

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance)

[^{X1}PART ONE

GENERAL PROVISIONS

TITLE I

SUBJECT MATTER, SCOPE AND DEFINITIONS

[^{F1} Article 1

Scope

This Regulation lays down uniform rules concerning general prudential requirements that [^{F2}CRR firms, financial holding companies set up in the United Kingdom, and mixed financial holding companies set up in the United Kingdom] shall comply with in relation to the following items:

- (a) own funds requirements relating to entirely quantifiable, uniform and standardised elements of credit risk, market risk, operational risk, settlement risk and leverage;
- (b) requirements limiting large exposures;
- (c) liquidity requirements relating to entirely quantifiable, uniform and standardised elements of liquidity risk;
- (d) reporting requirements related to points (a), (b) and (c);
- (e) public disclosure requirements.

This Regulation lays down uniform rules concerning the own funds and eligible liabilities requirements that resolution entities that are global systemically important institutions (G-SIIs) or part of G-SIIs and material subsidiaries of [^{F3}non-UK] G-SIIs shall comply with.

F4

Textual Amendments

- F1** Substituted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F2** Words in Art. 1 substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **9(2)**; 2020 c. 1, Sch. 5 para. 1(1)
- F3** Word in Art. 1 substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **9(3)**; 2020 c. 1, Sch. 5 para. 1(1)

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- F4** Words in Art. 1 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1232\)](#), regs. 1(3), **9(4)**; 2020 c. 1, Sch. 5 para. 1(1)

Article 2

Supervisory powers

1 For the purpose of ensuring compliance with this Regulation, competent authorities shall have the powers and shall follow the procedures set out in [^{F5}Directive 2013/36/EU UK law] and in this Regulation.

2 For the purpose of ensuring compliance with this Regulation, [^{F6}the resolution authority] shall have the powers and shall follow the procedures set out in [^{F7}the United Kingdom legislation that implemented Directive 2014/59/EU, as amended from time to time,] and in this Regulation.

3 For the purpose of ensuring compliance with the requirements concerning own funds and eligible liabilities, competent authorities and [^{F6}the resolution authority] shall cooperate.

^{F8} 4]

Textual Amendments

- F1** Substituted by [Regulation \(EU\) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation \(EU\) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation \(EU\) No 648/2012 \(Text with EEA relevance\).](#)
- F5** Words in Art. 2(1) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1232\)](#), regs. 1(3), **10(3)**; 2020 c. 1, Sch. 5 para. 1(1)
- F6** Words in Art. 2 substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1232\)](#), regs. 1(3), **10(2)**; 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in Art. 2(2) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1232\)](#), regs. 1(3), **10(4)**; 2020 c. 1, Sch. 5 para. 1(1)
- F8** Art. 2(4) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1232\)](#), regs. 1(3), **10(5)**; 2020 c. 1, Sch. 5 para. 1(1)

Article 3

Application of stricter requirements by institutions

This Regulation shall not prevent institutions from holding own funds and their components in excess of, or applying measures that are stricter than those required by this Regulation.

Article 4

Definitions

1 For the purposes of this Regulation, the following definitions shall apply:

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- (1) ‘credit institution’ means an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account;
- (2) ‘investment firm’ means a person as defined in [F⁹paragraph 1A of Article 2 of Regulation 600/2014/EU, as that Article has effect subject to the requirements imposed by the United Kingdom legislation that implemented Directive 2014/65/EU, as amended from time to time], excluding the following:
- (a) credit institutions;
 - (b) local firms;
 - (c) firms which are not authorised to provide the ancillary service referred to in [F¹⁰paragraph 1 of Part 3A of Schedule 2 to the Regulated Activities Order], which provide only one or more of the investment services and activities listed in [F¹¹paragraphs 1, 2, 4 and 5 of Part 3 of Schedule 2 to the Regulated Activities Order], and which are not permitted to hold money or securities belonging to their clients and which for that reason may not at any time place themselves in debt with those clients;
- (2A) [F¹²‘CRR firm’ means a person that satisfies the following conditions—
- (a) it is an authorised person within the meaning of section 31(1)(a) of FSMA that—
 - (i) is a credit institution which has permission under Part 4A of FSMA to carry on the regulated activity of accepting deposits; or
 - (ii) is an investment firm;
 - (b) its registered office, or if it has no registered office, its head office, is in the United Kingdom; and
 - (c) it is not a credit union within the meaning of the Credit Unions Act 1979 or the Credit Unions (Northern Ireland) Order 1985, or a friendly society within the meaning of section 417(1) of FSMA;
- and for the purposes of this definition, ‘regulated activity’ has the meaning in section 22 of FSMA, and ‘accepting deposits’ has the meaning in Regulation 5 of the Regulated Activities Order;
- (2B) ‘Solvency II excluded operations’ has the meaning given in the PRA rulebook;]
- (3) ‘institution’ means a credit institution or an investment firm;
- (4) ‘local firm’ means a firm dealing for its own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets, or dealing for the accounts of other members of those markets and being guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such a firm is assumed by clearing members of the same markets;
- (5) ‘insurance undertaking’ means insurance undertaking as defined in [F¹³section 417 of FSMA];
- (6) ‘reinsurance undertaking’ means reinsurance undertaking as defined in [F¹⁴section 417 of FSMA];

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- (6A) [F15: ‘pure reinsurer’ has the meaning given in the PRA rulebook;]
- (7) [F1: ‘collective investment undertaking’ or ‘CIU’ means a UCITS as defined in [F16: section 236A of FSMA , or a UK AIF, an EEA AIF, a Gibraltar AIF, or a third country AIF within the meaning of regulation 2(1) of the Alternative Investment Fund Managers Regulations 2013];]
- (8) ‘ public sector entity ’ means a non-commercial administrative body responsible to central governments, regional governments or local authorities, or to authorities that exercise the same responsibilities as regional governments and local authorities, or a non-commercial undertaking that is owned by or set up and sponsored by central governments, regional governments or local authorities, and that has explicit guarantee arrangements, and may include self-administered bodies governed by law that are under public supervision;
- (9) [F17: ‘management body’ means an institution's body, which is appointed in accordance with national law, which is empowered to set the institution's strategy, objectives and overall direction, and which oversees and monitors management decision-making, and includes the persons who effectively direct the business of the institution;]
- (9A) [F18: ‘management body in its supervisory function’ means the management body acting in its role of overseeing and monitoring management decision-making;]
- (10) [F19: ‘senior management’ means those natural persons who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution;]
- (11) [F20: ‘systemic risk’ means a risk of disruption in the financial system of the United Kingdom with the potential to have serious negative consequences for the financial system and the real economy of the United Kingdom;]
- (12) [F21: ‘model risk’ means the potential loss an institution may incur as a consequence of decisions that could be principally based on the output of internal models due to errors in the development, implementation or use of such models;]
- (13) [F22: ‘originator’ means an originator as defined in point (3) of Article 2 of Regulation (EU) 2017/2402 ⁽¹⁾ ;
- (14) ‘ sponsor ’ means a sponsor as defined in point (5) of Article 2 of Regulation (EU) 2017/2402;
- (14a) [F23: ‘ original lender ’ means an original lender as defined in point (20) of Article 2 of Regulation (EU) 2017/2402;]
- (15) [F24: ‘parent undertaking’ means—
- (a) a parent undertaking within the meaning of section 1162 of the Companies Act 2006; or
 - (b) for the purposes of Directive 2013/36/EU UK law which implemented Section II of Chapters 3 and 4 of Title 7 and Title 8, and for the purposes of Part 5 of this Regulation—
 - (i) a parent undertaking within the meaning of section 1162 of the Companies Act 2006, apart from the meaning given in subsection (4), or

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- (ii) an undertaking which effectively exercises a dominant influence over another undertaking;

where section 1162(5) of the Companies Act 2006 applies to parent undertakings falling within point (b)(ii) as it applies to parent undertakings falling within section 1162;]

- (16) [^{F25}‘subsidiary’ means—
- (a) a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006; or
 - (b) for the purposes of Directive 2013/36/EU UK law which implemented Section II of Chapters 3 and 4 of Title 7 and Title 8, and for the purposes of Part 5 of this Regulation—
 - (i) a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006, apart from the meaning given in subsection (4), or
 - (ii) an undertaking over which another undertaking effectively exercises a dominant influence;

where section 1162(5) of the Companies Act 2006 applies to subsidiaries falling within point (b)(ii) as it applies to subsidiaries falling within section 1162;]

- (17) ‘branch’ means a place of business which forms a legally dependent part of an institution and which carries out directly all or some of the transactions inherent in the business of institutions;
- (18) ‘ancillary services undertaking’ means an undertaking the principal activity of which consists of owning or managing property, managing data-processing services, or a similar activity which is ancillary to the principal activity of one or more institutions;
- (19) [^{F26}‘asset management company’ means—
- (a) a person who has permission under Part 4A of FSMA to carry on the regulated activity of managing a UK UCITS (as specified in article 51ZA of the Regulated Activities Order), or would require that permission if its registered office were located in the United Kingdom;
 - (b) a person who has permission under Part 4A of FSMA to carry on the regulated activity of managing an AIF (as specified in article 51ZC of the Regulated Activities Order), or would require that permission if its registered office were located in the United Kingdom; or
 - (c) a person who is registered as a small AIFM within the meaning of regulation 9 of the Alternative Investment Fund Managers Regulations 2013 under Part 3 of those Regulations, or would require that permission if its registered office were located in the United Kingdom; including, unless otherwise provided, a third-country entity that carries out similar activities and that is subject to the laws of a third country which applies supervisory and regulatory requirements at least equivalent to those applied in the United Kingdom;]
- (20) [^{F1}‘financial holding company’ means a financial institution, the subsidiaries of which are exclusively or mainly institutions or financial institutions, and which is

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not a mixed financial holding company; the subsidiaries of a financial institution are mainly institutions or financial institutions where at least one of them is an institution and where more than 50 % of the financial institution's equity, consolidated assets, revenues, personnel or other indicator considered relevant by the competent authority are associated with subsidiaries that are institutions or financial institutions;]

