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## DIRECTION

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To: [Firm name] (FRN )  
( the “Firm”)

Of: [Firm address]

Ref: [ ]

Date: [issue date]

### **Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook (Version in force at the effective date of this Direction)**

#### **Power**

1. This Direction is given by the *PRA* under section 138A of *FSMA*.

#### **Duration**

2. This Direction takes effect on [insert date].

3. This Direction shall end on the earlier of:

- (a) The date that the relevant rules are revoked or no longer apply to the Firm; or
- (b) The date that this Direction is revoked, varied or superseded by a further direction that applies to the Firm relating to the same subject matter.

#### **Rules Modified**

4. The *PRA* directs that Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA* Rulebook applies to each of the Firms [and to the Company] in respect of the solo and/or consolidated requirements they are subject to with the modifications shown below (new text underlined).

Rule	Modification
Article 10(1)(c)(i), (ii) and (iv)	<p>(c) assets representing claims on or guaranteed by the following central or regional governments, local authorities or public sector entities:</p> <ul style="list-style-type: none"><li>(i) the central government of the <i>United Kingdom</i> <u>or of an EEA State</u>;</li><li>(ii) the central government of a third country (<u>other than an EEA State</u>), provided that it is assigned a credit assessment by a nominated ECAI which is at least credit quality step 1 in accordance with Article 114(2) of <i>CRR</i>;</li><li>(iv) regional governments or local authorities in a third country of the type referred to in point (ii) <u>or regional governments or local authorities in an EEA State</u>, provided that they are treated as exposures to the central government of the third country in accordance with Article 115(4) of <i>CRR</i>;</li></ul>



Article 10(1)(d)(i)	(d) the following assets: (i) assets representing claims on or guaranteed by the central government or <i>central bank of a third country</i> <u>(other than assets representing claims on or guaranteed by the central government of an EEA State)</u> which is not assigned a credit assessment of credit quality step 1 by a nominated ECAI in accordance with Article 114(2) of <i>CRR</i> ;
Article 11(1)(b)	(b) assets representing claims on or guaranteed by the central government or the <i>central bank of a third country</i> <u>(other than assets representing claims on or guaranteed by the central government of an EEA State)</u> or by a regional government, local authority or public sector entity in a third country, provided that they are assigned a 20% risk weight in accordance with Article 114(2), 115 or 116 of <i>CRR</i> , as applicable;

### Interpretation

5. Interpretative provisions (including definitions) of the *PRA* Rulebook apply to this Direction in the same way as they apply to the *PRA* Rulebook.

**Supervision, Risk and Policy Committee**  
**Prudential Regulation Authority**