



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Variation to Previous Modifications by Consent to Leverage Ratio rule 1.2, Public Disclosure rule 1.1 and Reporting Leverage Ratio rule 1.2

This Prudential Regulation Authority (PRA) statement invites firms to consent to a variation of the temporary rule modifications granted in August 2016 in relation to the exclusion of certain central bank claims from the total exposure measure for the purposes of the leverage ratio (the ‘original rule modification’)¹. The purpose of this variation is to align leverage reporting and disclosure requirements with the new definition of the total exposure measure. This modification is available to any firm that was granted the original rule modifications, which includes all firms currently subject to the UK leverage regime.

1. The revised definition of the total exposure measure under the rule modification will continue to flow through to firms’ obligations with regard to the minimum leverage ratio requirement, the countercyclical leverage ratio buffer and the additional leverage ratio buffer.
2. In addition, under the terms of the revised direction, firms would be required to report and disclose their leverage ratio using the amended total exposure measure definition (the “UK leverage ratio”). Firms will have to report to the PRA (but not publically disclose) the total amount of central bank claims being excluded from the total exposure measure, including a specification of the amount of Bank of England claims in sterling that are being excluded.
3. Where firms consent to this variation, the PRA would expect firms to refer to the applicable leverage ratio as the **UK leverage ratio**, in order to provide for consistency across the market and make clear that it represents the leverage measure that the PRA is supervising those firms against, for the purposes of the UK leverage regime, under the modified PRA rules.
4. The PRA’s requirements and guidance on implementing the leverage ratio framework remain otherwise unchanged.
5. Today 27 January 2017 the PRA has published on its website the text of the revised PRA rule modification. The PRA intends to continue to publish a list of all firms that have consented to the rule modification.
6. The PRA strongly encourages all firms subject to the UK leverage ratio framework to consent to this variation of their existing rule modifications.
7. This variation of the original rule modification would apply from 1 April 2017, in order for firms to incorporate these changes into their reporting and public disclosures of their results covering the first quarter of 2017. As a consequence, for leverage ratio reporting and disclosure purposes, the revised definition of total exposure measure would be used for the calculation of the leverage ratio for the full first quarter of 2017 and thereafter.
8. The modification direction sets out the changes to the relevant rules under the rule modification. A copy of which can be found [here](#).

¹ The ‘original rule modification’ referred to was announced on 4 August 2016, and is available [here](#).

9. If a firm wishes to consent to this variation of the original rule modification, it should read the [direction](#) and contact the Assessment and Monitoring Team with their consent to such variation at:

Assessment and Monitoring
Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

Or

PRA-Waivers@bankofengland.co.uk

27 January 2017