- (21) [^{F27}“mixed financial holding company” has the meaning given in regulation 1(2) of the Financial Conglomerates and Other Financial Groups Regulations 2004;]
- (22) ‘ mixed activity holding company ’ means a parent undertaking, other than a financial holding company or an institution or a mixed financial holding company, the subsidiaries of which include at least one institution;
- (23) ‘ third-country insurance undertaking ’ means third-country insurance undertaking as defined in [^{F28}the Solvency 2 Regulations 2015];
- (24) ‘ third-country reinsurance undertaking ’ means third-country reinsurance undertaking as defined in [^{F29}the Solvency 2 Regulations 2015];
- (25) ‘ ^{F30}... third-country investment firm ’ means a firm meeting all of the following conditions:
- (a) if it were established within the [^{F31}United Kingdom], it would be covered by the definition of an investment firm;
 - (b) it is authorised in a third country;
 - (c) it is subject to and complies with prudential rules considered by the competent authorities at least as stringent as those laid down in this Regulation or in [^{F32}Directive 2013/36/EU UK law];
- (25A) [^{F33}‘third country’ means a country or territory outside the United Kingdom];
- (26) ‘ [^{F1}financial institution’ means an undertaking other than an institution and other than a pure industrial holding company, the principal activity of which is to acquire holdings or to pursue one or more of the [^{F34}Annex 1] activities listed in points 2 to 12 and point 15 ^{F35}..., including a financial holding company, a mixed financial holding company, [^{F36}an authorised payment institution within the meaning of regulation 2(1) of the Payment Services Regulations 2017], and an asset management company, but excluding insurance holding companies and mixed-activity insurance holding companies as defined [^{F37}in the PRA rulebook];]
- (26A) [^{F38}‘Annex 1 activities’ means the list of activities set out in Annex 1 to Directive 2013/36/EU as it had effect immediately before IP completion day, with the following amendments—
- (a) omit the heading;
 - (b) in point 4 for the words “Article 4(3) of Directive [2007/64/EC](#)” substitute “ regulation 2 of the Payment Services Regulations 2017 ”;
 - (c) after point 15—
 - (i) for “Sections A and B of Annex I to Directive [2004/39/EC](#)” substitute “ Parts 3 and 3A of Schedule 2 to the Regulated Activities Order ”;

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- (ii) for “Section C of Annex I of that Directive” substitute “ Part 1 of Schedule 2 to the Regulated Activities Order ”;
 - (iii) omit the words from “, are subject to” to the end;]
- (27) ‘ financial sector entity ’ means any of the following:
- (a) an institution;
 - (b) a financial institution;
 - (c) an ancillary services undertaking included in the consolidated financial situation of an institution;
 - (d) an insurance undertaking;
 - (e) a third-country insurance undertaking;
 - (f) a reinsurance undertaking;
 - (g) a third-country reinsurance undertaking;
 - (h) an insurance holding company as defined in [F39]the Solvency 2 Regulations 2015];
 - (k) [F40]a non-directive firm as defined in the PRA Rulebook unless that non-directive firm is only a non-directive firm because either—
 - (i) the firm's Part 4A permission includes a requirement that it may only carry on Solvency II excluded operations; or
 - (ii) the firm is a pure reinsurer which ceased to conduct new reinsurance contracts before 10 December 2007;]
 - (l) a third-country undertaking with a main business comparable to any of the entities referred to in points (a) to (k);
- (28) [F41]‘UK parent institution’ means an institution in the United Kingdom which has an institution, a financial institution or an ancillary services undertaking as a subsidiary or which holds a participation in an institution, financial institution or ancillary services undertaking, and which is not itself a subsidiary of another institution authorised in the United Kingdom, or of a financial holding company or mixed financial holding company set up in the United Kingdom;]
- (29) F42 ...
- (29a) [F43]‘UK parent investment firm’ means a UK parent institution that is an investment firm within the meaning of point (2) of this paragraph;]
- (29b) F44 ...
- (29c) [F45]‘UK parent credit institution’ means a UK parent institution that is a credit institution within the meaning of point (1) of this paragraph;]
- (29d) F46 ...
- (30) ‘ [F47]UK parent financial holding company] ’ means a financial holding company which is not itself a subsidiary of an institution authorised in the [F48]United Kingdom],

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- or of a financial holding company or mixed financial holding company set up in the [^{F48}United Kingdom];
- (31) ^{F49} ...
- (32) ‘ [^{F50}UK parent mixed financial holding company] ’ means a mixed financial holding company which is not itself a subsidiary of an institution authorised in [^{F51}the United Kingdom], or of a financial holding company or mixed financial holding company set up in [^{F52}the United Kingdom];
- (33) ^{F53} ...
- (34) ‘ central counterparty ’ or ‘ CCP ’ means a CCP as defined in point (1) of Article 2 of Regulation (EU) No 648/2012;
- (35) [^{F54}‘participation’ means rights in the capital of other undertakings, whether or not represented by certificates, which, by creating a durable link with those undertakings, are intended to contribute to the activities of the undertaking which holds those rights, or the ownership, direct or indirect, of 20% or more of the voting rights or capital of an undertaking;]
- (36) ‘ qualifying holding ’ means a direct or indirect holding in an undertaking which represents 10 % or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking;
- (37) ‘ control ’ means the relationship between a parent undertaking and a subsidiary, as defined in Article 1 of Directive 83/349/EEC, or [^{F55}the accounting standards to which an institution is subject under section 403(1) of the Companies Act 2006], or a similar relationship between any natural or legal person and an undertaking;
- (38) ‘ close links ’ means a situation in which two or more natural or legal persons are linked in any of the following ways:
- (a) participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking;
 - (b) control;
 - (c) a permanent link of both or all of them to the same third person by a control relationship;
- (38A) [^{F56}‘common management relationship’ means a relationship between an undertaking (“U1”) and one or more other undertakings (“U2”) which satisfies the following conditions—
- (a) U1 and U2 are not connected in the manner described in section 1162 of the Companies Act 2006; and
 - (b) either—
 - (i) U1 and U2 are managed on a unified basis pursuant to a contract with U1, or provisions in U2’s memorandum or articles of association; or
 - (ii) the administrative, management or supervisory bodies of U2 consist, for the major part, of the same persons in office as U1, during the financial year of U1 for which it is being decided whether such a relationship exists;]

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- (39) ‘ group of connected clients ’ means any of the following:
- (a) two or more natural or legal persons who, unless it is shown otherwise, constitute a single risk because one of them, directly or indirectly, has control over the other or others;
 - (b) two or more natural or legal persons between whom there is no relationship of control as described in point (a) but who are to be regarded as constituting a single risk because they are so interconnected that, if one of them were to experience financial problems, in particular funding or repayment difficulties, the other or all of the others would also be likely to encounter funding or repayment difficulties.

Notwithstanding points (a) and (b), where a central government has direct control over or is directly interconnected with more than one natural or legal person, the set consisting of the central government and all of the natural or legal persons directly or indirectly controlled by it in accordance with point (a), or interconnected with it in accordance with point (b), may be considered as not constituting a group of connected clients. Instead the existence of a group of connected clients formed by the central government and other natural or legal persons may be assessed separately for each of the persons directly controlled by it in accordance with point (a), or directly interconnected with it in accordance with point (b), and all of the natural and legal persons which are controlled by that person according to point (a) or interconnected with that person in accordance with point (b), including the central government. The same applies in cases of regional governments or local authorities to which Article 115(2) applies^{F1}.]

[^{F57}Two or more natural or legal persons who fulfil the conditions set out in point (a) or (b) because of their direct exposure to the same CCP for clearing activities purposes are not considered as constituting a group of connected clients;]

- (40) ‘ competent authority ’ means a public authority or body officially recognised by national law, which is empowered by national law to supervise institutions as part of the supervisory system in operation in the [^{F58}United Kingdom (or, where the context requires, a third country)];
- (41) [^{F59}‘consolidating supervisor’ means the competent authority responsible for the exercise of supervision on a consolidated basis of—
- (a) a UK parent institution, or
 - (b) an institution controlled by a UK parent financial holding company or UK parent mixed financial holding company; determined in accordance with Article 4B;]
- (42) ‘ authorisation ’ means an instrument issued in any form by the authorities by which the right to carry out the business is granted;
- (43) ^{F60} ...
- (44) ^{F61} ...
- (45) ^{F62} ...
- (46) [^{F63}‘central banks’ means the Bank, the European Central Bank and the central banks of third countries;]

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- (47) ‘ consolidated situation ’ means the situation that results from applying the requirements of this Regulation in accordance with Part One, Title II, Chapter 2 to an institution as if that institution formed, together with one or more other entities, a single institution;
- (48) ‘ consolidated basis ’ means on the basis of the consolidated situation;
- (49) ‘ sub-consolidated basis ’ means on the basis of the consolidated situation of a parent institution, financial holding company or mixed financial holding company, excluding a sub-group of entities, or on the basis of the consolidated situation of a parent institution, financial holding company or mixed financial holding company that is not the ultimate parent institution, financial holding company or mixed financial holding company;
- (50) ‘ financial instrument ’ means any of the following:
- (a) a contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party;
 - (b) an instrument specified in [^{F64}Part 1 of Schedule 2 to the Regulated Activities Order];
 - (c) a derivative financial instrument;
 - (d) a primary financial instrument;
 - (e) a cash instrument.
- The instruments referred to in points (a), (b) and (c) are only financial instruments if their value is derived from the price of an underlying financial instrument or another underlying item, a rate, or an index;
- (51) [^{F65}‘ initial capital ’ means the amount and types of own funds specified—
- (a) for credit institutions in rule 12.1 of the Definition of Capital Part of the PRA rulebook; and
 - (b) for investment firms—
 - (i) where it applies, in rule 12.1 of the Definition of Capital Part of the PRA rulebook; or
 - (ii) otherwise, as the case may be, in—
 - (aa) rules 3.1.6, 3.1.8 and 3.1.9 of the FCA's Prudential sourcebook for Investment Firms; or
 - (bb) rules 9.2.4, 9.2.5 and 9.2.8 of the FCA's Interim Prudential sourcebook for Investment Businesses;]
- (52) ‘ operational risk ’ means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk;
- (53) ‘ dilution risk ’ means the risk that an amount receivable is reduced through cash or non-cash credits to the obligor;
- (54) ‘ probability of default ’ or ‘ PD ’ means the probability of default of a counterparty over a one-year period;

