u>
<u>S&P Latin America 40</u>	<u>Latin America</u>
<u>FTSE Bursa Malaysia KLCI Index</u>	<u>Malaysia</u>
<u>Mexico Bolsa Index</u>	<u>Mexico</u>
<u>AEX</u>	<u>Netherlands</u>
<u>S&P NZX 15 Index</u>	<u>New Zealand</u>
<u>OBX</u>	<u>Norway</u>
<u>WIG20</u>	<u>Poland</u>
<u>PSI 20</u>	<u>Portugal</u>
<u>MSCI Russia Index</u>	<u>Russia</u>
<u>Russian Traded Index</u>	<u>Russia</u>
<u>FTSE Straits Times Index</u>	<u>Singapore</u>
<u>FTSE JSE Top 40</u>	<u>South Africa</u>
<u>INDI 25 Index</u>	<u>South Africa</u>
<u>KOSPI 100</u>	<u>South Korea</u>
<u>IBEX35</u>	<u>Spain</u>

<u>OMXS60</u>	<u>Sweden</u>
<u>OMXSB</u>	<u>Sweden</u>
<u>SMI Expanded Index</u>	<u>Switzerland</u>
<u>TSEC Taiwan 50</u>	<u>Taiwan</u>
<u>FTSE Nasdaq Dubai UAE 20 Index</u>	<u>UAE</u>
<u>FTSE 350 (includes the FTSE 100)</u>	<u>UK</u>
<u>NASDAQ100</u>	<u>USA</u>
<u>Russell 3000 Index</u>	<u>USA</u>
<u>S&P 500</u>	<u>USA</u>

Table 2 Convertible bond indices

<u>Exane ECI-Europe</u>	<u>Europe</u>
<u>Jefferies JACI Global</u>	<u>Global</u>
<u>Thomson Reuters Global Convertible</u>	<u>Global</u>

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Annex B

Amendments to the Counterparty Credit Risk (CRR) Part

The baseline for the draft rules in this Annex is the PRA Rulebook as it would stand on 1 January 2027, on the basis of rules made to date and on the basis that the draft rules published in the following instruments will have been made:

- the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24;
- the draft PRA Rulebook: CRR Firms: Own Funds and Definition of Capital Instrument [2025] accompanying CP8/24; and
- the draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying CP13/24.

Please note that the PRA is also proposing to bring the draft rules in this annex into effect on 1 January 2027 and may in the meantime make changes to the baseline rules.

In this Annex, new text is underlined and deleted text is struck through.

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3 COUNTERPARTY CREDIT RISK (PART THREE, TITLE TWO, CHAPTER SIX CRR)

...

Article 299 ITEMS IN THE TRADING BOOK

...

2. When calculating risk-weighted exposure amounts for counterparty risk of items in the trading book, institutions shall comply with the following principles:

...

- (e) for the purposes of calculating volatility adjustments where financial instruments or commodities which are not eligible under the Credit Risk Mitigation (CRR) Part are lent, sold or provided, or borrowed, purchased or received by way of collateral or otherwise under such a transaction, and an institution is using the *Financial Collateral Comprehensive Method* in accordance with the Credit Risk Mitigation (CRR) Part, institutions shall treat such instruments and commodities in the same way as ~~non-main index~~ non-main index equities listed on a recognised exchange;

...

Annex C**Amendments to the Credit Risk Mitigation (CRR) Part**

The baseline for the draft rules in this Annex is the PRA Rulebook as it would stand on 1 January 2027, on the basis of rules made to date and on the basis that the draft rules published in the following instrument will have been made:

- the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24.

Please note that the PRA is also proposing to bring the draft rules in this annex into effect on 1 January 2027 and may in the meantime make changes to the baseline rules.

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

main index

~~means an index listed in Annex I to Commission Implementing Regulation (EU) 2016/1646 of 13 September 2016 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.~~

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Annex D

Amendments to the SDDT Regime – Interim Capital Regime Part

The baseline for the draft rules in this annex is the PRA Rulebook as it would stand on 1 January 2027, on the basis of rules made to date and on the basis that the draft rules published in the following instrument will have been made:

- the near final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24;
- the near final draft PRA Rulebook: CRR Firms: SDDT Regime (Interim Capital Regime) Instrument 2024) accompanying PS9/24; and
- the draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying CP13/24.

Please note that the PRA is also proposing to bring the draft rules in this annex into effect on 1 January 2027 and may in the meantime make changes to the baseline draft rules.

In this Annex new text is underlined and deleted text is struck through.

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ANNEX 1: REPRODUCED CRR PROVISIONS AND SPECIFIC MODIFICATIONS

CRR Provision	Modification
...	...
Article 197(1) to (7)	Article 197 is modified to omit from Paragraphs (1)(b) - (e) 'has been determined by the competent authority to be' and to insert 'is'. <u>Article 197 is modified to substitute in paragraph (1)(f) 'main index' for 'main index'.</u> ...
Article 198	<u>Article 198 is modified to substitute in paragraph (1)(a) 'main index' for 'main index'.</u>
...	...
Article 224	<u>Article 224 is modified to substitute in paragraphs (1) and (4) 'main index' for 'main index'.</u>
...	...
Article 299(2)(c) and (e)	<u>Article 299 is modified to substitute in paragraph (2)(e) 'main index' for 'main index'.</u>
...	...