Bank of England PRA

Internal Ratings Based (IRB) model permissions

Overview

Following the **announcement** by HM Treasury on 15 July, the Prudential Regulation Authority (PRA) introduced an enhanced process for new IRB permission applications[1] and permissions to make a material model change,[2] effective for applications submitted or re-submitted on or after 1 January 2026. This process does not apply to applications already in progress before that date. For the avoidance of doubt, where a firm re-submits an application following PRA feedback, the date of re-submission will be treated as the date of a new application and the enhanced process will apply in full.

This applies equally to applications made under the CRR and the Basel 3.1 rules which will come into force on 1 January 2027. For ease, the rule references on this page reflect the Basel 3.1 rules.

The PRA's enhanced process includes offering greater pre-application engagement to help ensure readiness before formal submission. For firms applying for IRB model permissions for the first time, the PRA will offer dedicated support, including named account managers.

Each firm will be allocated a dedicated submission slot. Firms are expected to engage with their supervisors to agree dedicated submission slots with the PRA. New IRB permission applications and permissions to make a material model change should not be submitted without this prior agreement.

Permissions to make a material model change

For permissions to make a material model change, the PRA will complete documentation quality checks within four weeks of receiving an application. The review will formally commence once the PRA has communicated in writing that the application is complete. The PRA intends to determine the outcome of a complete application within six months, provided no further information is required from the firm during the review. If the PRA requests additional information after the review has started, the review clock may be paused until the requested information is received. This will be communicated in writing to firms.

The six months' timeframe is not applicable to firms seeking permission to use the IRB approach for a new exposure class or type of exposure (IRB roll-out plan).[3]

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[1] Rules 1.1 and 1.2, and Articles 143(1) and 143(2A) of the Credit Risk: Internal Ratings Based Approach (CRR) Part.
[2] Article 143(3) of the Credit Risk: Internal Ratings Based Approach (CRR) Part.
[3] Article 148 of the Credit Risk: Internal Ratings Based Approach (CRR) Part.

New IRB permissions

There are no proposed changes to the PRA modular approach that should be used by firms seeking an IRB permission for the first time.[4] A dedicated submission slot will be allocated to each phase of the PRA modular approach.

The PRA intends to reach final decisions on these first-time applications within eighteen months, provided applications are complete and there is minimal remediation required from firms.

Reporting delays to submission slots

If a firm does not meet its agreed submission slot, a new slot will need to be agreed with the PRA. Firms are expected to engage with their supervisors to communicate any delays to previously agreed submission slots in a timely manner.

Contacts

Firms with questions or wishing to discuss future applications should engage with their usual PRA supervisory contacts.

[4] **Application under Rules 1.1 and 1.2 and Articles 143(1) and 143(2A) of the Credit Risk: Internal Ratings Based Approach (CRR) Part for permission to use the IRB approach (IRB application)**.