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- (55) ‘ loss given default ’ or ‘ LGD ’ means the ratio of the loss on an exposure due to the default of a counterparty to the amount outstanding at default;
- (56) ‘ conversion factor ’ means the ratio of the currently undrawn amount of a commitment that could be drawn and that would therefore be outstanding at default to the currently undrawn amount of the commitment, the extent of the commitment being determined by the advised limit, unless the unadvised limit is higher;
- (57) ‘ credit risk mitigation ’ means a technique used by an institution to reduce the credit risk associated with an exposure or exposures which that institution continues to hold;
- (58) ‘ funded credit protection ’ means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution derives from the right of that institution, in the event of the default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution;
- (59) ‘ unfunded credit protection ’ means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution derives from the obligation of a third party to pay an amount in the event of the default of the borrower or the occurrence of other specified credit events;
- (60) ‘ cash assimilated instrument ’ means a certificate of deposit, a bond, including a covered bond, or any other non-subordinated instrument, which has been issued by an institution, for which the institution has already received full payment and which shall be unconditionally reimbursed by the institution at its nominal value;]
- (61) [F22^c ‘ securitisation ’ means a securitisation as defined in point (1) of Article 2 of Regulation (EU) 2017/2402;
- (62) ‘ securitisation position ’ means a securitisation position as defined in point (19) of Article 2 of Regulation (EU) 2017/2402;
- (63) ‘ resecuritisation ’ means a resecuritisation as defined in point (4) of Article 2 of Regulation (EU) 2017/2402;]
- (64) ‘ re-securitisation position ’ means an exposure to a re-securitisation;
- (65) ‘ credit enhancement ’ means a contractual arrangement whereby the credit quality of a position in a securitisation is improved in relation to what it would have been if the enhancement had not been provided, including the enhancement provided by more junior tranches in the securitisation and other types of credit protection;
- (66) [F22^c ‘ securitisation special purpose entity ’ or ‘ SSPE ’ means a securitisation special purpose entity or SSPE as defined in point (2) of Article 2 of Regulation (EU) 2017/2402;
- (67) ‘ tranche ’ means a tranche as defined in point (6) of Article 2 of Regulation (EU) 2017/2402;]
- (68) ‘ marking to market ’ means the valuation of positions at readily available close out prices that are sourced independently, including exchange prices, screen prices or quotes from several independent reputable brokers;

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- (69) ‘ marking to model ’ means any valuation which has to be benchmarked, extrapolated or otherwise calculated from one or more market inputs;
- (70) ‘ independent price verification ’ means a process by which market prices or marking to model inputs are regularly verified for accuracy and independence;
- (71) ‘ eligible capital ’ means the following:
- (a) for the purposes of Title III of Part Two it means the sum of the following:
 - (i) Tier 1 capital as referred to in Article 25, without applying the deduction in Article 36(1)(k)(i);
 - (ii) Tier 2 capital as referred to in Article 71 that is equal to or less than one third of Tier 1 capital as calculated pursuant to point (i) of this point;
 - (b) [^{F1}for the purposes of Article 97 it means the sum of the following:]
 - (i) Tier 1 capital as referred to in Article 25;
 - (ii) Tier 2 capital as referred to in Article 71 that is equal to or less than one third of Tier 1 capital;
- (72) ‘ recognised exchange ’ means an exchange which meets all of the following conditions:
- (a) [^{F1}it is a regulated market or a third-country market that is considered to be equivalent to a regulated market in accordance with [^{F66}paragraph 8 of Schedule 3 to Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012];]
 - (b) it has a clearing mechanism whereby contracts listed in Annex II are subject to daily margin requirements which, in the opinion of the competent authorities, provide appropriate protection;
- (73) ‘ discretionary pension benefits ’ means enhanced pension benefits granted on a discretionary basis by an institution to an employee as part of that employee's variable remuneration package, which do not include accrued benefits granted to an employee under the terms of the company pension scheme;
- (74) ‘ mortgage lending value ’ means the value of immovable property as determined by a prudent assessment of the future marketability of the property taking into account long-term sustainable aspects of the property, the normal and local market conditions, the current use and alternative appropriate uses of the property;
- (75) ‘ residential property ’ means a residence which is occupied by the owner or the lessee of the residence ^{F67} ...;
- (76) ‘ market value ’ means, for the purposes of immovable property, the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion;
- (77) ‘ applicable accounting framework ’ means [^{F68}the accounting standards to which an institution is subject under section 403(1) of the Companies Act 2006] or [^{F69}Directive 86/635/EEC UK law];

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- (78) ‘ one-year default rate ’ means the ratio between the number of defaults occurred during a period that starts from one year prior to a date T and the number of obligors assigned to this grade or pool one year prior to that date;
- (79) ‘ speculative immovable property financing ’ means loans for the purposes of the acquisition of or development or construction on land in relation to immovable property, or of and in relation to such property, with the intention of reselling for profit;
- (80) ‘ trade finance ’ means financing, including guarantees, connected to the exchange of goods and services through financial products of fixed short-term maturity, generally of less than one year, without automatic rollover;
- (81) ‘ officially supported export credits ’ means loans or credits to finance the export of goods and services for which an official export credit agency provides guarantees, insurance or direct financing;
- (82) ‘ repurchase agreement ’ and ‘ reverse repurchase agreement ’ mean any agreement in which an institution or its counterparty transfers securities or commodities or guaranteed rights relating to title to securities or commodities where that guarantee is issued by a recognised exchange which holds the rights to the securities or commodities and the agreement does not allow an institution to transfer or pledge a particular security or commodity to more than one counterparty at one time, subject to a commitment to repurchase them, or substituted securities or commodities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the institution selling the securities or commodities and a reverse repurchase agreement for the institution buying them;
- (83) ‘ repurchase transaction ’ means any transaction governed by a repurchase agreement or a reverse repurchase agreement;
- (84) ‘ simple repurchase agreement ’ means a repurchase transaction of a single asset, or of similar, non-complex assets, as opposed to a basket of assets;
- (85) ‘ positions held with trading intent ’ means any of the following:
- (a) proprietary positions and positions arising from client servicing and market making;
 - (b) positions intended to be resold short term;
 - (c) positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations;
- (86) [^{F1}‘ trading book ’ means all positions in financial instruments and commodities held by an institution either with trading intent or to hedge positions held with trading intent in accordance with Article 104;]
- (87) [^{F70}‘ multilateral trading facility ’ has the meaning given in Article 2(1)(14) of Regulation 600/2014/EU;]
- (88) ‘ qualifying central counterparty ’ or ‘ QCCP ’ means a central counterparty that has been either authorised in accordance with Article 14 of Regulation (EU) No 648/2012 or recognised in accordance with Article 25 of that Regulation;

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- (89) ‘ default fund ’ means a fund established by a CCP in accordance with Article 42 of Regulation (EU) No 648/2012 and used in accordance with Article 45 of that Regulation;
- (90) ‘ pre-funded contribution to the default fund of a CCP ’ means a contribution to the default fund of a CCP that is paid in by an institution;
- (91) [^{F1}‘ trade exposure ’ means a current exposure, including a variation margin due to the clearing member but not yet received, and any potential future exposure of a clearing member or a client, to a CCP arising from contracts and transactions listed in points (a), (b) and (c) of Article 301(1), as well as initial margin;]
- (92) [^{F71}‘ regulated market ’ has the meaning given in Article 2(1)(13A) of Regulation 600/2014/EU;]
- (93) ‘ leverage ’ means the relative size of an institution's assets, off-balance sheet obligations and contingent obligations to pay or to deliver or to provide collateral, including obligations from received funding, made commitments, derivatives or repurchase agreements, but excluding obligations which can only be enforced during the liquidation of an institution, compared to that institution's own funds;
- (94) ‘ risk of excessive leverage ’ means the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets;
- (95) ‘ credit risk adjustment ’ means the amount of specific and general loan loss provision for credit risks that has been recognised in the financial statements of the institution in accordance with the applicable accounting framework;
- (96) [^{F1}‘ internal hedge ’ means a position that materially offsets the component risk elements between a trading book position and one or more non-trading book positions or between two trading desks;]
- (97) ‘ reference obligation ’ means an obligation used for the purposes of determining the cash settlement value of a credit derivative;
- (98) ‘ external credit assessment institution ’ or ‘ ECAI ’ means a credit rating agency that is registered or certified in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies⁽²⁾ or a central bank issuing credit ratings which are exempt from the application of Regulation (EC) No 1060/2009;
- (99) ‘ nominated ECAI ’ means an ECAI nominated by an institution;
- (100) ‘ accumulated other comprehensive income ’ has the same meaning as under International Accounting Standard (IAS) 1, [^{F72}as applicable under UK-adopted international accounting standards];
- (101) [^{F73}‘ basic own funds ’ has the meaning given in the PRA rulebook;]
- (102) [^{F74}‘ Tier 1 own-fund insurance items ’ means basic own-fund items of insurance undertakings and reinsurance undertakings where those items are classified in Tier 1 in accordance with rule 3.1 of the Own Funds Part of the PRA rulebook;]
- (103) ‘ additional Tier 1 own-fund insurance items ’ means basic own-fund items of [^{F75}insurance undertakings and reinsurance undertakings] where those items are

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- classified in Tier 1 ^{F76}... in accordance with [^{F77}rule 3.1 of the Own Funds Part of the PRA rulebook] and the inclusion of those items is limited by [^{F78}Article 82(3) of the Commission Delegated Regulation (EU) 2015/35 of 10th October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) Text];
- (104) [^{F79}‘Tier 2 own-fund insurance items’ means basic own-fund items of insurance undertakings and reinsurance undertakings where those items are classified in Tier 2 in accordance with rule 3.2 of the Own Funds Part of the PRA rulebook;]
- (105) ‘ Tier 3 own-fund insurance items ’ means basic own-fund insurance items of [^{F80}insurance undertakings and reinsurance undertakings] where those items are classified in Tier 3 [^{F81}in accordance with rule 3.3 of the Own Funds Part of the PRA rulebook];
- (106) ‘ deferred tax assets ’ has the same meaning as under the applicable accounting framework;
- (107) ‘ deferred tax assets that rely on future profitability ’ means deferred tax assets the future value of which may be realised only in the event the institution generates taxable profit in the future;
- (108) ‘ deferred tax liabilities ’ has the same meaning as under the applicable accounting framework;
- (109) ‘ defined benefit pension fund assets ’ means the assets of a defined pension fund or plan, as applicable, calculated after they have been reduced by the amount of obligations under the same fund or plan;
- (110) ‘ distributions ’ means the payment of dividends or interest in any form;
- (111) ^{F82} ...
- (112) [^{F83}‘funds for general banking risk’ means those amounts which a credit institution decides to put aside to cover the particular risks associated with banking where this is permitted under the applicable accounting framework;]
- (113) ‘ goodwill ’ has the same meaning as under the applicable accounting framework;
- (114) ‘ indirect holding ’ means any exposure to an intermediate entity that has an exposure to capital instruments issued by a financial sector entity where, in the event the capital instruments issued by the financial sector entity were permanently written off, the loss that the institution would incur as a result would not be materially different from the loss the institution would incur from a direct holding of those capital instruments issued by the financial sector entity;
- (115) ‘ intangible assets ’ has the same meaning as under the applicable accounting framework and includes goodwill;
- (116) ‘ other capital instruments ’ means capital instruments issued by financial sector entities that do not qualify as Common Equity Tier 1, Additional Tier 1 or Tier 2 instruments or Tier 1 own-fund insurance items, additional Tier 1 own-fund insurance items, Tier 2 own-fund insurance items or Tier 3 own-fund insurance items;
- (117) ‘ other reserves ’ means reserves within the meaning of the applicable accounting framework that are required to be disclosed under the applicable accounting standard,

