

## **PRA RULEBOOK CRR FIRMS: REPORTING PILLAR 2 INSTRUMENT 2015**

### **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);and
  - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

### **Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

### **PRA Rulebook CRR Firms: Reporting Pillar 2 Instrument 2015**

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

### **Commencement**

- E. This instrument comes into force on 1 January 2016.

### **Citation**

- F. This instrument may be cited as the CRR Firms: Reporting Pillar 2 Instrument 2015.

### **By order of the Board of the Prudential Regulation Authority**

26 June 2015

## **Annex**

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

**Part**

# **REPORTING PILLAR 2**

---

## **Chapter content**

- 1. APPLICATION AND DEFINITIONS**
- 2. PILLAR 2 REPORTING REQUIREMENTS**
- 3. SUBMISSION**
- 4. DATA ITEMS**

## 1 APPLICATION AND DEFINITIONS

---

- 1.1 This Part applies to every *firm* that is a *CRR firm*.
- 1.2 A *firm* that is neither a *subsidiary of a parent undertaking* incorporated in or formed under the law of any part of the *UK* nor a *parent undertaking* must comply with this Part on an individual basis.
- 1.3 A *firm* that is not a member of a *consolidation group* must comply with this Part on an individual basis.
- 1.4 A *firm* which is a *parent institution in a Member State* must comply with this Part on a *consolidated basis*.
- 1.5 A *firm* controlled by a *parent financial holding company in a Member State* or a *parent mixed financial holding company in a Member State* must comply with this Part on the basis of the *consolidated situation* of that holding company, if the *PRA* is responsible for supervision of the *firm* on a *consolidated basis* under Article 111 of the *CRD*.

- 1.6 In this Part the following definitions shall apply:

*Advanced Measurement Approach*

means the advanced measurement approach referred to in Article 312(2) of the *CRR*.

*consolidation group*

means the undertakings included in the scope of consolidation pursuant to Articles 18(1), 18(8), 19(1), 19(3) and 23 of the *CRR* and Groups 2.1 to 2.3.

*defined benefit pension scheme*

means an *occupational pension scheme* with benefits defined independently of the *firm's* contributions as employer and investment returns.

*ICAAP assessment*

means a *firm's* written record of the assessments required under Internal Capital Adequacy Assessment.

*IRB Approach*

has the meaning given in article 143(1) of the *CRR*.

*occupational pension scheme*

has the meaning given in article 3(1) of the *Regulated Activities Order*.

*parent financial holding company in a Member State*

means (in accordance with point (26) of Article 3(1) of the *CRD*) a *financial holding company* which is not itself a subsidiary of an *institution* authorised in

the same *EEA State*, or of a *financial holding company* or *mixed financial holding company* set up in the same *EEA State*.

*parent institution in a Member State*

means (in accordance with point (24) of Article 3(1) of the *CRD*) an *institution* authorised in an *EEA State* which has an *institution* or *financial institution* as *subsidiary* or which holds a *participation* in such an *institution* or *financial institution* and which is not itself a *subsidiary* of another *institution* authorised in the same *EEA State* or of a *financial holding company* or *mixed financial holding company* set up in the same *EEA State*.

*parent mixed financial holding company in a Member State*

means (in accordance with point (28) of Article 3(1) of the *CRD*) a *mixed financial holding company* which is not itself a *subsidiary* of an *institution* authorised in the same *EEA State*, or of a *financial holding company* or *mixed financial holding company* set up in the same *EEA State*.

## **2 PILLAR 2 REPORTING REQUIREMENTS**

---

- 2.1 A *firm* must complete the *data item* FSA071 for the risk assessments required in the ICAA Part.
- 2.2 A *firm* must complete the *data items* FSA078 and FSA079 for concentration risk.
- 2.3 A significant *firm* and any *firm* that is not significant but that has permission from the *PRA* to use the *Advanced Measurement Approach* must complete the *data items* FSA072, FSA073, FSA074 and FSA075 for operational risk, unless the data required in that *data item* has already been reported to the *PRA* by other means.
- 2.4 A *firm* with significant illiquid risk in its trading book must complete the *data item* FSA080 for market risk, unless the data required in that *data item* has already been reported to the *PRA* by other means.
- 2.5 A *firm* with permission from the *PRA* to use the *IRB Approach* for retail claims or contingent retail claims must complete the *data item* FSA082 for credit risk that relates to the *IRB Approach* for retail exposures.
- 2.6 A *firm* with a *defined benefit pension scheme* must complete the *data item* FSA081 for pension obligation risk, unless the data required in that *data item* has already been reported to the *PRA* by other means.

## **3 SUBMISSION**

---

- 3.1 A *firm* must submit the *data items* it is required to complete by this Part to the *PRA* at the same time as the *firm* submits its *ICAAP assessment* to the *PRA*.
- 3.2 If a *firm* does not submit an *ICAAP assessment* to the *PRA* on an annual basis:
  - (1) a significant *firm* must submit the *data items* it is required to complete by this Part to the *PRA* on an annual basis;

- (2) a *firm* that is not significant but that has permission from the *PRA* to use the *Advanced Measurement Approach* must submit the *data items* it is required to complete by *rule 2.3* to the *PRA* on an annual basis; and
- (3) a *firm* that is not significant must submit the *data items* it is required to complete by this Part to the *PRA* on a regular basis that is proportionate to the nature, scale and complexity of the *firm's* activities.

3.3 *Data items* must be submitted to the *PRA* by electronic means.

3.4 When submitting the required *data item*, a *firm* must use the template for the *data item* set out in Chapter 4.

#### **4 DATA ITEMS**

---

4.1 FSA071 can be found [here](#).

4.2 FSA072 can be found [here](#).

4.3 FSA073 can be found [here](#).

4.4 FSA074 can be found [here](#).

4.5 FSA075 can be found [here](#).

4.6 FSA078 can be found [here](#).

4.7 FSA079 can be found [here](#).

4.8 FSA080 can be found [here](#).

4.9 FSA081 can be found [here](#).

4.10 FSA082 can be found [here](#).

# REGULATORY REPORTING

---

Externally defined glossary terms

<b>Term</b>	<b>Definition source</b>
<i>consolidated basis</i>	<i>Article 4(1)(48) CRR</i>
<i>consolidated situation</i>	<i>Article 4(1)(47) CRR</i>
<i>EEA State</i>	<i>s425 FSMA</i>
<i>financial institution</i>	<i>Article 4(1)(26) CRR</i>
<i>financial holding company</i>	<i>Article 4(1)(20) CRR</i>
<i>institution</i>	<i>Article 4(1)(3) CRR</i>
<i>mixed financial holding company</i>	<i>Article 4(1)(21) CRR</i>
<i>parent undertaking</i>	<i>Article 4(1)(15) CRR</i>
<i>participation</i>	<i>Article 4(1)(35) CRR</i>
<i>subsidiary</i>	<i>Article 4(1)(16) CRR</i>