



Direction for modification by consent of 5.1 to 5.5 of the Capital Buffers Part of the PRA Rulebook.

To: [Insert Firm 1 (FRN1), Firm 2 (FRN2) (each a “firm”)]

Ref: [Insert Direction ref]

Date: [Date of written notice of VREQ]

Power

1. This Direction is given by the Prudential Regulation Authority (“PRA”) under section 138A of the Financial Services and Markets Act 2000.

Duration

2.1 This Direction takes effect on the date shown above and remains in force for a period of 5 years or, if earlier, until superseded by a further Direction relating to the same subject matter.

2.2 Unless otherwise stated in this Direction, any italicised expression used in this Direction has the same meaning as in the Part of the PRA Rulebook to which it relates.

Rules modified

3. The PRA directs that 5.1 to 5.5 of the Capital Buffers Part of the PRA Rulebook apply to the firm with the modifications shown below (new text underlined):

5

Application on an Individual and Consolidated Basis

Application on an individual basis

5.1

This Part except for Chapter 4^[1] applies to a *firm* on an individual basis whether or not it also applies to the *firm* on a *consolidated basis* or *sub-consolidated basis*.

Application on a consolidated basis

5.2

A *firm* which is a *parent institution in a Member State* must comply with this Part except for Chapter 4^[2] on the basis of its *consolidated situation*.

5.3

A *UK bank or building society* controlled by a *parent financial holding company in a Member State* or a *parent mixed financial holding company in a Member State* must comply with this Part except for Chapter 4^[3] on the basis of the *consolidated situation* of that holding company, if the *PRA* is responsible for supervision of the *UK bank or building society* on a *consolidated basis* under Article 111 of the *CRD*.

^[1] This modification applies where a Pillar 2A requirement or a Systemic Risk Buffer has been imposed on the firm on an individual basis.

^[2] This modification applies where a Pillar 2A requirement, a G-SII buffer or a Systemic Risk Buffer has been imposed on the firm on a consolidated basis.

^[3] This modification applies where a Pillar 2A requirement, a G-SII buffer or a Systemic Risk Buffer has been imposed on the firm on a consolidated basis.



5.4

A *UK designated investment firm* controlled by a *parent financial holding company* in a *Member State* or a *parent mixed financial holding company* in a *Member State* must comply with this Part except for Chapter 4^[4] on the basis of the *consolidated situation* of that holding company, if:

- (1) there is no *subsidiary* of the holding company which is a *credit institution* to which 5.3 applies; and
- (2) the *PRA* is responsible for the supervision of the *UK designated investment firm* on a *consolidated basis* under Article 111 of the *CRD*.

Sub-consolidation in cases of entities in third countries

5.5

A *firm* that is a *subsidiary* must apply this Part except for Chapter 4^[5] on a *sub-consolidated basis* if the *firm*, or the *parent undertaking* where it is a *financial holding company* or *mixed financial holding company*, have an *institution* or *financial institution* as a *subsidiary* in a *third country* or hold a *participation* in such an *institution* or *financial institution*.

[Name]
Authorisations
Prudential Regulation Authority

^[4] This modification applies where a Pillar 2A requirement, a G-SII buffer or a Systemic Risk Buffer has been imposed on the firm on a consolidated basis.

^[5] This modification applies where a Pillar 2A requirement or a Systemic Risk Buffer has been imposed on the firm on a consolidated basis.