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- excluding any amounts already included in accumulated other comprehensive income or retained earnings;
- (118) ‘ own funds ’ means the sum of Tier 1 capital and Tier 2 capital;
- (119) ‘ own funds instruments ’ means capital instruments issued by the institution that qualify as Common Equity Tier 1, Additional Tier 1 or Tier 2 instruments;
- (120) ‘ minority interest ’ means the amount of Common Equity Tier 1 capital of a subsidiary of an institution that is attributable to natural or legal persons other than those included in the prudential scope of consolidation of the institution;
- (121) ‘ profit ’ has the same meaning as under the applicable accounting framework;
- (122) ‘ reciprocal cross holding ’ means a holding by an institution of the own funds instruments or other capital instruments issued by financial sector entities where those entities also hold own funds instruments issued by the institution;
- (123) ‘ retained earnings ’ means profits and losses brought forward as a result of the final application of profit or loss under the applicable accounting framework;
- (124) ‘ share premium account ’ has the same meaning as under the applicable accounting framework;
- (125) ‘ temporary differences ’ has the same meaning as under the applicable accounting framework;
- (126) ‘ synthetic holding ’ means an investment by an institution in a financial instrument the value of which is directly linked to the value of the capital instruments issued by a financial sector entity;
- (127) ^{F84} ...
- (128) [^{F1}‘ distributable items ’ means the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose, before distributions to holders of own funds instruments, less any losses brought forward, any profits which are non-distributable pursuant to ^{F85} ... [^{F86}the law of the United Kingdom, or any part of it, or of a third country] or the institution's by-laws and any sums placed in non-distributable reserves in accordance with [^{F86}the law of the United Kingdom, or any part of it, or of a third country] or the statutes of the institution, in each case with respect to the specific category of own funds instruments to which ^{F85} ... [^{F86}the law of the United Kingdom, or any part of it, or of a third country], institutions' by-laws, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts;]
- (128A) [^{F87}‘CRR covered bonds’ means bonds issued by a credit institution which—
- (a) has its registered office in the UK; and
- (b) is subject by law to special public supervision designed to protect bondholders and in particular protection under which—
- (i) sums deriving from the issue of the bond must be invested in conformity with the law in assets;
- (ii) during the whole period of validity of the bond, those sums are capable of covering claims attaching to the bond; and

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- (ii) in the event of failure of the issuer, those sums would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest;
- (128B) ‘Directive 86/635/EEC UK law’ means the law of the United Kingdom or any part of it which immediately before IP completion day implemented Directive 86/635/EEC, and its implementing measures—
- (i) as they have effect on IP completion day, in the case of rules made by the FCA or the PRA under the Financial Services and Markets Act 2000; and
 - (ii) as amended from time to time, in all other cases.
- (128C) ‘internal approaches’ means—
- (a) the internal ratings-based approach referred to in Article 143(1);
 - (b) the internal models approach referred to in Article 221;
 - (c) the own estimates approach referred to in Article 225;
 - (d) the advanced measurement approaches referred to in Article 312(2);
 - (e) the internal model method referred to in Article 283 and 363; and
 - (f) the internal assessment approach referred to in Article 259(3) of this Regulation;
- (128D) ‘SME’ means a micro, small and medium-sized enterprise as defined in Articles 1 to 6 of the Annex to Commission Recommendation 2003/361/EC of 6th May 2003 with the following amendments—
- (a) in article 3 (types of enterprise taken into consideration in calculating staff numbers and financial amounts), in paragraph (5) for “by national or Community rules” substitute “under the law of the United Kingdom (or any part of it)”;
 - (b) in article 5 (staff headcount), in paragraph (b) for “national law” substitute “the law of the United Kingdom (or any part of it)”;
- (128E) ‘systemically important institution’ means a UK parent institution, a UK parent financial holding company, a UK parent mixed financial holding company or an institution the failure or malfunction of which could lead to systemic risk;
- (128F) ‘UK deposit guarantee scheme’ means a deposit protection scheme established by the PRA and managed by the Financial Services Compensation Scheme Limited;]
- (128G) [^{F88}UK-adopted international accounting standards’ has the meaning given by section 474(1) of the Companies Act 2006;]
- (129) [^{F23}‘servicer’ means a servicer as defined in point (13) of Article 2 of Regulation (EU) 2017/2402^{F1};]
- (130) [^{F57}^{F89}‘resolution authority’ means the Bank;]
- (130A) [^{F90}‘resolution’ means the application of a stabilisation option referred to in section 1(3) of the Banking Act 2009 in order to achieve one or more of the objectives referred to in section 4 of that Act;]

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- (131) [^{F91}‘resolution entity’ means either—
- (a) a legal person established in the United Kingdom which is identified by the resolution authority as an entity in respect of which the resolution plan drawn up in accordance with article 40 of the second BRRD Order provides for resolution action; or
 - (b) an institution that is not part of a group that is subject to consolidated supervision under Part 6 of the Capital Requirements Regulations 2013, in respect of which the resolution plan drawn up in accordance with article 37 of the second BRRD Order provides for resolution action;]

(132) [^{F92}‘resolution group’ means a resolution entity and its subsidiaries that are not—

 - (a) resolution entities themselves;
 - (b) subsidiaries of other resolution entities; or
 - (c) entities established in a third country that are not included in the resolution group in accordance with the resolution plan and their subsidiaries;]

(132A) [^{F93}‘resolution action’ means—

 - (a) the decision to place an institution or entity under resolution pursuant to sections 7, 81B, 81BA, 81ZBA, 81C, 81D, or 82 of the Banking Act 2009;
 - (b) the application of a stabilisation option referred to in section 1(3) of the Banking Act 2009; or
 - (c) the exercise of one or more powers conferred on the Bank by United Kingdom legislation which implemented Articles 63 to 72 of Directive 2014/59/EU;]

(133) ‘global systemically important institution’ or ‘G-SII’ means a G-SII that has been identified in accordance with [^{F94}Part 4 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014];

(134) ‘[^{F95}non-UK] global systemically important institution’ or ‘[^{F95}non-UK] G-SII’ means a global systemically important banking group or a bank (G-SIBs) that is not a G-SII and that is included in the list of G-SIBs published by the Financial Stability Board, as regularly updated;

(135) ‘material subsidiary’ means a subsidiary that on an individual or consolidated basis meets any of the following conditions:

 - (a) the subsidiary holds more than 5 % of the consolidated risk-weighted assets of its original parent undertaking;
 - (b) the subsidiary generates more than 5 % of the total operating income of its original parent undertaking;
 - (c) the total exposure measure, referred to in Article 429(4) of this Regulation, of the subsidiary is more than 5 % of the consolidated total exposure measure of its original parent undertaking;

^{F96} ...

(136) ‘G-SII entity’ means an entity with legal personality that is a G-SII or is part of a G-SII or of a [^{F97}non-UK] G-SII;

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- (137) [^{F98}‘bail-in tool’ means the mechanism for effecting the exercise by the resolution authority of the write-down and conversion powers in relation to liabilities of an institution under resolution, in accordance with section 12A of the Banking Act 2009;]
- (138) ‘group’ means a group of undertakings of which at least one is an institution and which consists of a parent undertaking and its subsidiaries, or of undertakings [^{F99}that are related to each other pursuant to a common management relationship within the meaning of point (38A)];
- (139) ‘ securities financing transaction ’ means a repurchase transaction, a securities or commodities lending or borrowing transaction, or a margin lending transaction;
- (140) ‘ initial margin ’ or ‘ IM ’ means any collateral, other than variation margin, collected from or posted to an entity to cover the current and potential future exposure of a transaction or of a portfolio of transactions in the period needed to liquidate those transactions, or to re-hedge their market risk, following the default of the counterparty to the transaction or portfolio of transactions;
- (141) ‘ market risk ’ means the risk of losses arising from movements in market prices, including in foreign exchange rates or commodity prices;
- (142) ‘ foreign exchange risk ’ means the risk of losses arising from movements in foreign exchange rates;
- (143) ‘ commodity risk ’ means the risk of losses arising from movements in commodity prices;
- (144) ‘ trading desk ’ means a well-identified group of dealers set up by the institution to jointly manage a portfolio of trading book positions in accordance with a well-defined and consistent business strategy and operating under the same risk management structure;
- (145) ‘ small and non-complex institution ’ means an institution that meets all the following conditions:
- (a) it is not a large institution;
 - (b) the total value of its assets on an individual basis or, where applicable, on a consolidated basis in accordance with this Regulation ^{F100}... is on average equal to or less than the threshold of EUR 5 billion over the four-year period immediately preceding the current annual reporting period; ^{F101}...
 - (c) it is not subject to any obligations, or is subject to simplified obligations, in relation to recovery and resolution planning in accordance with [^{F102}articles 7 and 8 of the second BRRD Order];
 - (d) its trading book business is classified as small within the meaning of Article 94(1);
 - (e) the total value of its derivative positions held with trading intent does not exceed 2 % of its total on- and off-balance-sheet assets and the total value of its overall derivative positions does not exceed 5 %, both calculated in accordance with Article 273a(3);
 - (f) more than 75 % of both the institution's consolidated total assets and liabilities, excluding in both cases the intragroup exposures, relate to activities with counterparties located in the [^{F103}United Kingdom];

