



## Additional Leverage Ratio Buffer Model Requirements

### Definitions

1.1 In these requirements the following definitions shall apply:

*additional leverage ratio buffer*

means either the *G-SII additional leverage ratio buffer* or the *O-SII additional leverage ratio buffer* as applicable, as specified in the *Leverage VREQ Schedule*.

*common equity tier 1 capital*

has the meaning given in the Leverage Ratio Part of the PRA Rulebook.

*countercyclical leverage ratio buffer*

has the meaning given in the Leverage Ratio Part of the PRA Rulebook.

*firm*

means the *PRA authorised person* specified in the *Leverage VREQ Schedule*.

*G-SII additional leverage ratio buffer*

means the amount of *common equity tier 1 capital* the *firm* must calculate in accordance with 2.1.

*leverage ratio*

has the meaning given in the Leverage Ratio Part of the PRA Rulebook.

*O-SII additional leverage ratio buffer*

means the amount of *common equity tier 1 capital* the *firm* must calculate in accordance with 3.1.

*total exposure measure*

has the meaning given in the Leverage Ratio Part of the PRA Rulebook.

*Leverage VREQ Schedule*

means the schedule to be read alongside, and specifying certain aspects of, these model requirements.

1.2 Unless otherwise specified, italicised expressions used in these requirements have the meaning given in the Glossary in the PRA Rulebook.

### **G-SII additional leverage ratio buffer**

2.1 If specified in the *Leverage VREQ Schedule*, the *firm* must calculate a *G-SII additional leverage ratio buffer* of *common equity tier 1 capital* equal to

- (a) [percent to be specified in the individual G-SII requirement]% multiplied by 35%; multiplied by
- (b) the *firm's total exposure measure*.

2.2 The *firm* must not count *common equity tier 1 capital* that is maintained for the purposes of its *countercyclical leverage ratio buffer* (calculated in accordance with Leverage Ratio 4.1)

and its minimum *leverage ratio* (in accordance with the requirement in Leverage Ratio 3.1) towards the calculation in 2.1.

2.3 The *firm* must notify the *PRA* immediately if, at any time, it does not hold, or is likely not to hold, an amount and quality of capital that is equal to or greater than its *G-SII additional leverage ratio buffer*.

2.4 When the *firm* is required to make a notification to the *PRA* under 2.3, it must prepare a capital plan and submit it to the *PRA* no later than 5 *business days* after the *firm* identified that the notification was necessary.

2.5 The capital plan must include the following:

- (1) measures to secure that the amount of the *firm's common equity tier 1 capital* is equal to or greater than the *firm's G-SII additional leverage ratio buffer*, and
- (2) a plan and timeframe for the measures outlined for the purposes of 2.5(1).

### **O-SII additional leverage ratio buffer**

3.1 If specified in the *Leverage VREQ Schedule*, the *firm* must calculate a *O-SII additional leverage ratio buffer* of *common equity tier 1 capital* equal to

- (a) [percent to be specified in the individual O-SII buffer requirement]% multiplied by 35%; multiplied by
- (b) the *firm's total exposure measure*.

3.2 The *firm* must not count *common equity tier 1 capital* that is maintained for the purposes of its *countercyclical leverage ratio buffer* (calculated in accordance with Leverage Ratio 4.1) and its minimum *leverage ratio* (in accordance with the requirement in Leverage Ratio 3.1) towards the calculation in 3.1.

3.3 The *firm* must notify the *PRA* immediately if, at any time, it does not hold, or is likely not to hold, an amount and quality of capital that is equal to or greater than its *O-SII additional leverage ratio buffer*.

3.4 When the *firm* is required to make a notification to the *PRA* under 3.3, it must prepare a capital plan and submit it to the *PRA* no later than 5 *business days* after the *firm* identified that the notification was necessary.

3.5 The capital plan must include the following:

- (1) measures to secure that the amount of the *firm's common equity tier 1 capital* is equal to or greater than the *firm's O-SII additional leverage ratio buffer*, and
- (2) a plan and timeframe for the measures outlined for the purposes of 3.5(1).

### **Level of application of the G-SII additional leverage ratio buffer**

4.1 If the *firm* is a *parent institution in a Member State* it must comply with the applicable *G-SII additional leverage ratio buffer* requirements on the basis of its *consolidated situation*.

4.2 If the *firm* is controlled by a *parent financial holding company in a Member State* or a *parent mixed financial holding company in a Member State* for which the *PRA* is responsible for supervision on a *consolidated basis* under Article 111 of the *CRD*, it must comply with the applicable *G-SII additional leverage ratio buffer* requirements on the basis of the *consolidated situation* of that holding company.

### **Level of application of the *O-SII additional leverage ratio buffer***

5.1 If the *firm* is a *ring-fenced body* that is a member of a *sub-consolidation group*, it must comply with the applicable *O-SII additional leverage ratio buffer* requirements on an *RFB sub-consolidated basis*.

5.2 If 5.1 does not apply and the *firm* is a *parent institution in a Member State*, it must comply with the applicable *O-SII additional leverage ratio buffer* requirements on the basis of its *consolidated situation*.

5.3 If 5.1 does not apply and the *firm* is controlled by a *parent financial holding company in a Member State* or a *parent mixed financial holding company in a Member State* for which the PRA is responsible for supervision on a *consolidated basis* under Article 111 of the CRD, it must comply with the applicable *O-SII additional leverage ratio buffer* requirements on the basis of the *consolidated situation* of that holding company.

### **Reporting and Disclosure of the *additional leverage ratio buffer***

6.1 The *firm* must report information relating to its *additional leverage ratio buffer* in *data item FSA083* in accordance with the Reporting Leverage Ratio Part of the PRA Rulebook.

6.2 The *firm* must disclose its *additional leverage ratio buffer* quarterly as at the relevant quarterly end date in the same media or location as it is required by 3.5 and 3.6 of the Public Disclosure Part of the PRA Rulebook to disclose the items specified in 3.3 and 3.4 of Public Disclosure Part of the PRA Rulebook.

### **Effective Date**

7.1 The requirements will take effect from the date in the PRA's written notice to the *firm* regarding the imposition of the requirements.

### **General**

8.1 The requirements apply in addition to the PRA's leverage ratio rules and the PRA's expectations set out in SS45/15 and SS46/15.

December 2020