BANK OF ENGLAND
PRUDENTIAL REGULATION AUTHORITY

CRR ARTICLE 113(6) CORE UK GROUP APPLICATION

CRR ARTICLE CRITERIA	FIRM ANALYSIS *Please demonstrate using examples where appropriate how the specific CRR requirements are met.*
Article 113 **Calculation of risk weighted exposure amounts** … 6. With the exception of exposures giving rise to Common Equity Tier 1, Additional Tier 1 or Tier 2 items, an institution may, subject to the prior approval of the competent authorities, decide not to apply the requirements of paragraph 1 of this Article to the exposures of that institution to a counterparty which is its parent undertaking, its subsidiary, a subsidiary of its parent undertaking or an undertaking linked by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC. Competent authorities are empowered to grant approval if the following conditions are fulfilled:	
(a) the counterparty is an institution, a financial holding company or a mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements;	
(b) the counterparty is included in the same consolidation as the institution on a full basis;	
(c) the counterparty is subject to the same risk evaluation, measurement and control procedures as the institution;	
(d) the counterparty is established in the same Member State as the institution; *The PRA will consider this condition to have been satisfied if:* *• the counterparty is incorporated in the United Kingdom; or* *• the counterparty is an undertaking of a type that falls within the scope of the Council Regulation of 29 May 2000 on insolvency proceedings (Regulation 1346/2000/EC); and* *• it is established in the United Kingdom other than by incorporation; and* *• the firm can demonstrate that the counterparty's centre of main interests is situated in the United Kingdom.*	

(e) there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities from the counterparty to the institution. *The PRA will consider the following non-exhaustive list of factors when assessing whether this condition has been met:* *• the speed with which funds can be transferred or liabilities repaid to the firm and the simplicity of the method for the transfer or repayment. As part of our overall assessment, we would consider one of the indicators to achieving prompt transfer as being ownership of 100% of the subsidiary undertaking;* *• whether there are any interests other than those of the firm in the undertaking, and what impact those other interests may have on the firm's control over the undertaking and the ability of the firm to require a transfer of funds or repayment of liabilities;* *• whether there are any tax disadvantages for the firm or the undertaking as a result of the transfer of funds or repayment of liabilities;* *• whether the purpose of the undertaking prejudices the prompt transfer of funds or repayment of liabilities;* *• whether the legal structure of the undertaking prejudices the prompt transfer of funds or repayment of liabilities;* *• whether the contractual relationships of the undertaking with the firm and other third parties prejudices the prompt transfer of funds or repayment of liabilities; and* *• whether past and proposed flows of funds between the undertaking and the firm demonstrate the ability to make prompt transfer of funds or repayment of liabilities.* *When demonstrating how CRR Article 113(6)(e) is met, the PRA considers that in the case of a counterparty which is not a firm, the formal application should include a legally binding agreement between the firm and the counterparty. This agreement will be to promptly, on demand by the firm, increase the firm's capital resources by an amount required to ensure that the firm complies with the provisions contained in CRR Part Two (Own funds) and any other requirements relating to capital resources or concentration risk imposed on a firm by or under the regulatory system.*	PLEASE ATTACH THE CAPITAL MAINTENANCE AGREEMENT