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- (g) the institution does not use internal models to meet the prudential requirements in accordance with this Regulation except for subsidiaries using internal models developed at the group level, provided that the group is subject to the disclosure requirements laid down in Article 433a or 433c on a consolidated basis;
 - (h) the institution has not communicated to the competent authority an objection to being classified as a small and non-complex institution;
 - (i) the competent authority has not decided that the institution is not to be considered a small and non-complex institution on the basis of an analysis of its size, interconnectedness, complexity or risk profile;
- (146) ‘large institution’ means an institution that meets any of the following conditions:
- (a) it is a G-SII;
 - (b) it has been identified as an other systemically important institution (O-SII) in accordance with [F104Part 6 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014];
 - (c) it is F105 ... one of the three largest institutions [F106;in the United Kingdom] in terms of total value of assets;
 - (d) the total value of its assets on an individual basis or, where applicable, on the basis of its consolidated situation in accordance with this Regulation F107 ... is equal to or greater than EUR 30 billion;
- (147) ‘large subsidiary’ means a subsidiary that qualifies as a large institution;
- (148) ‘non-listed institution’ means an institution that has not issued securities that are admitted to trading on a regulated market F108 ...;
- (149) ‘financial report’ means, for the purposes of Part Eight, a financial report within the meaning of [F109sections 4.1 (Annual financial report) and 4.2 (Half-yearly financial reports) of chapter 4 (Periodic Financial Reporting) of the FCA’s Disclosure Guidance and Transparency Rules sourcebook].]
- [F1101A In this Regulation—
- “Bank” means the Bank of England;
 - “FCA” means the Financial Conduct Authority;
 - “Financial Policy Committee” means the Financial Policy Committee of the Bank;
 - “FSMA” means the Financial Services and Markets Act 2000;
 - “Part 4A permission” means a permission given by the FCA or PRA under Part 4A of FSMA or having effect as if so given;
 - “PRA” means the Prudential Regulation Authority;
 - “Regulated Activities Order” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.]
 - [F111“the second BRRD Order” means the Bank Recovery and Resolution (No. 2) Order 2014;]

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3 Trade finance as referred to in point (80) of paragraph 1 is generally uncommitted and requires satisfactory supporting transactional documentation for each drawdown request enabling refusal of the finance in the event of any doubt about creditworthiness or the supporting transactional documentation. Repayment of trade finance exposures is usually independent of the borrower, the funds instead coming from cash received from importers or resulting from proceeds of the sales of the underlying goods.

[^{F574} [^{F113}The FCA and PRA may each make] technical standards specifying in which circumstances the conditions set out in point (39) of paragraph 1 are met.

^{F114} ...]

Textual Amendments

- F1** Substituted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F9** Words in Art. 4.1(2) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(2)(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F10** Words in Art. 4.1(2)(c) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(2)(b)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F11** Words in Art. 4.1(2)(c) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(2)(b)(ii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F12** Art. 4.1(2A)(2B) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(3)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F13** Words in Art. 4.1(5) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(4)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F14** Words in Art. 4.1(6) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(5)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F15** Art. 4.1(6A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(6)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F16** Words in Art. 4.1(7) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F17** Art. 4.1(9) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(8)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F18** Art. 4.1(9A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(9)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F19** Art. 4.1(10) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(10)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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- F20** Art. 4.1(11) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(11)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F21** Art. 4.1(12) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(12)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F22** Substituted by Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.
- F23** Inserted by Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.
- F24** Art. 4.1(15) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(13)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F25** Art. 4.1(16) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(14)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F26** Art. 4.1(19) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(15)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F27** Art. 4.1(21) substituted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **5(2)** (with reg. 6) (as amended by S.I. 2020/1301, reg. 3, **Sch. para. 15** and with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F28** Words in Art. 4.1(23) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(16)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F29** Words in Art. 4.1(24) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(17)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F30** Word in Art. 4.1(25) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(18)(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F31** Words in Art. 4.1(25)(a) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(18)(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F32** Words in Art. 4.1(25)(c) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(18)(c)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F33** Art. 4.1(25A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(19)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F34** Words in Art. 4.1(26) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F35** Words in Art. 4.1(26) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F36** Words in Art. 4.1(26) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(b)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F37** Words in Art. 4.1(26) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(b)(iv)**; 2020 c. 1, Sch. 5 para. 1(1)

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- F38** Art. 4.1(26A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(21)** (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 11(e)(i)** and with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F39** Words in Art. 4.1(27)(h) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(22)(a)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F40** Art. 4.1(27)(k) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(22)(b)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F41** Art. 4.1(28) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(c)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F42** Art. 4.1(29) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(24)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F43** Art. 4.1(29a) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(d)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F44** Art. 4.1(29b) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(e)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F45** Art. 4.1(29c) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(f)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F46** Art. 4.1(29d) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(g)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F47** Words in Art. 4.1(30) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(25)(a)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F48** Words in Art. 4.1(30) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(25)(b)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F49** Art. 4.1(31) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(26)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F50** Words in Art. 4.1(32) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(27)(a)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F51** Words in Art. 4.1(32) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(27)(b)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F52** Words in Art. 4.1(32) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(27)(c)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F53** Art. 4.1(33) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(28)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F54** Art. 4.1(35) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(29)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F55** Words in Art. 4.1(37) substituted (31.12.2020) by The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/710), regs. 1(3), **27(2)(a)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F56** Art. 4.1(38A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(30)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**

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- F57** Inserted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F58** Words in Art. 4.1(40) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(31)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F59** Art. 4.1(41) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(32)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F60** Art. 4.1(43) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(33)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F61** Art. 4.1(44) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(34)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F62** Art. 4.1(45) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(35)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F63** Art. 4.1(46) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(36)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F64** Words in Art. 4.1(50)(b) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(37)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F65** Art. 4.1(51) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(38)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F66** Words in Art. 4.1(72)(a) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(h)**; 2020 c. 1, Sch. 5 para. 1(1)
- F67** Words in Art. 4.1(75) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(39)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F68** Words in Art. 4.1(77) substituted (31.12.2020) by The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/710), regs. 1(3), **27(2)(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F69** Words in Art. 4.1(77) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(40)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F70** Art. 4.1(87) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(41)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F71** Art. 4.1(92) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(42)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F72** Words in Art. 4.1(100) substituted (31.12.2020) by The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/710), regs. 1(3), **27(2)(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F73** Art. 4.1(101) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(43)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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- F74** Art. 4.1(102) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(44)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F75** Words in Art. 4.1(103) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(45)(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F76** Words in Art. 4.1(103) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(45)(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F77** Words in Art. 4.1(103) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(45)(c)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F78** Words in Art. 4.1(103) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(45)(d)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F79** Art. 4.1(104) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(46)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F80** Words in Art. 4.1(105) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(47)(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F81** Words in Art. 4.1(105) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(47)(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F82** Art. 4.1(111) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(48)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F83** Art. 4.1(112) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(49)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F84** Art. 4.1(127) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(50)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F85** Words in Art. 4.1(128) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(i)(i)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F86** Words in Art. 4.1(128) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(i)(ii)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F87** Arts. 4.1(128A)-(128F) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(52)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F88** Art. 4.1(128G) inserted (31.12.2020) by The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/710), regs. 1(3), **27(2)(d)**; 2020 c. 1, Sch. 5 para. 1(1)
- F89** Art. 4.1(130) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(j)**; 2020 c. 1, Sch. 5 para. 1(1)
- F90** Art. 4.1(130A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(k)**; 2020 c. 1, Sch. 5 para. 1(1)
- F91** Art. 4.1(131) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(l)**; 2020 c. 1, Sch. 5 para. 1(1)
- F92** Art. 4.1(132) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(m)**; 2020 c. 1, Sch. 5 para. 1(1)
- F93** Art. 4.1(132A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(n)**; 2020 c. 1, Sch. 5 para. 1(1)

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- F94** Words in Art. 4.1(133) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(o)**; 2020 c. 1, Sch. 5 para. 1(1)
- F95** Word in Art. 4.1(134) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(p)**; 2020 c. 1, Sch. 5 para. 1(1)
- F96** Words in Art. 4.1(135) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(q)**; 2020 c. 1, Sch. 5 para. 1(1)
- F97** Word in Art. 4.1(136) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(r)**; 2020 c. 1, Sch. 5 para. 1(1)
- F98** Art. 4.1(137) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(s)**; 2020 c. 1, Sch. 5 para. 1(1)
- F99** Words in Art. 4.1(138) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(t)**; 2020 c. 1, Sch. 5 para. 1(1)
- F100** Words in Art. 4.1(145)(b) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(u)(i)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F101** Words in Art. 4.1(145)(b) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(u)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F102** Words in Art. 4.1(145)(c) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(u)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F103** Words in Art. 4.1(145)(f) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(u)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F104** Words in Art. 4.1(146)(b) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(i)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F105** Words in Art. 4.1(146)(c) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(ii)(aa)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F106** Words in Art. 4.1(146)(c) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(ii)(bb)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F107** Words in Art. 4.1(146)(d) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(iii)(v)**; 2020 c. 1, Sch. 5 para. 1(1)
- F108** Words in Art. 4.1(148) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(w)**; 2020 c. 1, Sch. 5 para. 1(1)
- F109** Words in Art. 4.1(149) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(2)(x)**; 2020 c. 1, Sch. 5 para. 1(1)
- F110** Art. 4(1A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **64(53)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F111** Words in Art. 4(1A) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(3)**; 2020 c. 1, Sch. 5 para. 1(1)
- F112** Art. 4(2) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **65** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F113** Words in Art. 4(4) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(4)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F114** Words in Art. 4(4) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **11(4)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

^{F115}Article 4A

Definitions: Regulators' rules

1 In [^{F116}this Regulation]—

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- a a reference to the PRA rulebook is to the rulebook published by the PRA containing rules made by that Authority under FSMA as the rulebook has effect on IP completion day;
- b any reference to a sourcebook is to a sourcebook in the Handbook of Rules and Guidance published by the FCA containing rules made by that Authority under FSMA as the sourcebook has effect on IP completion day;
- c “Directive 2013/36/EU UK law” means the law of the United Kingdom or any part of it, which was relied on by the United Kingdom immediately before IP completion day to implement Directive 2013/36/EU and its implementing measures—
 - i as they have effect on IP completion day, in the case of rules made by the FCA or the PRA under FSMA; and
 - ii as amended from time to time, in all other cases.

2 By way of an exception to paragraph 1(c), for the purposes of Articles 4(1)(25), 11(2) and (6), 81(1)(ii), 82(a)(ii), 336(4)(c), 468(4) and 473a(7a), and the references to the Directive 2013/36/EU therein, “Directive 2013/36/EU UK law” shall mean the law of the United Kingdom or any part of it, which was relied on by the United Kingdom immediately before IP completion day to implement Directive 2013/36/EU and its implementing measures as amended from time to time.

