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## STATUTORY INSTRUMENTS

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# 2013 No. 3115

## The Capital Requirements Regulations 2013

### PART 7

#### Exercise of supervision by the PRA <sup>F1</sup>...

##### Supervisory powers: own funds

34.—(1) The PRA <sup>F1</sup>... must require an institution to hold own funds in excess of—

- (a) the requirements of [<sup>F2</sup>Directive 2013/36/EU UK law which implemented] Chapter 4 of Title 7 of the capital requirements directive; and
- [<sup>F3</sup>(b) the requirements of the capital requirements regulation and CRR rules relating to risks or elements of risks not covered by Article 1 of the capital requirements regulation or CRR rules;]

in the circumstances mentioned in paragraph (2).

(2) The circumstances referred to in paragraph (1) are—

- (a) an institution does not meet the requirements set out in [<sup>F4</sup>Directive 2013/36/EU UK law which implemented] Articles 73 and 74 of the capital requirements directive or in Article 393 of the capital requirements regulation;
- (b) risks or elements of risks are not covered by the own funds requirements set out in [<sup>F4</sup>Directive 2013/36/EU UK law which implemented] Chapter 4 of Title 7 of the capital requirements directive [<sup>F5</sup>, the capital requirements regulation or CRR rules];
- (c) the sole application of other administrative measures is unlikely to improve the institution's arrangements, processes, mechanisms and strategies sufficiently within an appropriate timeframe;
- (d) [<sup>F6</sup>either a SREP or an internal model review] reveals that non-compliance with the requirements for the [<sup>F7</sup>applicable internal approaches] will likely lead to inadequate own funds requirements;
- (e) the risks are likely to be underestimated despite compliance with the applicable requirements of [<sup>F8</sup>Directive 2013/36/EU UK law [<sup>F9</sup>, the capital requirements regulation or CRR rules]] ; or
- (f) an institution reports to the competent authority in accordance with Article 377(5) of the capital requirements regulation that the stress test results referred to in that Article materially exceed its own funds requirement for the correlation trading portfolio.

(3) For the purposes of determining the appropriate level of own funds on the basis of [<sup>F10</sup>a SREP], the PRA <sup>F11</sup>... must assess whether any imposition of an additional own funds requirement in excess of the own funds requirement is necessary to capture risks to which an institution is or might be exposed, taking into account the following:

**Changes to legislation:** The Capital Requirements Regulations 2013, Section 34 is up to date with all changes known to be in force on or before 07 July 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) View outstanding changes

- (a) the quantitative and qualitative aspects of the institution's assessment process referred to in [<sup>F12</sup>Directive 2013/36/EU UK law which implemented] Article 73 of the capital requirements directive;
- (b) the institution's arrangements, processes and mechanisms referred to in [<sup>F12</sup>Directive 2013/36/EU UK law which implemented] Article 74 of the capital requirements directive; [<sup>F13</sup>and]
- (c) the outcome of [<sup>F14</sup>the SREP or internal model review]; <sup>F15</sup> ...

<sup>F16</sup>(d) .....

<sup>F17</sup>(3A) .....

[<sup>F18</sup>(4) In this Part—

“internal model review” means a review carried out under regulation 34B;

“SREP” means the supervisory review and evaluation process detailed in regulation 34A.]

**Textual Amendments**

- F1** Words in reg. 34(1) omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(7)(a)(i)**
- F2** Words in reg. 34(1)(a) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F3** Reg. 34(1)(b) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(7)(a)(ii)**
- F4** Words in reg. 34(2)(a)(b) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F5** Words in reg. 34(2)(b) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(7)(b)(i)**
- F6** Words in reg. 34(2)(d) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(c)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in reg. 34(2)(d) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(c)(ii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F8** Words in reg. 34(2)(e) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(d)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F9** Words in reg. 34(2)(e) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(7)(b)(ii)**
- F10** Words in reg. 34(3) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(e)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F11** Words in reg. 34(3) omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(7)(c)**

- F12** Words in reg. 34(3)(a)(b) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(f)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F13** Word in reg. 34(3)(b) inserted (29.12.2020) by The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **7(a)(i)**
- F14** Words in reg. 34(3)(c) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(g)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F15** Word in reg. 34(3)(c) omitted (29.12.2020) by virtue of The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **7(a)(ii)**
- F16** Reg. 34(3)(d) omitted (29.12.2020) by virtue of The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **7(a)(iii)**
- F17** Reg. 34(3A) omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(7)(d)**
- F18** Reg. 34(4) inserted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **20(h)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

**Changes to legislation:**

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**Changes and effects yet to be applied to :**

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)