



Application to classify a new instrument as Common Equity Tier 1 (CET1): CRR Article 26(3)

The Capital Requirements Regulation (CRR) Article 26(3) provides that firms can only classify instruments issued after 28 June 2013 as Common Equity Tier 1 capital after permission is granted by the competent authority.

If the regulated firm wishes to include the CET1 capital of its UK Holding Company in its consolidation group capital, then it will need to submit an application in the name of the regulated entity requesting Article 26(3) permission for the UK Holding Company CET1.

Applicant firms must demonstrate that the criteria set out in Article 28 (or Article 29 if applicable) of the CRR have been satisfied.

In order to facilitate review against these criteria, firms must:

- i) complete a CRR Permission application form;
- ii) complete a pre-issuance notification (PIN) form;
- iii) complete a CET1 Compliance Template; and
- iv) provide a copy of the terms of the instrument, eg its Articles of Association together with any other relevant side agreements (eg any shareholders agreement).

Items (i), (ii) and (iii) are available under Key Resources below.

Applications should be submitted to PRA-Waivers@bankofengland.co.uk and CRRFirms.regulatorycapital@bankofengland.co.uk.

Once the firm has obtained permission for the first issuance of the instrument, the permission extends to all future issuances of capital instruments which are of the same type, and have the same characteristics as the permitted issuance.

However, any subsequent issuances of the same instrument would be subject to the pre-issuance notification (PIN) requirements. For more details on PIN requirements, please see:

<https://www.bankofengland.co.uk/prudential-regulation/supervision/capital-instruments-pre-issuance-notification>

Key Resources

[CRR Permission application form](#)

[PIN Form](#)

[Common Equity Tier 1 Compliance Template](#)

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