Textual Amendments

- F115** Arts. 4A, 4B inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **66** (as amended by [S.I. 2020/1301](#), regs. 1, 3, [Sch. para. 11\(f\)](#)) and [S.I. 2020/1385](#), regs. 1(4), **48(2)** (with savings in [S.I. 2019/680](#), [reg. 11](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#))
- F116** Words in [Art. 4A\(1\)](#) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1232\)](#), regs. 1(3), **12**; 2020 c. 1, [Sch. 5 para. 1\(1\)](#))

Article 4B

Determination of the consolidating supervisor

1 The identity of the consolidating supervisor is to be determined in accordance with paragraph (3) and, where applicable, paragraph (4).

2 In this Article—

“Case 1” means circumstances where a PRA-authorized person is the UK parent institution required by Chapter 2 of Title 2 of Part 1 of the capital requirements regulation to comply with requirements of the regulation on a consolidated basis, other than circumstances falling within Case 3;

“Case 2” means circumstances where an FCA-authorized person is the UK parent institution required by Chapter 2 of Title 2 of Part 1 of the capital requirements regulation to comply with requirements of the regulation on a consolidated basis, other than circumstances falling within Case 3;

“Case 3” means circumstances where a UK parent financial holding company or UK parent mixed financial holding company has a subsidiary institution which is a PRA-authorized person;

“Case 4” means circumstances where none of the institutions controlled by a UK parent financial holding company or UK parent mixed financial holding company which are required by Chapter 2 of Title 2 of Part 1 of the capital requirements

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regulation to comply with requirements of the regulation on a consolidated basis, is a subsidiary institution which is a PRA-authorised person.

3 The consolidating supervisor is—

a in Case 1, the PRA;

b in Case 2, the FCA;

c in Case 3, the PRA; and

d in Case 4, the FCA.

4 The FCA and PRA may by agreement vary the determination of the consolidating supervisor provided for in paragraph (3) in its application to particular circumstances.

5 The FCA and PRA may exercise the power in paragraph (4) where they consider that the outcome of paragraph (3) would be inappropriate in the circumstances, having regard to the importance of the activities of the PRA-authorised persons and the FCA-authorised persons concerned.

6 An agreement under paragraph (4) must be in or confirmed in writing.]

Textual Amendments

F115 Arts. 4A, 4B inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1401), regs. 1(3), **66** (as amended by S.I. 2020/1301, regs. 1, 3, [Sch. para. 11\(f\)](#)) and S.I. 2020/1385, regs. 1(4), **48(2)** (with savings in S.I. 2019/680, [reg. 11](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#))

Article 5

Definitions specific to capital requirements for credit risk

For the purposes of Part Three, Title II, the following definitions shall apply:

- (1) ‘ exposure ’ means an asset or off-balance sheet item;
- (2) ‘ loss ’ means economic loss, including material discount effects, and material direct and indirect costs associated with collecting on the instrument;
- (3) ‘ expected loss ’ or ‘ EL ’ means the ratio of the amount expected to be lost on an exposure from a potential default of a counterparty or dilution over a one-year period to the amount outstanding at default.

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

TITLE II

LEVEL OF APPLICATION OF REQUIREMENTS

CHAPTER 1

Application of requirements on an individual basis

Article 6

General principles

1 Institutions shall comply with the obligations laid down in Parts Two to Five and Eight on an individual basis.

[^{F57}1a By way of derogation from paragraph 1 of this Article, only institutions identified as resolution entities that are also G-SIIs or that are part of a G-SII, and that do not have subsidiaries shall comply with the requirement laid down in Article 92a on an individual basis.

Material subsidiaries of a [^{F117}non-UK] G-SII shall comply with Article 92b on an individual basis, where they meet all the following conditions:

- a they are not resolution entities;
- b they do not have subsidiaries;
- c they are not the subsidiaries of [^{F118}a UK parent institution].]

2 No institution which is either a subsidiary [^{F119}authorised and supervised in the United Kingdom], or a parent undertaking, and no institution included in the consolidation pursuant to Article 18, shall be required to comply with the obligations laid down in Articles 89, 90 and 91 on an individual basis.

3 No institution which is either a parent undertaking or a subsidiary, and no institution included in the consolidation pursuant to Article 18, shall be required to comply with the obligations laid down in Part Eight on an individual basis.

4 Credit institutions and investment firms that are authorised to provide the investment services and activities listed in [^{F120}paragraphs 3 and 6 of Part 3 of Schedule 2 to the Regulated Activities Order] shall comply with the obligations laid down in Part Six on an individual basis. [^{F121}The competent authority] may exempt investment firms from compliance with the obligations laid down in Part Six taking into account the nature, scale and complexity of the investment firms' activities.

5 Institutions, except for investment firms referred to in Article 95(1) and Article 96(1) and institutions for which competent authorities have exercised the derogation specified in Article 7(1) or (3), shall comply with the obligations laid down in Part Seven on an individual basis.

Textual Amendments

- F57** Inserted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F117** Word in Art. 6(1a) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1232\)](#), regs. 1(3), **13(2)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F118** Words in Art. 6(1a)(c) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1232\)](#), regs. 1(3), **13(2)(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F119** Words in Art. 6(2) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **67(2)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F120** Words in Art. 6(4) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **67(3)(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F121** Words in Art. 6(4) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **67(3)(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 7

Derogation from the application of prudential requirements on an individual basis

1 Competent authorities may waive the application of Article 6(1) to any subsidiary of an institution, where both the subsidiary and the institution are subject to authorisation and supervision [^{F122}in the United Kingdom], and the subsidiary is included in the supervision on a consolidated basis of the institution which is the parent undertaking, and all of the following conditions are satisfied, in order to ensure that own funds are distributed adequately between the parent undertaking and the subsidiary:

- a there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities by its parent undertaking;
- b either the parent undertaking satisfies the competent authority regarding the prudent management of the subsidiary and has declared, with the permission of the competent authority, that it guarantees the commitments entered into by the subsidiary, or the risks in the subsidiary are of negligible interest;
- c the risk evaluation, measurement and control procedures of the parent undertaking cover the subsidiary;
- d the parent undertaking holds more than 50 % of the voting rights attached to shares in the capital of the subsidiary or has the right to appoint or remove a majority of the members of the management body of the subsidiary.

2 Competent authorities may exercise the option provided for in paragraph 1 [^{F123}where the parent undertaking of the subsidiary is a UK financial holding company or a UK mixed financial holding company], provided that it is subject to the same supervision as that exercised over institutions, and in particular to the standards laid down in Article 11(1).

3 Competent authorities may waive the application of Article 6(1) to a [^{F124}UK parent institution, where] it is included in the supervision on a consolidated basis, and all the following conditions are satisfied, in order to ensure that own funds are distributed adequately among the parent undertaking and the subsidiaries:

- a there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the parent institution in a Member State;
- b the risk evaluation, measurement and control procedures relevant for consolidated supervision cover the parent institution in a Member State.

F125 ...

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F122** Words in Art. 7(1) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **68(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F123** Words in Art. 7(2) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **68(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F124** Words in Art. 7(3) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **68(c)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F125** Words in Art. 7(3) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **68(c)(ii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 8

Derogation from the application of liquidity requirements on an individual basis

1 The competent authorities may waive in full or in part the application of Part Six to an institution and to all or some of its subsidiaries in the [^{F126}United Kingdom] and supervise them as a single liquidity sub-group so long as they fulfil all of the following conditions:

- a the parent institution on a consolidated basis or a subsidiary institution on a sub-consolidated basis complies with the obligations laid down in Part Six;
- b the parent institution on a consolidated basis or the subsidiary institution on a sub-consolidated basis monitors and has oversight at all times over the liquidity positions of all institutions within the group or sub-group, that are subject to the waiver and ensures a sufficient level of liquidity for all of these institutions;
- c the institutions have entered into contracts that, to the satisfaction of the competent authorities, provide for the free movement of funds between them to enable them to meet their individual and joint obligations as they become due;
- d there is no current or foreseen material practical or legal impediment to the fulfilment of the contracts referred to in (c).

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5 Where a waiver has been granted under paragraph 1 ^{F129}..., the competent authorities may also apply [^{F130}the relevant regulatory rules] at the level of the single liquidity sub-group and waive the application of [^{F130}the relevant regulatory rules] on an individual basis. [^{F131}In this paragraph, “relevant regulatory rules” means—

- a where the competent authority is the FCA, rules 12.3.4, 12.3.5, 12.3.7A, 12.3.8, 12.3.22A, 12.3.22B, 12.3.27, 12.4.-2, 12.4.-1, 12.4.5A, 12.4.10, 12.4.11 and 12.4.11A of the FCA's Prudential sourcebook for Banks, Building Societies and Investment Firms;

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- b where the competent authority is the PRA, rules 3.1, 3.2, 3.3, 4.1(3), 7.2, 8.1(1), 9.2, 11.1, 11.1, 11.4, 12.1, 12.3 and 12.4 of the Internal Liquidity Adequacy Assessment Part of the PRA rulebook.]

Textual Amendments

- F126** Words in Art. 8(1) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **69(a)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F127** Words in Art. 8(1) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **69(a)(ii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F128** Art. 8(2)(3)(4) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **69(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F129** Words in Art. 8(5) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **69(c)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F130** Words in Art. 8(5) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **69(c)(ii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F131** Words in Art. 8(5) inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **69(c)(iii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 9

Individual consolidation method

1 Subject to [^{F132} paragraph 2] of this Article ^{F133}..., the competent authorities may permit on a case-by-case basis parent institutions to incorporate in the calculation of their requirement under Article 6(1), subsidiaries which meet the conditions laid down in points (c) and (d) of Article 7(1) and whose material exposures or material liabilities are to that parent institution.

2 The treatment set out in paragraph 1 shall be permitted only where the parent institution demonstrates fully to the competent authorities the circumstances and arrangements, including legal arrangements, by virtue of which there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds, or repayment of liabilities when due by the subsidiary to its parent undertaking.

^{F134} 3

Textual Amendments

- F132** Words in Art. 9(1) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **70(a)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F133** Words in Art. 9(1) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **70(a)(ii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F134 Art. 9(3) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **70(b)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F135 Article 10

Waiver for credit institutions permanently affiliated to a central body

Textual Amendments

F135 Art. 10 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **71** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

CHAPTER 2

Prudential consolidation

Section 1

Application of requirements on a consolidated basis

Article 11

General treatment

[^{F11} [^{F136}UK parent institutions] shall comply, to the extent and in the manner set out in Article 18, with the obligations laid down in Parts Two, Three, Four, Seven and Seven A on the basis of their consolidated situation, with the exception of point (d) of Article 430(1). The parent undertakings and their subsidiaries that are subject to this Regulation shall set up a proper organisational structure and appropriate internal control mechanisms in order to ensure that the data required for consolidation are duly processed and forwarded. In particular, they shall ensure that subsidiaries not subject to this Regulation implement arrangements, processes and mechanisms to ensure proper consolidation.

2 For the purpose of ensuring that the requirements of this Regulation are applied on a consolidated basis, the terms ‘ institution ’, [^{F137}‘ UK parent institution ’] and ‘ parent undertaking ’, as the case may be, shall also refer to:

- a a financial holding company or mixed financial holding company approved in accordance with Article 21a of Directive 2013/36/EU [^{F138}UK law];
- b a designated institution controlled by a parent financial holding company or parent mixed financial holding company where such a parent is not subject to approval in accordance with Article 21a(4) of Directive 2013/36/EU [^{F138}UK law];
- c a financial holding company, mixed financial holding company or institution designated in accordance with point (d) of Article 21a(6) of Directive 2013/36/EU [^{F138}UK law].

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

The consolidated situation of an undertaking referred to in point (b) of the first subparagraph of this paragraph shall be the consolidated situation of the parent financial holding company or the parent mixed financial holding company that is not subject to approval in accordance with Article 21a(4) of Directive 2013/36/EU [^{F138}UK law]. The consolidated situation of an undertaking referred to in point (c) of the first subparagraph of this paragraph shall be the consolidated situation of its parent financial holding company or parent mixed financial holding company.]

^{F139}3

[^{F57}3a By way of derogation from paragraph 1 of this Article, only parent institutions identified as resolution entities that are G-SIIs, part of a G-SII or part of a [^{F140}non-UK G-SII] shall comply with Article 92a of this Regulation on a consolidated basis, to the extent and in the manner set out in Article 18 of this Regulation.

Only [^{F141}UK parent undertakings] that are a material subsidiary of a [^{F140}non-UK G-SII] and are not resolution entities shall comply with Article 92b of this Regulation on a consolidated basis to the extent and in the manner set out in Article 18 of this Regulation. ^{F142}...]

[^{F14} [^{F143}UK parent institutions] shall comply with Part Six and point (d) of Article 430(1) of this Regulation on the basis of their consolidated situation where the group comprises one or more credit institutions or investment firms that are authorised to provide the investment services and activities listed in [^{F144}paragraphs 3 and 6 of Part 3 of Schedule 2 to the Regulated Activities Order]. [^{F145}Where the group comprises only investment firms, the competent authority] may exempt the [^{F143}UK parent institutions] from compliance with Part Six and point (d) of Article 430(1) of this Regulation on a consolidated basis, taking into account the nature, scale and complexity of the investment firm's activities.

Where a waiver has been granted under Article 8(1) to (5), the institutions and, where applicable, the financial holding companies or mixed financial holding companies that are part of a liquidity sub-group shall comply with Part Six and point (d) of Article 430(1) on a consolidated basis or on the sub-consolidated basis of the liquidity sub-group.

^{F146}5

6 [^{F147}In addition to the requirements of paragraphs 1 to 3, the competent authority may require an institution to comply with the obligations mentioned in the third sub-paragraph on a sub-consolidated basis when—

- a it is justified for supervisory purposes by the specificities of the risk or the capital structure of the institution, or
- b the institution is a ring-fenced body within the meaning of section 142A(1) of FSMA.]

The application of the approach set out in the first subparagraph shall be without prejudice to effective supervision on a consolidated basis. ^{F148}... [^{F149}The obligations mentioned in this sub-paragraph are those provided for in—

- a Parts 2, 3, 4, 6, 7, 7A and 8 of this Regulation;
- b [Directive 2013/36/EU](#) UK law which implemented Title 7, Chapter 4 of [Directive 2013/36/EU](#).]]

Textual Amendments

- F1** Substituted by [Regulation \(EU\) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation \(EU\) No 575/2013 as regards the leverage ratio, the net stable funding](#)

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F57** Inserted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F136** Words in Art. 11(1) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(a)**
- F137** Words in Art. 11(2) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(b)(i)**
- F138** Words in Art. 11(2) inserted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(b)(ii)**
- F139** Deleted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F140** Words in Art. 11(3a) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(c)(i)**
- F141** Words in Art. 11(3a) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(c)(ii)**
- F142** Words in Art. 11(3a) omitted (31.12.2020) by virtue of The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(c)(iii)**
- F143** Words in Art. 11(4) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(d)(i)**
- F144** Words in Art. 11(4) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(d)(ii)**
- F145** Words in Art. 11(4) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(d)(iii)**
- F146** Art. 11(5) omitted (31.12.2020) by virtue of The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(e)**
- F147** Words in Art. 11(6) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(f)(i)**
- F148** Words in Art. 11(6) omitted (31.12.2020) by virtue of The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(f)(ii)**
- F149** Words in Art. 11(6) inserted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(f)(iii)**

F139 Article 12

[^{F139}Financial holding company or mixed financial holding company with both a subsidiary credit institution and a subsidiary investment firm]

.....

Status: Point in time view as at 31/12/2020.

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Textual Amendments

F139 Deleted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).

^{F57} Article 12a

Consolidated calculation for G-SIIs with multiple resolution entities

Where at least two G-SII entities belonging to the same G-SII are resolution entities, the [^{F150}UK parent institution] of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in point (a) of Article 92a(1) of this Regulation. That calculation shall be undertaken on the basis of the consolidated situation of the [^{F150}UK parent institution] as if it were the only resolution entity of the G-SII.

^{F151} ...]

Textual Amendments

F57 Inserted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).

F150 Words in Art. 12a substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **15(2)**; 2020 c. 1, Sch. 5 para. 1(1)

F151 Words in Art. 12a omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **15(3)**; 2020 c. 1, Sch. 5 para. 1(1)

^{F1} Article 13

Application of disclosure requirements on a consolidated basis

1 [^{F152}UK parent institutions] shall comply with Part Eight on the basis of their consolidated situation.

Large subsidiaries of [^{F152}UK parent institutions] shall disclose the information specified in Articles 437, 438, 440, 442, 450, 451, 451a and 453 on an individual basis or, where applicable in accordance with this Regulation and [^{F153}Directive 2013/36/EU UK law], on a sub-consolidated basis.

2 Institutions identified as resolution entities that are G-SIIs or that are part of a G-SII shall comply with Article 437a and point (h) of Article 447 on the basis of the consolidated situation of their resolution group.

3 The first subparagraph of paragraph 1 shall not apply to [^{F152}UK parent institutions], [^{F154}UK parent financial holding companies], [^{F155}UK parent mixed financial holding

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companies] or resolution entities where they are included in equivalent disclosures on a consolidated basis provided by a parent undertaking established in a third country.

The second subparagraph of paragraph 1 shall apply to subsidiaries of parent undertakings established in a third country where those subsidiaries qualify as large subsidiaries.

F156 4

Textual Amendments

- F1** Substituted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F152** Words in Art. 13 substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(2)**; 2020 c. 1, Sch. 5 para. 1(1)
- F153** Words in Art. 13(1) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(3)**; 2020 c. 1, Sch. 5 para. 1(1)
- F154** Words in Art. 13(3) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(4)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F155** Words in Art. 13(3) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(4)(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F156** Art. 13(4) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(5)**; 2020 c. 1, Sch. 5 para. 1(1)

Article 14

Application of requirements of Article 5 of Regulation (EU) 2017/2402 on a consolidated basis

1 Parent undertakings and their subsidiaries that are subject to this Regulation shall be required to meet the obligations laid down in Article 5 of Regulation (EU) 2017/2402 on a consolidated or sub-consolidated basis, to ensure that their arrangements, processes and mechanisms required by those provisions are consistent and well-integrated and that any data and information relevant to the purpose of supervision can be produced. In particular, they shall ensure that subsidiaries that are not subject to this Regulation implement arrangements, processes and mechanisms to ensure compliance with those provisions.

2 Institutions shall apply an additional risk weight in accordance with Article 270a of this Regulation when applying Article 92 of this Regulation on a consolidated or sub-consolidated basis if the requirements laid down in Article 5 of Regulation (EU) 2017/2402 are breached at the level of an entity established in a third country included in the consolidation in accordance with Article 18 of this Regulation if the breach is material in relation to the overall risk profile of the group.]

Textual Amendments

- F1** Substituted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk,

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exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).

Article 15

Derogation from the application of own funds requirements on a consolidated basis for groups of investment firms

1 The consolidating supervisor may waive, on a case-by-case basis, the application of Part Three of this Regulation and [F157 Directive 2013/36/EU UK law which implemented] Title VII, Chapter 4 of Directive 2013/36/EU on a consolidated basis provided that the following conditions exist:

- a each [F158 investment firm authorised in the United Kingdom] in the group uses the alternative calculation of total risk exposure amount referred to in Article 95(2) or 96(2);
- b all investment firms in the group fall within the categories in Article 95(1) or 96(1);
- c each [F158 investment firm authorised in the United Kingdom] in the group meets the requirements imposed in Article 95 or 96 on an individual basis and at the same time deducts from its Common Equity Tier 1 items any contingent liability in favour of investment firms, financial institutions, asset management companies and ancillary services undertakings, which would otherwise be consolidated;
- d any financial holding company which is the [F159 UK parent financial holding company] of any investment firm in the group holds at least enough capital, defined here as the sum of the items referred to in Articles 26(1), 51(1) and 62(1), to cover the sum of the following:
 - (i) the sum of the full book value of any holdings, subordinated claims and instruments referred to in Article 36(1)(h) and (i), Article 56(1)(c) and (d), and Article 66(1)(c) and (d) in investment firms, financial institutions, asset management companies and ancillary services undertakings which would otherwise be consolidated; and
 - (ii) the total amount of any contingent liability in favour of investment firms, financial institutions, asset management companies and ancillary services undertakings which would otherwise be consolidated;
- e the group does not include credit institutions.

Where the criteria in the first subparagraph are met, each [F158 investment firm authorised in the United Kingdom] shall have in place systems to monitor and control the sources of capital and funding of all financial holding companies, investment firms, financial institutions, asset management companies and ancillary services undertakings within the group.

2 The competent authorities may also apply the waiver if the financial holding companies holds a lower amount of own funds than the amount calculated under paragraph 1(d), but no lower than the sum of the own funds requirements imposed on an individual basis to investment firms, financial institutions, asset management companies and ancillary services undertakings which would otherwise be consolidated and the total amount of any contingent liability in favour of investment firms, financial institutions, asset management companies and ancillary services undertakings which would otherwise be consolidated. For the purposes of this paragraph, the own funds requirement for investment undertakings of third countries, financial institutions, asset management companies and ancillary services undertakings is a notional own funds requirement.

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F157** Words in Art. 15(1) inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **75(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F158** Words in Art. 15(1) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **75(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F159** Words in Art. 15(1)(d) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **75(c)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 16

Derogation from the application of the leverage ratio requirements on a consolidated basis for groups of investment firms

Where all entities in a group of investment firms, including the parent entity, are investment firms that are exempt from the application of the requirements laid down in Part Seven on an individual basis in accordance with Article 6(5), the parent investment firm may choose not to apply the requirements laid down in Part Seven on a consolidated basis.

Article 17

Supervision of investment firms waived from the application of own funds requirements on a consolidated basis

1 Investment firms in a group which has been granted the waiver provided for in Article 15 shall notify the competent authorities of the risks which could undermine their financial positions, including those associated with the composition and sources of their own funds, internal capital and funding.

2 Where [^{F160}the competent authority waives] the obligation of supervision on a consolidated basis as provided for in Article 15, they shall take other appropriate measures to monitor the risks, in particular large exposures, of the whole group, including any undertakings not located in [^{F161}the United Kingdom].

3 Where [^{F162}the competent authority waives] the application of own funds requirements on a consolidated basis as provided for in Article 15, the requirements of Part Eight shall apply on an individual basis.

Textual Amendments

- F160** Words in Art. 17(2) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **76(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F161** Words in Art. 17(2) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **76(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F162 Words in Art. 17(3) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **76(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Section 2

Methods for prudential consolidation

[^{F1} Article 18]

Methods of prudential consolidation

[^{F11} Institutions, financial holding companies and mixed financial holding companies that are required to comply with the requirements referred to in Section 1 of this Chapter on the basis of their consolidated situation shall carry out a full consolidation of all institutions and financial institutions that are their subsidiaries. Paragraphs 3 to 6 and paragraph 9 of this Article shall not apply where Part Six and point (d) of Article 430(1) apply on the basis of the consolidated situation of an institution, financial holding company or mixed financial holding company or on the sub-consolidated situation of a liquidity sub-group as set out in Articles 8 and 10.]

[^{F57}For the purposes of Article 11(3a), institutions that are required to comply with the requirements referred to in Article 92a or 92b on a consolidated basis shall carry out a full consolidation of all institutions and financial institutions that are their subsidiaries in the relevant resolution groups.]

[^{F12} Ancillary services undertakings shall be included in consolidation in the cases, and in accordance with the methods, laid down in this Article.

3 Where undertakings are related [^{F163}by a common management relationship], competent authorities shall determine how consolidation is to be carried out.

4 The consolidating supervisor shall require the proportional consolidation according to the share of capital held of participations in institutions and financial institutions managed by an undertaking included in the consolidation together with one or more undertakings not included in the consolidation, where the liability of those undertakings is limited to the share of the capital they hold.

5 In the case of participations or capital ties other than those referred to in paragraphs 1 and 4, competent authorities shall determine whether and how consolidation is to be carried out. In particular, they may permit or require the use of the equity method. That method shall not, however, constitute inclusion of the undertakings concerned in supervision on a consolidated basis.

6 Competent authorities shall determine whether and how consolidation is to be carried out in the following cases:

- a where, in the opinion of the competent authorities, an institution exercises a significant influence over one or more institutions or financial institutions, but without holding a participation or other capital ties in those institutions; and
- b where two or more institutions or financial institutions are placed under single management other than pursuant to a contract, clauses of their memoranda or articles of association.

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In particular, competent authorities may permit or require the use of the method provided for in Article 22(7), (8) and (9) of Directive 2013/34/EU ^{F164}, as it had effect immediately before IP completion day]. That method shall not, however, constitute inclusion of the undertakings concerned in consolidated supervision.

7 Where an institution has a subsidiary which is an undertaking other than an institution, a financial institution or an ancillary services undertaking or holds a participation in such an undertaking, it shall apply to that subsidiary or participation the equity method. That method shall not, however, constitute inclusion of the undertakings concerned in supervision on a consolidated basis.

By way of derogation from the first subparagraph, competent authorities may allow or require institutions to apply a different method to such subsidiaries or participations, including the method required by the applicable accounting framework, provided that:

- a the institution does not already apply the equity method on 28 December 2020 ;
- b it would be unduly burdensome to apply the equity method or the equity method does not adequately reflect the risks that the undertaking referred to in the first subparagraph poses to the institution; and
- c the method applied does not result in full or proportional consolidation of that undertaking.

^{F165} 8 Where consolidated supervision is required under this regulation, ancillary services undertakings and asset management companies as defined in Article 4(1)(19) of this regulation must be included in consolidations in the cases, and in accordance with the methods, laid down in this Article.]]

^{F579} ^{F166} The FCA and PRA may each make] technical standards to specify conditions in accordance with which consolidation shall be carried out in the cases referred to in paragraphs 3 to 6 and paragraph 8.

^{F167} ...]

Textual Amendments

- F1** Substituted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F57** Inserted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F163** Words in Art. 18(3) inserted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(3)(a)**
- F164** Words in Art. 18(6) inserted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(3)(b)**
- F165** Art. 18(8) substituted (31.12.2020) by The Financial Conglomerates and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/264), regs. 1, **5(3)** (with reg. 6) (as amended by S.I. 2020/1301, reg. 3, **Sch. para. 15** and with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F166** Words in Art. 18(9) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(3)(d)(i)**

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F167 Words in Art. 18(9) omitted (31.12.2020) by virtue of [The Securities Financing Transactions, Securitisation and Miscellaneous Amendments \(EU Exit\) Regulations 2020 \(S.I. 2020/1385\)](#), regs. 1(3), [74\(3\)\(d\)\(ii\)](#)

Section 3

Scope of prudential consolidation

Article 19

Entities excluded from the scope of prudential consolidation

1 An institution, a financial institution or an ancillary services undertaking which is a subsidiary or an undertaking in which a participation is held, need not be included in the consolidation where the total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts:

- a EUR 10 million;
- b 1 % of the total amount of assets and off-balance sheet items of the parent undertaking or the undertaking that holds the participation.

2 ^[F168]The consolidating supervisor] may on a case-by-case basis decide in the following cases that an institution, financial institution or ancillary services undertaking which is a subsidiary or in which a participation is held need not be included in the consolidation:

- a where the undertaking concerned is situated in a third country where there are legal impediments to the transfer of the necessary information;
- b where the undertaking concerned is of negligible interest only with respect to the objectives of monitoring institutions;
- ^[X2c] where, in the opinion of ^[F169]the consolidating supervisor], the consolidation of the financial situation of the undertaking concerned would be inappropriate or misleading as far as the objectives of the supervision of institutions are concerned.]

3 Where, in the cases referred to in paragraph 1 and point (b) of paragraph 2, several undertakings meet the criteria set out therein, they shall nevertheless be included in the consolidation where collectively they are of non-negligible interest with respect to the specified objectives.

Editorial Information

X2 Substituted by [Corrigendum to Regulation \(EU\) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation \(EU\) No 648/2012 \(Official Journal of the European Union L 176 of 27 June 2013\) \(Corrected version in Official Journal of the European Union L 321 of 30 November 2013\)](#).

Textual Amendments

F168 Words in Art. 19(2) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), [78\(a\)](#) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F169 Words in Art. 19(2)(c) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), [78\(b\)](#) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Article 20

Joint decisions on prudential requirements

F170 1

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6 Where [^{F171}a UK parent institution and its subsidiaries, the subsidiaries of a UK parent financial holding company or a UK parent mixed financial holding company] use an Advanced Measurement Approach referred to in Article 312(2) or an IRB Approach referred to in Article 143 on a unified basis, the competent authorities shall allow the qualifying criteria set out in Articles 321 and 322 or in Part Three, Title II, Chapter 3, Section 6 respectively to be met by the parent and its subsidiaries considered together, in a way that is consistent with the structure of the group and its risk management systems, processes and methodologies.

F172 7

F172 8

Textual Amendments

F170 Art. 20(1)-(5) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **79(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F171 Words in Art. 20(6) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **79(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F172 Art. 20(7)(8) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **79(c)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

^{F173} Article 21

Joint decisions on the level of application of liquidity requirements

Textual Amendments

F173 Art. 21 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **80** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Status: Point in time view as at 31/12/2020.

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Article 22

Sub-consolidation in cases of entities in third countries

Subsidiary institutions shall apply the requirements laid down in Articles 89 to 91 and Parts Three and Four on the basis of their sub-consolidated situation if those institutions, or the parent undertaking where it is a financial holding company or mixed financial holding company, have an institution or a financial institution as a subsidiary in a third country, or hold a participation in such an undertaking.

Article 23

Undertakings in third countries

For the purposes of applying supervision on a consolidated basis in accordance with this Chapter, the terms 'investment firm', 'credit institution', 'financial institution', and 'institution' shall also apply to undertakings established in third countries, which, were they established in the [F174 United Kingdom], would fulfil the definitions of those terms in Article 4.

Textual Amendments

F174 Words in Art. 23 substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **81** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 24

Valuation of assets and off-balance sheet items

1 The valuation of assets and off-balance sheet items shall be effected in accordance with the applicable accounting framework.

2 By way of derogation from paragraph 1, competent authorities may require that institutions effect the valuation of assets and off-balance sheet items and the determination of own funds in accordance with the [F175 UK-adopted international accounting standards].]

Textual Amendments

F175 Words in Art. 24(2) substituted (31.12.2020) by [The Financial Services \(Miscellaneous\) \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/710\)](#), regs. 1(3), **27(3)**; 2020 c. 1, Sch. 5 para. 1(1)

Editorial Information

X1 Substituted by [Corrigendum to Regulation \(EU\) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation \(EU\) No 648/2012 \(OJ L 176, 27.6.2013, p. 1\)](#).

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (1) [^{X1}]^{F22}Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).]
- (2) [^{X1}OJ L 302, 17.11.2009, p. 1 .]

Editorial Information

- X1** Substituted by [Corrigendum to Regulation \(EU\) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation \(EU\) No 648/2012 \(OJ L 176, 27.6.2013, p. 1\)](#).

Textual Amendments

- F22** Substituted by [Regulation \(EU\) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation \(EU\) No 575/2013 on prudential requirements for credit institutions and investment firms](#).

Status:

Point in time view as at 31/12/2020.

Changes to legislation:

Regulation (EU) No 575/2013 of the European Parliament and of the Council, PART ONE is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.